

**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, 2026

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

(State or other jurisdiction
of incorporation or organization)

98-0171860

(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):

- | | |
|--|---|
| <input type="checkbox"/> Large accelerated filer | <input checked="" type="checkbox"/> Accelerated filer |
| <input type="checkbox"/> Non-accelerated filer | <input type="checkbox"/> Smaller reporting company |
| | <input type="checkbox"/> 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 4, 2026 (the latest practicable date), 85,736,223 shares of the registrant’s common stock, par value \$0.001 per share, net of treasury shares, were outstanding.

Form 10-Q
LESAKA TECHNOLOGIES, INC.
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Part I. Financial information

Item 1. Financial Statements

**LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Balance Sheets**

	March 31, 2026	June 30, 2025
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 90,573	\$ 76,520
Restricted cash related to ATM funding and credit facilities (Note 9)	124	119
Accounts receivable, net and other receivables (Note 3)	45,483	42,525
Finance loans receivable, net (Note 3)	99,411	74,110
Inventory (Note 4)	17,494	23,551
Total current assets before settlement assets	<u>253,085</u>	<u>216,825</u>
Settlement assets	21,433	27,098
Total current assets	<u>274,518</u>	<u>243,923</u>
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of - March: \$64,516 June: \$55,086 (Note 1)	44,749	44,924
OPERATING LEASE RIGHT-OF-USE (Note 17)	8,410	9,691
EQUITY-ACCOUNTED INVESTMENTS (Note 6)	237	199
GOODWILL (Note 7)	207,123	199,395
INTANGIBLE ASSETS, NET (Note 7), including integrated platform of - March: \$73,466 June: \$79,343	124,030	139,215
DEFERRED INCOME TAXES	11,206	12,554
OTHER LONG-TERM ASSETS (Note 6 and 8)	4,681	3,809
TOTAL ASSETS	<u><u>674,954</u></u>	<u><u>653,710</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Short-term credit facilities (Note 9)	35,825	24,469
Accounts payable	19,362	19,867
Other payables (Note 10) ^(A)	79,730	76,035
Operating lease liability - current (Note 17)	4,353	4,007
Current portion of long-term borrowings (Note 9)	15,327	11,956
Income taxes payable	2,524	1,400
Total current liabilities before settlement obligations	<u>157,121</u>	<u>137,734</u>
Settlement obligations	21,636	26,695
Total current liabilities	<u>178,757</u>	<u>164,429</u>
DEFERRED INCOME TAXES	29,142	33,921
OPERATING LEASE LIABILITY - LONG TERM (Note 17)	5,888	6,129
LONG-TERM BORROWINGS (Note 9)	186,242	188,813
OTHER LONG-TERM LIABILITIES, including insurance policy liabilities (Note 8)	3,620	2,991
TOTAL LIABILITIES	<u><u>403,649</u></u>	<u><u>396,283</u></u>
REDEEMABLE COMMON STOCK (Note 11)	84,680	88,957
EQUITY		
COMMON STOCK (Note 11)		
Authorized: 200,000,000 with \$0.001 par value;		
Issued and outstanding shares, net of treasury - March: 83,246,223; June: 81,249,097	103	103
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	436,738	426,950
TREASURY SHARES, AT COST - March: 28,562,600; June: 29,934,044	(292,009)	(298,523)
ACCUMULATED OTHER COMPREHENSIVE LOSS (Note 12) ^(A)	(176,471)	(185,626)
RETAINED EARNINGS ^(A)	218,264	218,725
TOTAL LESAKA EQUITY	<u>186,625</u>	<u>161,629</u>
NON-CONTROLLING INTEREST	-	6,841
TOTAL EQUITY	<u>186,625</u>	<u>168,470</u>
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND SHAREHOLDERS' EQUITY	<u><u>\$ 674,954</u></u>	<u><u>\$ 653,710</u></u>

(A) Amounts for June 30, 2025 revised to correct the errors discussed in Note 1.
See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Operations

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	(In thousands, except per share data)		(In thousands, except per share data)	
REVENUE (Note 16)	\$ 183,051	\$ 161,450	\$ 533,233	\$ 491,234
EXPENSE				
Cost of goods sold, IT processing, servicing and support ^(A)	123,924	117,163	365,238	367,104
Selling, general and administration ^(A)	39,249	32,591	112,418	91,685
Allowance for credit losses (Note 3)	2,502	1,679	9,311	5,699
Depreciation and amortization	10,543	8,429	37,005	22,928
Impairment loss (Note 7)	2,604	-	2,604	-
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs (Note 2)	144	1,222	285	3,174
OPERATING INCOME	4,085	366	6,372	644
CHANGE IN FAIR VALUE OF EQUITY SECURITIES (Note 5 and 6)	(378)	(20,421)	2,593	(54,152)
OTHER INCOME (Note 10)	-	-	3,883	-
LOSS ON DISPOSAL OF EQUITY SECURITIES (Note 2)	-	-	730	-
NET LOSS ON IMPAIRMENT OF EQUITY-ACCOUNTED INVESTMENT/ LOSS ON DISPOSAL OF EQUITY-ACCOUNTED INVESTMENT (Note 6)	-	-	584	161
REVERSAL OF ALLOWANCE FOR DOUBTFUL LOAN RECEIVABLE (Note 3)	1,500	-	1,500	-
INTEREST INCOME	1,154	645	2,201	1,952
INTEREST EXPENSE ^(A)	4,477	5,869	14,081	17,251
INCOME (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)	1,884	(25,279)	1,154	(68,968)
INCOME TAX EXPENSE (BENEFIT) (Note 19)	1,503	(2,934)	2,027	(9,268)
NET INCOME (LOSS) BEFORE EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS	381	(22,345)	(873)	(59,700)
EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS (Note 6)	56	12	166	89
NET INCOME (LOSS)	437	(22,333)	(707)	(59,611)
(ADD) LESS NET (LOSS) INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(115)	20	(246)	48
NET INCOME (LOSS) ATTRIBUTABLE TO LESAKA	\$ 552	\$ (22,353)	\$ (461)	\$ (59,659)
Net earnings (loss) per share, in United States dollars (Note 14):				
Basic earnings (loss) attributable to Lesaka shareholders	\$ 0.01	\$ (0.28)	\$ (0.01)	\$ (0.82)
Diluted earnings (loss) attributable to Lesaka shareholders	\$ 0.01	\$ (0.28)	\$ (0.01)	\$ (0.82)

(A) Revised to correct the errors discussed in Note 1.

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	(In thousands)		(In thousands)	
Net income (loss) ^(A)	\$ 437	\$ (22,333)	\$ (707)	\$ (59,611)
Other comprehensive (loss) income, net of taxes				
Movement in foreign currency translation reserve ^(A)	(7,379)	6,262	9,885	(5,823)
Release of foreign currency translation reserve related to disposal/ liquidation of subsidiaries (Note 12)	(494)	-	(520)	6
Release of foreign currency translation reserve related to impairment of equity-accounted investment (Note 12)	-	-	550	-
Total other comprehensive (loss) income, net of taxes	<u>(7,873)</u>	<u>6,262</u>	<u>9,915</u>	<u>(5,817)</u>
Comprehensive (loss) income	(7,436)	(16,071)	9,208	(65,428)
(Less) Add comprehensive (loss) income attributable to non-controlling interest	<u>(175)</u>	<u>(196)</u>	<u>(518)</u>	<u>362</u>
Comprehensive (loss) income attributable to Lesaka	<u>\$ (7,611)</u>	<u>\$ (16,267)</u>	<u>\$ 8,690</u>	<u>\$ (65,066)</u>

(A) Revised to correct the errors discussed in Note 1.
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 ^(A)	108,456,657	\$ 101	(28,297,365)	\$ (302,319)	80,159,292	\$ 421,950	\$ 270,160	\$ (199,720)	\$ 190,172	\$ 6,727	\$ 196,899	\$ 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) income ^(A)					-		(22,353)		(22,353)	20	(22,333)	
Dividends paid to non-controlling interest										(131)	(131)	
Other comprehensive income (Note 12) ^(A)								6,086	6,086	176	6,262	
Balance – March 31, 2025 ^(A)	110,979,566	\$ 103	(29,700,666)	\$ (297,476)	81,278,900	\$ 424,912	\$ 247,807	\$ (193,634)	\$ 181,712	\$ 6,792	\$ 188,504	\$ 88,957

(A) Revised to correct the errors discussed in Note 1.

LESKA 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, 2025 (dollar amounts in thousands)												
Balance – July 1, 2024 ^(A)	89,836,051	\$ 83	(25,563,808)	\$ (289,733)	64,272,243	\$ 343,639	\$ 307,466	\$ (188,227)	\$ 173,228	\$ -	\$ 173,228	\$ 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 (Note 13)	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) income ^(A)						-	(59,659)		(59,659)	48	(59,611)	
Dividends paid to non-controlling interest							-		-	(432)	(432)	
Other comprehensive loss (Note 12) ^(A)								(5,407)	(5,407)	(410)	(5,817)	
Balance – March 31, 2025 ^(A)	110,979,566	\$ 103	(29,700,666)	\$ (297,476)	81,278,900	\$ 424,912	\$ 247,807	\$ (193,634)	\$ 181,712	\$ 6,792	\$ 188,504	\$ 88,957

(A) Revised to correct the errors discussed in Note 1.

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, 2026 (dollar amounts in thousands)												
Balance – January 1, 2026	111,758,403	\$ 103	(30,234,228)	\$ (299,632)	81,524,175	\$ 430,686	\$ 217,712	\$ (168,308)	\$ 180,561	\$ 7,137	\$ 187,698	\$ 88,957
Shares repurchased (Note 13)	-		(9,000)	(40)	(9,000)				(40)		(40)	
Loss recognized related to issue of shares included in treasury shares (Note 2)			1,680,628	7,663	1,680,628	19			7,682		7,682	-
Restricted stock granted (Note 13)	180,000				180,000				-		-	
Stock-based compensation charge (Note 13)	-				-	1,573			1,573		1,573	
Reversal of stock-based compensation charge (Note 13)	(129,580)				(129,580)	(239)			(239)		(239)	
Deconsolidation of Humble (Note 2)			-	-	-	-			-	-	-	
Lesaka Hospitality non-controlling interest acquired (Note 11)						422			422	-	422	
Transfer from redeemable common stock to additional paid-in-capital (Note 11)						4,277			4,277	-	4,277	(4,277)
Net Income (loss)							552		552	(115)	437	
Acquisition of non-controlling interest (Note 11)									-	(7,312)	(7,312)	
Other comprehensive (loss) income (Note 12)								(8,163)	(8,163)	290	(7,873)	
Balance – March 31, 2026	111,808,823	\$ 103	(28,562,600)	\$ (292,009)	83,246,223	\$ 436,738	\$ 218,264	\$ (176,471)	\$ 186,625	-	\$ 186,625	\$ 84,680

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	Addition al Paid- In Capital	Retained Earnings	Accumulated other comprehensiv e loss	Total Lesaka Equity	Non- controllin g Interest	Total	Redeemabl e common stock
For the nine months ended March 31, 2026 (dollar amounts in thousands)												
Balance – July 1, 2025 ^(A)	111,183,141	\$ 103	(29,934,044)	\$ (298,523)	81,249,097	\$ 426,950	\$ 218,725	\$ (185,626)	\$ 161,629	\$ 6,841	\$ 168,470	\$ 88,957
Shares repurchased (Note 13)			(79,133)	(311)	(79,133)				(311)		(311)	
Loss recognized related to issue of shares included in treasury shares (Note 2)			1,757,344	8,036	1,757,344	(51)			7,985		7,985	
Restricted stock granted	1,036,595				1,036,595	-			-		-	
Stock-based compensation charge (Note 13)	-				-	5,442			5,442		5,442	
Reversal of stock-based compensation charge (Note 13)	(410,913)				(410,913)	(302)			(302)		(302)	
Deconsolidation of Humble (Note 2)			(306,767)	(1,211)	(306,767)	-			(1,211)	(43)	(1,254)	
Lesaka Hospitality non-controlling interest acquired (Note 11)						422	-		422	-	422	
Transfer from redeemable common stock to additional paid-in-capital (Note 11)						4,277			4,277		4,277	(4,277)
Net loss ^(A)							(461)		(461)	(246)	(707)	
Acquisition of non-controlling interest (Note 11)							-		-	(7,312)	(7,312)	
Other comprehensive income (Note 12) ^(A)								9,155	9,155	760	9,915	
Balance – March 31, 2026	111,808,823	\$ 103	(28,562,600)	\$ (292,009)	83,246,223	\$ 436,738	\$ 218,264	\$ (176,471)	\$ 186,625	\$ -	\$ 186,625	\$ 84,680

(A) Revised to correct the errors discussed in Note 1.

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
	(In thousands)		(In thousands)	
Cash flows from operating activities				
Net income (loss) ^(A)	\$ 437	\$ (22,333)	\$ (707)	\$ (59,611)
Depreciation and amortization	10,543	8,429	37,005	22,928
Impairment loss	2,604	-	2,604	-
Movement in allowance for doubtful accounts receivable	2,502	1,679	9,311	5,699
Fair value adjustment related to financial liabilities	(197)	105	(162)	(159)
Loss on disposal of equity securities (Note 6)	-	-	730	-
Loss on disposal of equity-accounted investments (Note 6)	-	-	584	161
Earnings from equity-accounted investments	(56)	(12)	(166)	(89)
Reversal of allowance for doubtful loans receivable	(1,500)	-	(1,500)	-
Gain on deconsolidation of subsidiary	(848)	-	(848)	-
Change in fair value of equity securities (Note 5 and 6)	378	20,421	(2,593)	54,152
Other income	-	-	(3,883)	-
Profit on disposal of property, plant and equipment	(188)	(12)	(245)	(53)
Movement in interest payable	83	2,886	(85)	6,443
Facility fee amortized	92	83	258	220
Stock-based compensation charge (Note 13)	1,334	2,497	5,140	7,518
Dividends received from equity-accounted investments	105	-	105	65
Decrease (Increase) in accounts receivable	12,613	10,820	(69)	6,525
Increase in finance loans receivable	(535)	(11,819)	(30,116)	(21,734)
Decrease in inventory	7,393	9,415	8,592	3,966
Increase (Decrease) in accounts payable and other payables ^(A)	2,141	(9,208)	14,763	(17,620)
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	1,254	1,012	1,344	1,624
Decrease in deferred taxes	(585)	(4,430)	(4,485)	(13,804)
Net cash provided by (used in) operating activities	<u>37,570</u>	<u>10,663</u>	<u>35,577</u>	<u>(2,639)</u>
Cash flows from investing activities				
Capital expenditures	(3,398)	(2,817)	(11,300)	(13,100)
Proceeds from disposal of property, plant and equipment	(671)	395	240	1,720
Acquisition of intangible assets	(1,205)	(1,673)	(3,352)	(2,274)
Acquisitions, net of cash acquired	(10,772)	(8,997)	(11,117)	(12,954)
Cash disposed on disposal of subsidiary	-	-	(165)	-
Investment in equity securities	-	-	(250)	-
Proceeds from disposal of equity securities (Note 6)	-	-	2,971	-
Net change in settlement assets	6,295	3,085	7,049	5,389
Net cash used in investing activities	<u>(9,751)</u>	<u>(10,007)</u>	<u>(15,924)</u>	<u>(21,219)</u>
Cash flows from financing activities				
Proceeds from bank overdraft (Note 9)	44,908	21,440	93,417	94,188
Repayment of bank overdraft (Note 9)	(29,376)	(50,458)	(82,477)	(85,998)
Long-term borrowings utilized (Note 9)	706	175,819	4,735	189,496
Repayment of long-term borrowings (Note 9)	(10,203)	(134,503)	(12,588)	(148,297)
Acquisition of non-controlling interest	(3,538)	-	(3,538)	-
Acquisition of treasury stock (Note 13)	(40)	(27)	(311)	(12,613)
Proceeds from exercise of stock options	-	59	-	110
Guarantee fee	-	(539)	(33)	(970)
Dividends paid to non-controlling interest	-	(131)	-	(432)
Net change in settlement obligations	(5,959)	(3,152)	(6,436)	(5,591)
Net cash (used in) provided by financing activities	<u>(3,502)</u>	<u>8,508</u>	<u>(7,231)</u>	<u>29,893</u>
Effect of exchange rate changes on cash and cash equivalents	(3,221)	1,222	1,636	(830)
Net increase in cash, cash equivalents and restricted cash	21,096	10,386	14,058	5,205
Cash, cash equivalents and restricted cash – beginning of period	69,601	60,737	76,639	65,918
Cash, cash equivalents and restricted cash – end of period (Note 15)	<u>\$ 90,697</u>	<u>\$ 71,123</u>	<u>\$ 90,697</u>	<u>\$ 71,123</u>

(A) Revised to correct the errors discussed in Note 1.

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC
Notes to the Unaudited Condensed Consolidated Financial Statements
for the three and nine months ended March 31, 2026 and 2025
(All amounts in tables stated in thousands or thousands of U.S. dollars, unless otherwise stated)

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, 2026 and 2025, 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, 2025. 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

Understatement of cost and accumulated depreciation for computer equipment

In October 2025, the Company identified that it had understated its June 30, 2025, amounts of cost and accumulated depreciation for computer equipment as well as the totals for cost and accumulated depreciation by \$6.5 million in the notes to the audited consolidated financial statements for the years ended June 30, 2025, 2024 and 2023. The carrying value of property, plant and equipment reported as of June 30, 2025, was not impacted by the error. The Company has recast its accumulated depreciation presented on the condensed consolidated balance sheet as of June 30, 2025, to increase the amount from \$48,636 to \$55,086.

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.

Understatement of cost of goods sold, IT processing, servicing and support due to incorrect claim of indirect taxes

Subsequent to the issuance of the Company’s Quarterly Report on Form 10-Q for the three months ended September 30, 2025, it determined that its certain indirect taxes had not been accounted for correctly in its consolidated balance sheet, consolidated statements of operations, consolidated statement of comprehensive loss, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the consolidated financial statements included in previously filed Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q since June 30, 2022, and these filings were incorrect. In these previous filings, the amount of certain indirect taxes were incorrectly claimed in monthly indirect tax submission to the taxing authority and were incorrectly excluded from the Company’s reported cost of goods sold, IT processing, servicing and support in the consolidated statements of operations and other payables and retained earnings in the consolidated balance sheet. The corrected presentation in the revised consolidated financial statements includes certain indirect taxes in cost of goods sold, IT processing, servicing and support in the consolidated statements of operations and other payables and retained earnings in the consolidated balance sheet.

The Company has also determined that it may also be liable for penalties and interest related to the indirect taxes not paid in a timely manner and has recorded the penalties in the selling, general and administration expense and the interest in interest expense in the revised consolidated statements of operations. The cumulative sum of the penalties and interest are included in other payables and retained earnings in the revised consolidated balance sheet.

The Company has determined that at this time it is more likely than not that it will be unable to claim an income tax deduction related to the error, however, it is performing further analysis of its tax position with its external tax advisors. Therefore, there are no income tax adjustments reflected in these condensed consolidated financial statements related to the correction of this error.

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

Revision of Previously Issued Financial Statements (continued)

Understatement of cost of goods sold, IT processing, servicing and support due to incorrect claim of indirect taxes (continued)

The Company assessed the materiality of this error and change in presentation on prior period consolidated financial statements in accordance with 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.

The Company has revised the previous presentations on the condensed consolidated statements of operations for the three and nine months ended March 31, 2025, and corrected them in this filing. The Company has also included the impact of the correction for the three months ended September 30, 2025, in the condensed consolidated statements of operations for the nine months ended March 31, 2026, included in this filing. The impact of these revisions has increased cost of goods sold, IT processing, servicing and support, selling, general and administration expense and interest expense, and all subtotals from operating income to net income (loss) attributable to Lesaka for the affected periods.

Specifically, for the nine months ended March 31, 2026, Cost of goods sold, IT processing, servicing and support increased by \$0.2 million, Selling, general and administration expense increased by \$0.06 million, Operating income decreased by \$0.2 million, Interest expense increased by \$0.1 million, and Net income (loss) attributable to Lesaka decreased by \$0.4 million, as a result of the correction to amounts reported for the three months ended September 30, 2025. Basic and Diluted loss per share for the nine months ended March 31, 2026, were not impacted by the correction to amounts reported for the three months ended September 30, 2025.

The Company has revised the condensed consolidated balance sheet as of June 30, 2025, and corrected it in this filing where these amounts are presented as comparative prior period amounts in other payables and retained earnings and affected subtotals and totals.

The tables below present the impact of the revisions to specific captions to the Company’s condensed consolidated balance sheet and condensed consolidated statement of operations for the periods identified.

Condensed consolidated balance sheet

	June 30, 2025		
	As reported	Correction	As revised
Other payables	\$ 72,079	\$ 3,956	\$ 76,035
Accumulated other comprehensive loss	(185,664)	38	(185,626)
Retained earnings	222,719	(3,994)	218,725

Condensed consolidated statement of operations

	Three months ended March 31, 2025		
	As reported	Correction	As revised
	(in thousands, except per share data)		
Cost of goods sold, IT processing, servicing and support	\$ 117,013	\$ 150	\$ 117,163
Selling, general and administration	34,217	53	34,270
Interest expense	5,777	92	5,869
Basic earnings (loss) per share attributable to Lesaka shareholders	\$ (0.27)	\$ (0.01)	\$ (0.28)
Diluted earnings (loss) per share attributable to Lesaka shareholders	\$ (0.27)	\$ (0.01)	\$ (0.28)

Condensed consolidated statement of operations

	Nine months ended March 31, 2025		
	As reported	Correction	As revised
	(in thousands, except per share data)		
Cost of goods sold, IT processing, servicing and support	\$ 366,618	\$ 486	\$ 367,104
Selling, general and administration	97,213	171	97,384
Interest expense	16,983	268	17,251
Basic earnings (loss) per share attributable to Lesaka shareholders	\$ (0.81)	\$ (0.01)	\$ (0.82)
Diluted earnings (loss) per share attributable to Lesaka shareholders	\$ (0.81)	\$ (0.01)	\$ (0.82)

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

Recent accounting pronouncements adopted

In December 2023, the Financial Accounting Standards Board (“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 was effective for the Company beginning July 1, 2025 for its year ended June 30, 2026.

Recent accounting pronouncements not yet adopted as of March 31, 2026

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.

In July 2025, the FASB issued guidance regarding *Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses for Accounts Receivable and Contract Assets* which amends current guidance to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities, that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under *Revenue From Contracts With Customers (Topic 606)*. This guidance is effective for the Company beginning July 1, 2026, and interim reporting periods during that fiscal year. Early adoption is permitted. The Company is currently assessing the impact of this guidance on its financial statements and related disclosures.

On September 18, 2025, the FASB issued guidance regarding *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40)* which amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. The new guidance makes targeted improvements to existing guidance but does not fully align the framework for accounting for internally developed software costs that are subject to ASC 350-40 with the framework applied to software to be sold or marketed externally that is subject to guidance regarding *Costs of Software to Be Sold, Leased, or Marketed (Subtopic ASC 985-20)*. The new guidance also does not amend the guidance on costs of software licenses that are within the scope of ASC 985-20. The amendments supersede the guidance on website development costs in guidance regarding *Website Development Costs (Subtopic ASC 350-50)* and relocate that guidance, along with the recognition requirements for development costs specific to websites, to ASC 350-40. This guidance is effective for the Company beginning July 1, 2028, and interim reporting periods during that fiscal year. Early adoption is permitted. Entities may apply the guidance prospectively, retrospectively, or via a modified prospective transition method. The modified prospective transition approach would allow entities to account for an in-process project that, before the transition date, met the capitalization requirements but would no longer meet the requirements for capitalization under the new guidance by derecognizing the capitalized costs for that in-process project through a cumulative-effect adjustment to the opening balance of retained earnings. The Company is currently assessing the impact of this guidance on its financial statements and related disclosures.

On December 8, 2025, the FASB issued guidance regarding *Interim Reporting (Topic 270)* which is intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides “interim financial statements and notes in accordance with GAAP.” The updated guidance also addresses the form and content of such financial statements, adds lists to ASC 270 of the interim disclosures required by all other Codification topics, and establishes a principle under which an entity must “disclose events since the end of the last annual reporting period that have a material impact on the entity.” As the FASB stated in the proposed guidance and reiterates in the ASU, the amendments are not intended to “change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements.” This guidance is effective for the Company beginning July 1, 2028, and interim reporting periods during that fiscal year. Early adoption is permitted. Entities may apply the guidance prospectively, retrospectively, or via a modified prospective transition method.

2. Acquisitions and Dispositions

Refer to Note 3 to the Company’s audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2025, for additional information regarding the acquisition of Recharger Proprietary Limited (“Recharger”) and the proposed acquisition of Bank Zero Mutual Bank (“Bank Zero”) (which transaction remains conditional).

The cash paid, net of cash received related to the Company’s acquisitions during the three and nine months ended March 31, 2026, is summarized in the table below:

	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Total cash paid	\$ 12,944	\$ 10,769	\$ 13,294	\$ 24,161
Less: cash acquired	2,172	1,772	2,177	11,207
Total cash paid, net of cash received	\$ 10,772	\$ 8,997	\$ 11,117	\$ 12,954

2026 Proposed acquisitions of Bank Zero

On June 26, 2025, Lesaka Technologies Proprietary Limited (“Lesaka SA”) entered into a Transaction Implementation Agreement (the “Transaction Implementation Agreement”) with Zero Research Proprietary Limited (“Zero Research”), Bank Zero, and other parties identified in Annexure A to the Transaction Implementation Agreement (being all of the shareholders of Bank Zero save for Zero Research and Naught Holdings Ltd, the “Bank Zero Sellers”), the parties listed in Annexure B to the Transaction Implementation Agreement (being all of the shareholders of Zero Research save for Naught Holdings Ltd, the “Zero Research Sellers”) and Naught Holdings Ltd.

The Company incurred transaction-related expenditures of \$0.1 million and \$0.3 million during the three and nine months ended March 31, 2026, respectively, related to the proposed acquisition of Bank Zero. The Company’s accruals presented in Note 10 of as March 31, 2026, includes an accrual of transaction related expenditures of \$0.3 million and the Company expects to incur further transaction costs of \$0.2 million during the 2026 fiscal year.

2026 Acquisitions

Atom Operations Proprietary Limited

On November 10, 2025, the Company, through its wholly owned subsidiary, Prism Holdings Proprietary Limited (“Prism”), entered into a Sale of Shares Agreement (the “Atom Purchase Agreement”) with Gravatton Investments Proprietary Limited (“Gravatton”) and Atom Operations Proprietary Limited (“Atom”). Pursuant to the Atom Purchase Agreement and subject to its terms and conditions, Prism agreed to acquire, and Gravatton agreed to sell, all of the outstanding equity interests in Atom for a total purchase consideration of \$0.7 million which comprised of \$0.4 million (ZAR 6.0 million, translated at December 1, 2025 exchange rates) in cash and 76,716 shares of the Company’s shares of common stock (which had an aggregate value of \$0.3 million (76,716 multiplied by \$3.95) on closing). The transaction closed on December 1, 2025. The Company did not incur any significant transaction costs related to this acquisition.

Mobilemart Proprietary Limited

On January 30, 2026, the Company, through Prism, entered into a Sale of Shares Agreement (the “Mobilemart Purchase Agreement”) with BASA Ventures Proprietary Limited (“BASA”) and Mobilemart Proprietary Limited (“Mobilemart”). Pursuant to the Mobilemart Purchase Agreement and subject to its terms and conditions, Prism agreed to acquire, and BASA agreed to sell, all of the outstanding equity interests in Mobilemart for a total purchase consideration of \$2.5 million (ZAR 40.0 million, translated at February 6, 2026 exchange rates) in cash. The transaction closed on February 6, 2026. The Company did not incur any significant transaction costs related to this acquisition.

These acquisitions were allocated to our Enterprise operating segment.

2025 Acquisitions

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 SA agreed to acquire, and the Seller agreed to sell, all of the outstanding equity interests in Recharger. The transaction closed on March 3, 2025.

2. Acquisitions and Dispositions (continued)

The transaction consideration per the Recharger Purchase Agreement was settled in two tranches. The second and final tranche was settled on March 3, 2026, and comprised a contractual cash payment of ZAR 175.0 million (\$10.4 million) and the delivery of shares of Lesaka's common stock with a contractual value of ZAR 75.0 million (\$4.6 million).

The Company previously recorded the stock-based compensation charge related to the cash-settled awards in other payables. The Company recorded a fair value loss of \$0.4 million during the three and nine months ended March 31, 2026, under the caption change in fair value of equity securities in the unaudited condensed consolidated statement of operations. The fair value loss was calculated as the difference between the fair value of the shares of common stock transferred on March 3, 2026, and the amount recorded in other payables as of June 30, 2025. The 1,017,914 shares of common stock 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 on the Johannesburg Stock Exchange for the three-month period prior to February 24, 2026. The fair value of the shares of common stock in U.S. dollars was calculated using the shares issued multiplied by the Company's closing price on the Johannesburg Stock Exchange on March 3, 2026, of ZAR 75.37, and translated to U.S. dollars at the exchange rate of \$1: ZAR 16.35.

Lesaka SA delivered the 1,017,914 shares of the Company's common stock from a pool of shares it purchased in October 2024, and the Company recognized a loss in additional paid-in-capital of \$0.1 million related to the difference between in the value on March 3, 2026, and the price paid per share in October 2024.

The Company completed the purchase price allocation related to the Recharger acquisition during the three months ended September 30, 2025. There were no changes to the Recharger preliminary purchase price allocation as of June 30, 2025. The final purchase price allocation related to the Recharger acquisition, translated at the foreign exchange rates applicable on the date of acquisition, is provided in the table below:

Final purchase price allocation	
	Recharger
Cash and cash equivalents	\$ 1,720
Accounts receivable	17
Inventory	194
Property, plant and equipment	39
Operating lease right of use asset	401
Goodwill	3,614
Intangible assets	16,171
Deferred income taxes assets	81
Accounts payable	(149)
Other payables	(1,439)
Operating lease liability - current	(185)
Income taxes payable	(4)
Deferred income taxes liabilities	(4,366)
Operating lease liability - long-term	(269)
Fair value of assets and liabilities on acquisition	<u>\$ 15,825</u>

Transaction costs and certain compensation costs

The Company did not incur any transaction costs related to the Bank Zero acquisition during the three and nine months ended March 31, 2025. The table below presents transaction costs incurred related to the acquisition of Adumo and Recharger, and the proposed acquisition of Bank Zero, as well as certain post-combination compensation costs expensed during the three and nine months ended March 31, 2026 and 2025:

	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Bank Zero transaction costs	\$ 144	\$ -	\$ 270	\$ -
Adumo transaction costs	-	-	3	1,702
Recharger transaction costs	-	92	12	342
Recharger post-combination services expensed	-	1,130	-	1,130
Total	<u>\$ 144</u>	<u>\$ 1,222</u>	<u>\$ 285</u>	<u>\$ 3,174</u>

2. Acquisitions and Dispositions (continued)

2025 Acquisitions (continued)

Pro forma results related to acquisitions

Pro forma results of operations have not been presented for the acquisitions of Atom and Mobilemart 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 \$4.30 million and \$(0.13) million, respectively, for the nine months ended March 31, 2026.

Dispositions

2026 Dispositions

December 2025 disposal of Humble

On December 1, 2025, Adumo (RF) Proprietary Limited, a wholly-owned subsidiary of the Company, disposed of its entire investment in Humble Software Proprietary Limited (“Humble”) and received 306,767 shares of the Company’s common stock as consideration. The fair value of these 306,767 shares of the Company’s common stock on December 1, 2025, was \$1.2 million. These shares have been included in the Company’s treasury shares. The table below presents the impact of the deconsolidation of Humble and the calculation of the net loss recognized on deconsolidation:

Deconsolidation of Humble	
	Humble
Fair value of consideration received	\$ 1,211
Add carrying value of noncontrolling interest on deconsolidation	47
Less: carrying value of Humble, comprising	1,988
Cash and cash equivalents	162
Accounts receivable, net	26
Inventory	10
Property, plant and equipment, net	1
Goodwill	1,515
Intangible assets, net	63
Deferred income taxes assets	300
Accounts payable	(4)
Other payables	(58)
Income taxes payable	(1)
Released from accumulated other comprehensive income – foreign currency translation reserve	(26)
Loss recognized on disposal, before transaction costs	(730)
Loss recognized on disposal, before tax	(730)
Taxes related to gain recognized on disposal	-
Tax benefit related to loss recognized on disposal ⁽¹⁾	-
Release of valuation allowance ⁽¹⁾	-
Loss recognized on disposal, after tax	<u>\$ (730)</u>

(1)The Company incurred a capital loss of \$0.04 million. The Company recorded a valuation allowance of \$0.04 million related to the capital loss generated.

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, 2026, and June 30, 2025, are presented in the table below:

	March 31, 2026	June 30, 2025
Accounts receivable, trade, net	\$ 19,674	\$ 16,433
Accounts receivable, trade, gross	22,163	18,186
Less: Allowance for doubtful accounts receivable, end of period	2,489	1,753
Beginning of period	1,753	1,241
Reversed to statement of operations	(258)	(521)
Charged to statement of operations	1,395	1,856
Write-offs	(473)	(847)
Deconsolidation	(4)	-
Foreign currency adjustment	76	24
Current portion of amount outstanding related to sale of interest in Carbon, net of allowance: March 2026: \$750; June 2025: \$750	-	-
Amount due from VantagePay, net of allowance: March 2026: \$0; June 2025: \$1,500	2,027	-
Other receivables	23,782	26,092
Total accounts receivable, net and other receivables	<u>\$ 45,483</u>	<u>\$ 42,525</u>

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 balances 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 is 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.

The Company previously provided Vantage Africa Limited ("VantagePay") with a working capital facility of \$1.5 million. The Company created an allowance for credit losses related to loans receivable of \$1.5 million during the year ended June 30, 2021, related to the full amount outstanding as of June 30, 2021. This amount was still outstanding as of June 30, 2025. The Company recently entered into discussions with VantagePay regarding steps to recover the amount outstanding, and the Company believes that there is sufficient evidence to support the recoverability of the amount due from VantagePay. The Company recorded a reversal of the allowance for credit losses of \$1.5 million previously recognized during the three and nine months ended March 31, 2026. The Company also recognized outstanding interest of \$0.5 million during the three and nine months ended March 31, 2026.

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, 2026, and June 30, 2025, is presented in the table below:

	<u>March 31, 2026</u>	<u>June 30, 2025</u>
Microlending finance loans receivable, net	\$ 76,694	\$ 52,492
Microlending finance loans receivable, gross	82,025	56,140
Less: Allowance for doubtful finance loans receivable, end of period	5,331	3,648
Beginning of period	3,648	1,947
Reversed to statement of operations	-	(161)
Charged to statement of operations	6,461	4,301
Write-offs	(4,934)	(2,499)
Foreign currency adjustment	156	60
Merchant finance loans receivable, net	22,717	21,618
Merchant finance loans receivable, gross	25,713	23,214
Less: Allowance for doubtful finance loans receivable, end of period	2,996	1,596
Beginning of period	1,596	2,697
Reversed to statement of operations	(119)	(22)
Charged to statement of operations	1,832	2,576
Write-offs	(384)	(3,709)
Foreign currency adjustment	71	54
Total finance loans receivable, net	<u>\$ 99,411</u>	<u>\$ 74,110</u>

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 \$21.9 million as of March 31, 2026 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, 2025 and March 31, 2026, was 6.5%. The performing component (that is, outstanding loan payments not in arrears) of the book exceeds more than 98% and 99%, of the outstanding lending book as of June 30, 2025, and March 31, 2026, respectively.

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, 2025 and March 31, 2026, was approximately 1.14%. 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 95%, 4% and 1%, respectively, of the outstanding lending book as of June 30, 2025. The performing component, under-performing component and non-performing component of the book represents approximately 91%, 8% and 1%, respectively, of the outstanding lending book as of March 31, 2026.

4. Inventory

The Company's inventory comprised the following categories as of March 31, 2026, and June 30, 2025:

	March 31, 2026	June 30, 2025
Raw materials	\$ 2,757	\$ 2,963
Work-in-progress	225	293
Finished goods	14,512	20,295
	<u>\$ 17,494</u>	<u>\$ 23,551</u>

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 vaults, 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 have generally declined in recent quarters. However, the escalation of conflict in the Middle East has increased oil and commodity prices and contributed to heightened global market volatility. This is expected to exert upward pressure on inflation in the near term, which may result in interest rates increasing toward the end of the year or early next year. 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 increase moderately 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 certain 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 from time to time. 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

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 unobservable inputs – investment in Cell C

The Company held 75,000,000 class "A" shares in Cell C Limited ("Cell C"), a significant mobile telecoms provider in South Africa. In November 2025, Cell C completed a restructuring process in anticipation of its listing on the securities exchange operated by the JSE Limited. Under this process, a new holding company, Cell C Holdings Limited ("Cell C Listco"), was established for Cell C, with a transaction step including the transfer of shares in Cell C by its existing shareholders to Cell C Listco in exchange for Cell C Listco issuing shares to the existing Cell C shareholders (the "Flip-up"). The Company exchanged its 75,000,000 class "A" shares in Cell C for 76,590 shares in Cell C Listco. Cell C Listco listed on November 23, 2025.

On October 31, 2025, in considering the proposed restructure and listing of Cell C Listco, Lesaka SA entered into an agreement with The Prepaid Company Proprietary Limited ("TPC") to dispose of its shares in Cell C (or, after the Flip-up is implemented, its shares in Cell C Listco) ("Relevant Shares"), if certain conditions were met. Under the terms of the agreement, if:

- the listing occurred by November 30, 2025, and the value of Lesaka SA's shares in Cell C was less than ZAR 50 million, then Lesaka SA could choose to either hold the shares, or sell the Relevant Shares to TPC for a purchase price equal to ZAR 50 million; or
- the listing did not occur by November 30, 2025 (or, earlier than this date, it is determined that the listing will not proceed), then Lesaka SA could sell the Relevant Shares to TPC for ZAR 35 million. If, after this sale and before April 30, 2026, the Listing occurs and the list price per share ("A") is more than the price paid to Lesaka SA per Relevant Share (the aggregate ZAR 35 million) ("B"), then TPC shall pay an amount equal to the difference between A and B, multiplied by the number of Relevant Shares to Lesaka SA as a top-up to the purchase consideration.

The value of Lesaka SA's shares in Cell C Listco was less than ZAR 50 million on listing and Lesaka SA elected to sell its Cell C Listco shares to TPC for ZAR 50 million (\$3.0 million) and received the cash proceeds in December 2025.

The Company's Level 3 asset represented an investment of 75,000,000 class "A" shares in Cell C. 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 June 30, 2025, and valued Cell C at \$0.0 (zero) as of June 30, 2025. The Company assumed that Cell C's deferred tax assets would be utilized over the forecast period. The Company has assumed a marketability discount of 15% as of June 2025 and a minority discount of 17%. The Company utilized the latest business plan provided by Cell C management for the period ended May 31, 2030, for the June 30, 2025, valuation.

The following key valuation inputs were used as of June 30, 2025:

Weighted Average Cost of Capital ("WACC"):	24%
Long term growth rate:	4.5%
Marketability discount:	15%
Minority discount:	17%
Net adjusted external debt - June 30, 2025: ⁽¹⁾	ZAR 8.3 billion (\$0.5 billion), no lease liabilities included

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

5. Fair value of financial instruments (continued)

The following table presents the Company's assets measured at fair value on a recurring basis as of March 31, 2026, 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				
Related to insurance business:	\$	\$	\$	\$
Cash, cash equivalents and restricted cash (included in other long-term assets)	134	-	-	134
Fixed maturity investments (included in cash and cash equivalents)	4,233	-	-	4,233
Total assets at fair value	<u>\$ 4,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,367</u>

The following table presents the Company's assets measured at fair value on a recurring basis as of June 30, 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	\$ -	\$ -	\$ -	\$ -
Related to insurance business				
Cash and cash equivalents (included in other long-term assets)	125	-	-	125
Fixed maturity investments (included in cash and cash equivalents)	4,739	-	-	4,739
Total assets at fair value	<u>\$ 4,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,864</u>

During the nine months ended March 31, 2026, the Company transferred its investment in Cell C Listco out of Level 3 following the disposal of these equity securities. During the nine months ended March 31, 2026, the Company recorded an increase in the carrying value of its investment in Cell C Listco prior to the disposal of these equity securities.

There were no transfers in or out of Level 3 during the three months ended March 31, 2026 or during the three and nine months ended March 31, 2025, 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 three months ended March 31, 2026 or during the three and nine months ended March 31, 2025, respectively.

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, 2026:

	<u>Carrying value</u>
Assets	
Balance as of June 30, 2025	\$ -
Gain on fair value re-measurement	2,971
Disposal of investment in Cell C	(2,971)
Foreign currency adjustment ⁽¹⁾	-
Balance as of March 31, 2026	<u>\$ -</u>

(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 (continued)

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:

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

(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. 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, 2025, 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, 2026, and June 30, 2025, was as follows:

	<u>March 31, 2026</u>	<u>June 30, 2025</u>
Sandulela Technology (Proprietary) Limited ("Sandulela")	49.0 %	49.0 %
SmartSwitch Namibia (Proprietary) Limited ("SmartSwitch Namibia")	50.0 %	50.0 %

SmartSwitch Namibia

The Company recorded a loss on impairment of equity-accounted investment of \$0.6 million during the nine months ended March 31, 2026, which primarily includes the release of accumulated other comprehensive loss (refer to Note 12).

Other long-term assets

Summarized below is the breakdown of other long-term assets as of March 31, 2026, and June 30, 2025:

	<u>March 31, 2026</u>	<u>June 30, 2025</u>
Total equity investments	\$ 250	\$ -
Investment in Cell C (June 30, 2025: 5%) at fair value (Note 5) ⁽¹⁾	-	-
Investment in 10% of Cowdi at fair value ⁽²⁾	250	-
Investment in 87.5% of CPS (June 30, 2025: 87.5%) at fair value ⁽²⁾⁽³⁾	-	-
Policy holder assets under investment contracts (Note 8)	134	125
Reinsurance assets under insurance contracts (Note 8)	2,312	1,837
Other long-term assets	1,985	1,847
Total other long-term assets	<u>\$ 4,681</u>	<u>\$ 3,809</u>

(1) The Company disposed of its entire shareholding in Cell C in December 2025, refer to Note 5 for additional information.

(2) The Company determined that Cowdi and CPS do not have a readily determinable fair value and therefore elected to record its 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.

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

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

Other long-term assets (continued)

During the nine months ended March 31, 2026, the Company invested \$0.3 million to acquire a 10% interest in Cowdi Limited (“Cowdi”), an entity incorporated in England and Wales, with operations through a Kenyan wholly-owned subsidiary offering digital loans to customers in that country. The Company also extended a \$0.75 million credit facility to Cowdi. The facility was undrawn as of March 31, 2026.

The Company previously owned 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 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 determined a fair value per MobiKwik share of \$3.56 (INR 304.05 per share at the USD: INR exchange rates applicable 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. The Company disposed of its entire shareholding in MobiKwik in June 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, 2026:

	<u>Cost basis</u>	<u>Unrealized holding gains</u>	<u>Unrealized holding losses</u>	<u>Carrying value</u>
Equity securities:				
Investment in Cowdi	\$ 250	\$ -	\$ -	\$ 250
Investment in CPS	-	-	-	-
Total	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>

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, 2025:

	<u>Cost basis</u>	<u>Unrealized holding gains</u>	<u>Unrealized holding losses</u>	<u>Carrying value</u>
Equity securities:				
Investment in CPS	\$ -	\$ -	\$ -	\$ -
Held to maturity:				
Investment in Cedar Cellular notes	-	-	-	-

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, 2026:

	Gross value	Accumulated impairment	Carrying value
Balance as of June 30, 2025	\$ 236,109	\$ (36,714)	\$ 199,395
Impairment loss	-	(388)	(388)
Acquisition (Note 2)	1,586	-	1,586
Deconsolidation of Humble (Note 2)	(1,515)	-	(1,515)
Foreign currency adjustment ⁽¹⁾	9,306	(1,261)	8,045
Balance as of March 31, 2026	<u>\$ 245,486</u>	<u>\$ (38,363)</u>	<u>\$ 207,123</u>

(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.

Impairment loss

The Company assesses the carrying value of goodwill for impairment annually, or more frequently, whenever events occur and circumstances change indicating potential impairment. The Company performs its annual impairment test as at June 30 of each year.

In order to determine the amount of goodwill impairments, the estimated fair value of the Company's reporting units' business assets and liabilities were compared to the carrying value of their assets and liabilities. The Company typically uses a discounted cash flow model in order to determine the fair value of its businesses (this is a Level-3 fair value measurement), however the reporting unit impairment during the three and nine months ended March 31, 2026, did not have any future cash flows to discount following the termination of its sole revenue generating contract with a customer. Based on this analysis, the Company determined that the carrying value of the reporting units' business assets and liabilities exceeded their fair value at the reporting date.

In determining the fair value of the reporting unit, the Company considered key judgements related to the reporting unit's ongoing revenue growth rates and the reporting unit's ability to continue to operate as a going concern.

Nine months ended March 31, 2026, impairment loss

The Company recognized an impairment loss of \$0.4 million as a result of the impairment analysis performed as of March 31, 2026, related to goodwill allocated to its Switchpay reporting unit within its Merchant segment. The impairment is included within the caption impairment loss in the unaudited condensed consolidated statement of operations for the three and nine months ended March 30, 2026.

At June 30, 2025, the fair value of the Switchpay reporting unit exceeded its carrying value by 50%. The impairment loss in the Switchpay reporting unit resulted from the termination of its sole customer contract during fiscal 2026 which adversely impacted its future cash flows, growth prospects and its ability to continue as a going concern.

The table presents the components of impairment loss for the three and nine months ended March 31, 2026:

	Three months ended March 31, 2026	Nine months ended March 31, 2026
Goodwill impairment loss	\$ 388	\$ 388
Impairment of right-of-use assets (Note 17)	1,528	1,528
Impairment of property, plant and equipment ⁽¹⁾	688	688
Balance as of March 31, 2026	<u>\$ 2,604</u>	<u>\$ 2,604</u>

(1) During the three and nine months ended March 31, 2026, the Company commenced the process to wind down its ATM business and recognized an impairment related to ATMs recorded in property, plant and equipment to reduce the carrying amounts of these assets to their estimated recoverable values. The recoverable values were determined based on estimated proceeds expected to be realized primarily through the piecemeal disposal of the assets. The Company's management estimated the recoverable values based on observable market pricing for similar assets, adjusted for the condition, age and expected timing of sale. These estimates represent management's best estimate of fair value less costs to sell. The fair value measurements associated with the impairment were classified within Level 3 of the fair value hierarchy, as the valuation incorporates significant unobservable inputs, including assumptions regarding expected selling prices and market demand for used ATM equipment. Actual proceeds may differ from these estimates arising from changes in market conditions or the timing and manner of disposal.

7. Goodwill and intangible assets, net (continued)

Goodwill (continued)

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

	<u>Merchant</u>	<u>Consumer</u>	<u>Enterprise</u>	<u>Carrying value</u>
Balance as of June 30, 2025	\$ 179,634	\$ 6,027	\$ 13,734	\$ 199,395
Impairment loss	(388)	-	-	(388)
Acquisitions (Note 2)	-	-	1,586	1,586
Deconsolidation of Humble (Note 2)	(1,515)	-	-	(1,515)
Foreign currency adjustment ⁽¹⁾	7,332	247	466	8,045
Balance as of March 31, 2026	<u>\$ 185,063</u>	<u>\$ 6,274</u>	<u>\$ 15,786</u>	<u>\$ 207,123</u>

(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, 2026, and June 30, 2025:

	<u>As of March 31, 2026</u>			<u>As of June 30, 2025</u>		
	<u>Gross carrying value</u>	<u>Accumulated amortization</u>	<u>Net carrying value</u>	<u>Gross carrying value</u>	<u>Accumulated amortization</u>	<u>Net carrying value</u>
Finite-lived intangible assets:						
Software, integrated platform and unpatented technology	\$ 147,087	\$ (55,426)	\$ 91,661	\$ 137,099	\$ (41,925)	\$ 95,174
Customer relationships	55,656	(23,648)	32,008	53,369	(18,568)	34,801
Brands and trademarks ⁽¹⁾	18,980	(18,619)	361	18,233	(8,993)	9,240
FTS patent	2,246	(2,246)	-	2,158	(2,158)	-
Total finite-lived intangible assets	<u>\$ 223,969</u>	<u>\$ (99,939)</u>	<u>\$ 124,030</u>	<u>\$ 210,859</u>	<u>\$ (71,644)</u>	<u>\$ 139,215</u>

(1) During early calendar 2025, the Company's executive considered the unification of the Company's merchant segments operations and the realignment of the Company's brands under the master brand "Lesaka". The Company's Board of Directors approved the realignment of certain of the Company's brands to the master brand in May 2025. The Company has identified the steps and timing to realign the affected brands under the master brand and expects to have complete alignment by February 2027, with certain brands aligned in December 2025. The change in brands has resulted in a change in the useful lives of certain of the Company's brand and trademark intangible assets which has resulted in an increase (excluding the impact on Adumo and GAAP brands) in amortization expense of \$6.3 million during the nine months ended March 31, 2026 compared with the nine months ended March 31, 2025. The change in the useful lives resulted in a \$4.6 million increase in the Company's net loss from continuing operations for the nine months ended March 31, 2026, respectively, and did not have a significant impact on earnings (loss) per share. The change did not impact prior periods.

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, 2026 and 2025, was \$6.1 million and \$5.1 million, respectively. Aggregate amortization expense on the finite-lived intangible assets for the nine months ended March 31, 2026 and 2025, was \$25.2 million and \$13.9 million, respectively. Future estimated annual amortization expense for the next five fiscal years and thereafter, assuming exchange rates that prevailed on March 31, 2026, 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 2026 (excluding nine months ended March 31, 2026)	\$ 6,115
Fiscal 2027	22,817
Fiscal 2028	21,782
Fiscal 2029	21,310
Fiscal 2030	19,374
Thereafter	32,632
Total future estimated annual amortization expense	<u>\$ 124,030</u>

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, 2026:

	<u>Reinsurance Assets⁽¹⁾</u>	<u>Insurance contracts⁽²⁾</u>
Balance as of June 30, 2025	\$ 1,837	\$ (2,644)
Increase in policyholder benefits under insurance contracts	704	(9,935)
Claims and decrease in policyholders' benefits under insurance contracts	(306)	9,376
Foreign currency adjustment ⁽³⁾	77	(110)
Balance as of March 31, 2026	<u>\$ 2,312</u>	<u>\$ (3,313)</u>

(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, 2026:

	<u>Assets⁽¹⁾</u>	<u>Investment contracts⁽²⁾</u>
Balance as of June 30, 2025	\$ 133	\$ (125)
Increase in policy holder benefits under investment contracts	4	(4)
Foreign currency adjustment ⁽³⁾	(3)	(5)
Balance as of March 31, 2026	<u>\$ 134</u>	<u>\$ (134)</u>

(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, 2025, 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") following the cessation of JIBAR after its final publication on 31 December 2026. ZARONIA reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. The "No New JIBAR" initiative will commence on 1 May 2026, marking the cut-off date from which market participants should no longer enter into new financial contracts referencing JIBAR, except in clearly defined and limited circumstances. Certain of the Company's borrowings referenced JIBAR as a base interest rate. In February 2026, the Company amended its borrowing agreement to change the reference rate from JIBAR to ZARONIA from April 1, 2026 in anticipation of the "No New JIBAR" initiative. The reference rate applicable to Facilities A and B will be ZARONIA plus a credit adjustment spread ("CAS"), intended to place the parties in substantially the same economic position as if JIBAR had not ceased. As of April 1, 2026, ZARONIA and JIBAR were 6.606% and 6.760%, respectively, implying an indicative CAS of 0.154%, or 15.4 basis points, to align ZARONIA with the prevailing JIBAR rate on that date. The final CAS will be determined in accordance with the CTA, either by agreement between the Company and the facility agent or, failing agreement, by the facility agent using the applicable SARB-recommended or market-adopted methodology.

South Africa

The JIBAR, an average of 3 month negotiable certificates of deposit ("NCD") rates, on March 31, 2026, was 6.75%. The prime rate, the benchmark rate at which private sector banks lend to the public in South Africa, on March 31, 2026, was 10.25%. The ZARONIA rate on March 31, 2026, was 7.00%.

Facilities obtained in February 2025

Long-term borrowings – Facility A and Facility B Agreements

On February 27, 2025, the Company, Lesaka SA and a number of other subsidiaries of Lesaka SA entered into a Common Terms Agreement (the "Original 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.

On February 27, 2026, the Company, Lesaka SA and a number of other subsidiaries of Lesaka SA, the Lenders and the Debt Guarantor entered into a Amended and Restated Common Terms Agreement ("Restated CTA") which replaced the Original CTA, and:

- amended the reference rate from JIBAR TO ZARONIA;
- aligned the annual repayment dates for Facility B from February to March, with the final maturity date unchanged as February 27, 2029; and
- updated certain provisions to expressly permit the implementation of interest rate hedging.

The Restated CTA was further amended by a letter dated March 27, 2026.

On March 31, 2026, the Company made its first scheduled repayment of ZAR 150.0 million (\$9.0 million) related to Facility B.

Short-term facility - General Banking Facility

Concurrent with the execution of the Original CTA, Lesaka SA and RMB entered into a General Banking Facility Agreement (the "Original GBF Agreement"), which was amended by an addendum dated on or about July 16, 2025. On March 27, 2026, Lesaka SA and RMB entered into an Amended and Restated General Banking Facility ("Restated GBF Agreement") to amend and replace the Original GBF Agreement. Pursuant to the Restated GBF Agreement, Lesaka SA and certain of its subsidiaries have access to direct facilities of ZAR 1.1 billion (\$67.1 million), which include a general banking facility (a demand facility); short-term direct and contingent facilities which cover forward exchange contracts and credit cards; an indirect facility of ZAR 57.7 million (\$3.4 million) for bank guarantees; and settlement lines of ZAR 326.0 million (\$19.1 million). The direct facilities may be reallocated as indirect facilities, and indirect facilities may be reallocated as direct facilities.

The facilities under the Restated GBF Agreement were available for utilization from March 30, 2026, and are subject to annual review by RMB. Lesaka SA paid an upfront fee of ZAR 3.45 million (\$0.2 million, translated at rates applicable as of March 31, 2026) to the RMB related to this transaction.

9. Borrowings (continued)

Movement in short-term credit facilities

Summarized below are the Company's short-term facilities as of March 31, 2026, and the movement in the Company's short-term facilities from as of June 30, 2025 to as of March 31, 2026:

	RMB GBF	RMB Other	Nedbank Facilities	Total
Short-term facilities available as of March 31, 2026	\$ 67,064	\$ 3,383	\$ 9,179	\$ 79,626
Overdraft	67,064	-	-	67,064
Indirect and derivative facilities	-	3,383	9,179	12,562
Movement in utilized overdraft facilities:				
No restrictions as to use	24,469	-	-	24,469
Balance as of June 30, 2025	24,469	-	-	24,469
Utilized	93,417	-	-	93,417
Repaid	(82,477)	-	-	(82,477)
Guarantee fee paid	(257)	-	-	(257)
Foreign currency adjustment ⁽¹⁾	673	-	-	673
Balance as of March 31, 2026	35,825	-	-	35,825
No restrictions as to use	\$ 35,825	\$ -	\$ -	\$ 35,825
Interest rate as of March 31, 2026 (%) ⁽²⁾	9.75	N/A	N/A	
Interest rate as of June 30, 2025 (%) ⁽²⁾	10.25	N/A	N/A	
Movement in utilized indirect and derivative facilities:				
Balance as of June 30, 2025	\$ -	\$ 1,864	\$ 119	\$ 1,983
Guarantees cancelled	-	(1,635)	-	(1,635)
Utilized	-	1,559	-	1,559
Foreign currency adjustment ⁽¹⁾	-	76	5	81
Balance as of March 31, 2026	\$ -	\$ 1,864	\$ 124	\$ 1,988

(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, 2026 and 2025, was \$0.8 million and \$0.6 million, respectively. 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 nine months ended March 31, 2026 and 2025, was \$1.9 million and \$2.4 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 June 30, 2025 to as of March 31, 2026:

	Facilities				Total
	Lesaka A	Lesaka B	Asset backed	CCC	
Included in current	\$ -	\$ 8,448	\$ 3,508	\$ -	\$ 11,956
Included in long-term	120,375	47,873	3,671	16,894	188,813
Opening balance as of June 30, 2025	120,375	56,321	7,179	16,894	200,769
Facilities utilized	-	-	3,763	972	4,735
Facilities repaid	-	(8,953)	(3,635)	-	(12,588)
Non-refundable fees paid	-	-	-	(33)	(33)
Non-refundable fees amortized	233	-	5	20	258
Foreign currency adjustment ⁽¹⁾	4,931	2,466	320	711	8,428
Closing balance as of March 31, 2026	125,539	49,834	7,632	18,564	201,569
Included in current	-	11,726	3,601	-	15,327
Included in long-term	125,539	38,108	4,031	18,564	186,242
Unamortized fees	(847)	-	-	(14)	(861)
Due within 2 years	-	17,588	2,416	-	20,004
Due within 3 years	126,386	20,520	1,403	18,578	166,887
Due within 4 years	-	-	212	-	212
Due within 5 years	\$ -	\$ -	\$ -	\$ -	\$ -
Interest rates as of March 31, 2026 (%):	10.00	9.90	11.00	10.15	
Base rate (%)	6.75	6.75	10.25	10.25	
Margin (%)	3.25	3.15	0.75	(0.10)	
	(2)	(3)	(4)	(5)	
Interest rates as of June 30, 2025 (%):	10.54	10.44	11.50	11.70	
Base rate (%)	7.29	7.29	10.75	10.75	
Margin (%)	3.25	3.15	0.75	0.95	
Footnote number	(2)	(3)	(4)	(6)	

(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 (ZARONIA from April 1, 2026) 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 is 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 (ZARONIA from April 1, 2026) 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 is 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 less 0.10% per annum on the utilized balance.

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

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, 2026 and 2025, was \$2.3 million and \$4.2 million, respectively. Prepaid facility fees amortized included in interest expense during the three months ended March 31, 2026 and 2025, respectively, were \$0.1 million and \$0.1 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, 2026 and 2025, was \$9.8 million and \$4.2 million, respectively. Prepaid facility fees amortized included in interest expense during the nine months ended March 31, 2026 and 2025, respectively, were \$0.2 million and \$0.1 million, respectively.

9. Borrowings (continued)

Movement in long-term borrowings (continued)

Interest expense incurred under the Company's South African long-term borrowings to fund its Consumer lending book (for the three months ended March 31, 2026) and interest incurred under the Company's CCC and K2020 facilities relates to borrowings utilized to fund a portion of the Company's merchant finance loans receivable were \$1.5 million and \$0.4 million, respectively, and 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, 2026 and 2025.

Interest expense incurred under the Company's South African long-term borrowings to fund its Consumer lending book (for the nine months ended March 31, 2026) and interest incurred under the Company's CCC and K2020 facilities relates to borrowings utilized to fund a portion of the Company's merchant finance loans receivable were \$4.8 million and \$0.4 million, respectively, and 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, 2026 and 2025.

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, 2026, and June 30, 2025:

	March 31, 2026	June 30, 2025
Vendor wallet balances	\$ 24,407	\$ 19,529
Accruals	14,860	8,469
Clearing accounts	14,475	6,766
Provisions	8,532	8,497
Value-added tax payable ^(A)	7,727	6,347
Deferred consideration due to seller of Recharger	-	13,837
Payroll-related payables	2,264	1,931
Other	7,465	10,659
	<u>\$ 79,730</u>	<u>\$ 76,035</u>

(A) Value-added tax payable and the total of Other payables as of June 30, 2025, have each increased by \$4.0 million as a result of the correction discussed in Note 1.

Other includes deferred income, client deposits and other payables.

In December 2025, the Company determined that the liquidation of CPS is at an advanced stage and released an accrual raised at the time of deconsolidation. The release has been included in the caption "Other income" in the consolidated statement of operations for the nine months ended March 31, 2026.

11. Capital structure

Redeemable common stock issued pursuant to transaction with the IFC Investors

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, 2025, for additional information regarding its redeemable common stock issued pursuant to transactions with the IFC Investors.

During the three and nine months ended March 31, 2026, the IFC Investors, specifically IFC African, Latin American and Caribbean Fund, LP ("ALAC"), made numerous filings on Form 4 Statement of Beneficial Ownership with the United States Securities and Exchange Commission reporting that ALAC had sold an aggregate of 396,397 shares of the Company's common stock and therefore the additional contractual rights, including the put option rights related to these 396,397 shares, expired. The Company reclassified \$4.3 million related to these 396,397 shares sold from redeemable common stock to additional paid-in-capital during the three and nine months ended March 31, 2026.

11. Capital structure (continued)

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, 2026 and 2025, respectively, and the number of shares, net of treasury, excluding non-vested equity shares that have not vested as of March 31, 2026 and 2025, respectively:

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Number of shares, net of treasury:		
Statement of changes in equity	83,246,223	81,278,900
Less: Non-vested equity shares that have not vested as of end of period	<u>2,578,737</u>	<u>2,816,172</u>
Number of shares, net of treasury, excluding non-vested equity shares that have not vested	<u><u>80,667,486</u></u>	<u><u>78,462,728</u></u>

Acquisition of Lesaka Hospitality non-controlling interests

During the three and nine months ended March 31, 2026, the Company acquired all of the issued share capital of Lesaka Hospitality (formerly known as GAAP Point of Sale Proprietary Limited) (“Lesaka Hospitality”) that it did not previously own for approximately \$7.0 million, which was settled utilizing cash of \$4.0 million and the transfer of 662,714 shares of Lesaka’s common stock with a fair value of \$3.0 million on closing on March 6, 2026. The 662,714 shares of the Company’s common stock were sourced from a pool of shares the Company purchased in October 2024 and December 2025, respectively, and the Company recognized a gain in additional paid-in-capital of \$0.1 million related to the difference between the value on March 6, 2026, and the price paid per share in October 2024 and December 2025, respectively. The acquisition of the non-controlling interests was accounted for as an equity transaction with a non-controlling interest and accordingly no gain or loss was recognized in the Company’s unaudited condensed consolidated statement of operations. The carrying amount of the non-controlling interest was adjusted to reflect the change in ownership interest in Lesaka Hospitality. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest was adjusted, of \$0.4 million, was recognized in, and increased, total Lesaka equity.

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, 2026:

	<u>Three months ended March 31, 2026</u>	
	<u>Accumulated foreign currency translation reserve</u>	<u>Total</u>
Balance as of January 1, 2026	\$ (168,308)	\$ (168,308)
Movement in foreign currency translation reserve related to disposal of subsidiary	(494)	(494)
Movement in foreign currency translation reserve	<u>(7,669)</u>	<u>(7,669)</u>
Balance as of March 31, 2026	<u><u>\$ (176,471)</u></u>	<u><u>\$ (176,471)</u></u>

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

	<u>Three months ended March 31, 2025</u>	
	<u>Accumulated foreign currency translation reserve</u>	<u>Total</u>
Balance as of January 1, 2025 ^(A)	\$ (199,720)	\$ (199,720)
Movement in foreign currency translation reserve ^(A)	6,086	6,086
Balance as of March 31, 2025 ^(A)	<u><u>\$ (193,634)</u></u>	<u><u>\$ (193,634)</u></u>

12. Accumulated other comprehensive loss (continued)

(A) Accumulated other comprehensive loss and Total as of January 1, 2025, have each decreased by \$0.2 million as a result of the correction discussed in Note 1. Accumulated other comprehensive loss and Total for the three months ended March 31, 2025, have each increased by \$0.08 million as a result of the correction discussed in Note 1 to the amount included in the caption Movement in foreign currency translation reserve. Accumulated other comprehensive loss and Total as of March 31, 2025, have each increased by \$0.3 million as a result of the correction discussed in Note 1.

The table below presents the change in accumulated other comprehensive loss per component during the nine months ended March 31, 2026:

	Nine months ended March 31, 2026	
	Accumulated foreign currency translation reserve	Total
Balance as of July 1, 2025 ^(A)	\$ (185,626)	\$ (185,626)
Release of foreign currency translation reserve related to impairment of equity-accounted investment	550	550
Release of foreign currency translation reserve related to liquidation of subsidiaries	(516)	(516)
Movement in foreign currency translation reserve ^(A)	9,121	9,121
Balance as of March 31, 2026 ^(A)	<u>\$ (176,471)</u>	<u>\$ (176,471)</u>

(A) Accumulated other comprehensive loss and Total as of July 1, 2025, have each decreased by \$0.04 million as a result of the correction discussed in Note 1. Accumulated other comprehensive loss and Total for the nine months ended March 31, 2026, have each increased by \$0.1 million as a result of the correction, as discussed in Note 1, to the amount included in the caption Movement in foreign currency translation reserve for the three months ended September 30, 2025. Accumulated other comprehensive loss and Total as of March 31, 2026, have each increased by \$0.1 million as a result of the correction discussed in Note 1.

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 ^(A)	\$ (188,227)	\$ (188,227)
Movement in foreign currency translation reserve related to liquidation of subsidiaries	6	6
Movement in foreign currency translation reserve ^(A)	(5,413)	(5,413)
Balance as of March 31, 2025 ^(A)	<u>\$ (193,634)</u>	<u>\$ (193,634)</u>

(A) Accumulated other comprehensive loss and Total as of July 1, 2024, have each increased by \$0.1 million as a result of the correction discussed in Note 1. Accumulated other comprehensive loss and Total for the nine months ended March 31, 2025, have each decreased by \$0.04 million as a result of the correction discussed in Note 1 to the amount included in the caption Movement in foreign currency translation reserve. Accumulated other comprehensive loss and Total as of March 31, 2025, have each increased by \$0.09 million as a result of the correction discussed in Note 1.

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.

12. Accumulated other comprehensive loss (continued)

During the three months ended March 31, 2026, the Company reclassified a gain of \$0.5 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the liquidation of a subsidiary. There were no reclassifications from accumulated other comprehensive loss to net loss during the three months ended March 31, 2025.

During the nine months ended March 31, 2026, the Company reclassified losses of \$0.6 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the impairment on liquidation of an equity-accounted investment. During the nine months ended March 31, 2026, the Company reclassified an aggregate gain of \$0.5 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the disposal of a subsidiary and the liquidation of a subsidiary. 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.

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, 2025. On September 2, 2025, the Company's Board resolved to request the approval of the Company's shareholders to increase the number of shares available for issuance under the 2022 Plan by 3,000,000. On December 8, 2025, the Company's shareholders approved the amendment.

Stock option and restricted stock activity

Options

The following table summarizes stock option activity for the nine months ended March 31, 2026 and 2025:

	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, 2025	5,866,904	8.71	3.55	703	1.20
Outstanding - March 31, 2026	<u>5,866,904</u>	8.71	2.55	1,107	1.20
Outstanding - June 30, 2024	4,918,248	8.70	4.51	889	1.77
Granted - December 2024	350,000	6.00	-	433	1.24
Granted - December 2024	250,000	8.00	-	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	<u>(13,333)</u>	11.23	-	-	8.83
Outstanding - March 31, 2025	<u>5,868,570</u>	8.71	3.79	886	1.20

No stock options were awarded during the three and nine months ended March 31, 2026. 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.

No stock options were exercised or forfeited during the three and nine months ended March 31, 2026. 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. Employees forfeited an aggregate of 13,333 stock options during each of the three and nine months ended March 31, 2025.

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-day volatility. 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:

	Nine months ended March 31, 2025
Expected volatility	42 %
Expected dividends	0 %
Expected life (in years)	2
Risk-free rate	4.3 %

The following table presents stock options vested and expected to vest as of March 31, 2026:

	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, 2026	5,866,904	8.71	2.55	1,107

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, 2026:

	Number of shares	Weighted average exercise price (\$)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (\$'000)
Exercisable - March 31, 2026	866,904	3.99	2.95	1,107

No stock options became exercisable during each of the three and nine months ended March 31, 2026 and 2025. During each of the three and nine months ended March 31, 2025, 26,982 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, 2026 and 2025:

	Number of shares of restricted stock	Weighted average grant date fair value (\$'000)
Non-vested – June 30, 2025	2,169,900	7,833
Total granted	1,009,095	4,012
Granted – July 2025	3,772	17
Granted – August 2025	5,323	25
Granted – September 2025	200,000	922
Granted – October 2025	215,000	905
Granted – November 2025	160,000	708
Granted – November 2025, with performance conditions	245,000	598
Granted – February 2026	150,000	698
Granted – March 2026	30,000	139
Total vested	(238,845)	949
Vested – August 2025	(10,933)	50
Vested – October 2025	(33,333)	139
Vested – November 2025	(120,434)	465
Vested – December 2025	(52,479)	196
Vested – February 2025	(21,666)	99
Forfeitures	(361,413)	1,437
Forfeitures	(103,545)	475
Forfeitures December 2022 award with market conditions	(257,868)	962
Non-vested – March 31, 2026	<u>2,578,737</u>	9,825
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	<u>2,816,172</u>	10,955

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Restricted stock (continued)

Grants

In July, August, September, October and November 2025, and February and March 2026, respectively, the Company granted 3,772; 5,323; 200,000; 215,000; 160,000; 150,000; and 30,000 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 2025, the Company awarded 245,000 shares of restricted stock to a group comprising employees 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 \$4.31 over the measurement period commencing on November 1, 2025 through October 31, 2028, and (2) the recipient is employed by the Company on a full-time basis through to October 31, 2028. 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 October 31, 2025, was \$4.30.

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 2027, the Company's 30-day volume weighted-average stock price ("VWAP") before October 31, 2026 is approximately 1.15 times higher (i.e. \$4.96 or higher) than \$4.31: 33%;
- Fiscal 2028, the Company's VWAP before October 31, 2027 is 1.32 times higher (i.e. \$5.70 or higher) than \$4.31: 67%;
- Fiscal 2029, the Company's VWAP before October 31, 2028 is 1.52 times higher (i.e. \$6.55) than \$4.31: 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 41.2% for the closing price (of \$4.35), 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 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 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 specified conditions are satisfied.

The Company had previously agreed to grant an advisor 5,500 shares per month in lieu of cash for ad hoc consulting 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 nine months ended March 31, 2026, the Company recorded a stock-based compensation charge of \$0.1 million and included the issuance of 27,500 shares of common stock in its issued and outstanding share count. No shares were issued during the three months ended March 31, 2026. During the third quarter of fiscal 2026, the Company and the consultant agreed that 49,500 shares of the Company's common stock that were previously issued would be forfeited and a cash payment of \$0.2 million was made in lieu of the forfeited shares.

Vesting

In August, October, November and December 2025, and in January 2026, an aggregate of 238,845 shares of restricted stock granted to employees vested. Certain employees elected for 79,133 shares to be withheld to satisfy the withholding tax liability on the vesting of their shares. These 79,133 shares have been included in the Company's treasury shares.

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.

13. Stock-based compensation (continued)

Restricted stock (continued)

Forfeitures

During the three and nine months ended March 31, 2026, respectively, employees forfeited 80,080 and 103,545 shares of restricted stock following their termination of employment with the Company. During the nine months ended March 31, 2026, 257,868 shares of restricted stock were forfeited by executive officers (including a former Group CEO) as the market condition (related to share price performance) were not achieved.

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).

Stock-based compensation charge and unrecognized compensation cost

The Company recorded a stock-based compensation charge, net, during the three months ended March 31, 2026 and 2025, of \$1.3 million and \$2.5 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, 2026			
Stock-based compensation charge	\$ 1,406	\$ -	\$ 1,406
Stock compensation charge related to ESOP	167	-	167
Reversal of stock compensation charge related to restricted stock forfeited	(239)	-	(239)
Total - three months ended March 31, 2026	<u>\$ 1,334</u>	<u>\$ -</u>	<u>\$ 1,334</u>
Three months ended March 31, 2025			
Stock-based compensation charge	\$ 2,531	\$ -	\$ 2,531
Reversal of stock compensation charge related to restricted stock forfeited	(34)	-	(34)
Total - three months ended March 31, 2025	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>

The Company recorded a stock-based compensation charge, net, during the nine months ended March 31, 2026 and 2025, of \$5.1 million and \$7.5 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, 2026			
Stock-based compensation charge	\$ 4,947	\$ -	\$ 4,947
Stock compensation charge related to ESOP	495	-	495
Reversal of stock compensation charge related to restricted stock forfeited	(302)	-	(302)
Total - nine months ended March 31, 2026	<u>\$ 5,140</u>	<u>\$ -</u>	<u>\$ 5,140</u>
Nine months ended March 31, 2025			
Stock-based compensation charge	\$ 7,563	\$ -	\$ 7,563
Reversal of stock compensation charge related to restricted stock forfeited	(45)	-	(45)
Total - nine months ended March 31, 2025	<u>\$ 7,518</u>	<u>\$ -</u>	<u>\$ 7,518</u>

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 related to the Recharger acquisition are included in the caption transaction costs related to Adumo, Recharger and Bank Zero 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 were included in other payables as of March 31, 2025.

13. Stock-based compensation (continued)

As of March 31, 2026, the total unrecognized compensation cost related to stock options was \$2.9 million, which the Company expects to recognize over two years. As of March 31, 2025, the total unrecognized compensation cost related to restricted stock awards was \$6.6 million, which the Company expects to recognize over two years.

During the three months ended March 31, 2026 and 2025, the Company recorded a deferred tax benefit of \$0.1 million and \$0.3 million, respectively, related to the stock-based compensation charge recognized related to employees of Lesaka. During the nine months ended March 31, 2026 and 2025, the Company recorded a deferred tax benefit of \$0.6 million and \$0.8 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. Earnings (Loss) 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 months ended March 31, 2026 and 2025, except as described in Note 11. 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, 2025.

Basic earnings (loss) 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 earnings (loss) per share has been calculated using the two-class method and basic earnings (loss) per share for the three months ended March 31, 2026 and 2025, reflects only undistributed earnings. The computation below of basic earnings (loss) 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 earnings (loss) 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 earnings (loss) 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 shares of common stock from the calculation of diluted loss per share during the three months ended March 31, 2025 because the effect would be antidilutive. The Company has excluded employee stock options to purchase 151,424 and 206,068 shares of common stock from the calculation of diluted loss per share during the nine months ended March 31, 2026 and 2025 because the effect would be antidilutive.

The calculation of diluted earnings (loss) 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 earnings (loss) per share calculation and the vesting conditions in respect of a portion of the restricted stock had been satisfied.

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, 2025.

14. Earnings (Loss) per share (continued)

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

	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
	(in thousands except percent and per share data)		(in thousands except percent and per share data)	
Numerator:				
Net earnings (loss) attributable to Lesaka ^(A)	\$ 552	\$ (22,353)	\$ (461)	\$ (59,659)
Undistributed Earnings (Loss) ^(A)	552	(22,353)	(461)	(59,659)
Percent allocated to common shareholders (Calculation 1)	97%	96%	97%	96%
Numerator for earnings (loss) per share: basic and diluted	\$ 535	\$ (21,546)	\$ (446)	\$ (57,507)
Denominator				
Denominator for basic earnings (loss) per share:				
Weighted-average common shares outstanding	79,300	78,347	78,895	69,724
Effect of dilutive securities:				
Stock options	179	-	-	-
Denominator for diluted earnings (loss) per share: adjusted weighted average common shares outstanding and assuming conversion	79,479	78,347	78,895	69,724
Earnings (Loss) per share:				
Basic ^(A)	\$ 0.01	\$ (0.28)	\$ (0.01)	\$ (0.82)
Diluted ^(A)	\$ 0.01	\$ (0.28)	\$ (0.01)	\$ (0.82)
(Calculation 1)				
Basic weighted-average common shares outstanding (A)	79,300	78,347	78,895	69,724
Basic weighted-average common shares outstanding and unvested restricted shares expected to vest (B)	81,845	81,282	81,464	72,333
Percent allocated to common shareholders (A) / (B)	97%	96%	97%	96%

(A) Net loss attributable to Lesaka and Undistributed loss for the three and nine months ended March 31, 2025, have decreased by \$0.3 million and \$0.9 million, respectively, as a result of the correction discussed in Note 1. Net loss attributable to Lesaka and Undistributed loss for the nine months ended March 31, 2026, has decreased by \$0.4 million, as a result of the correction, as discussed in Note 1, to the amount included in the captions Net loss attributable to Lesaka and Undistributed loss for the three months ended September 30, 2025. The correction of the error did not impact Basic and Diluted loss per share for the three months ended March 31, 2025, or the nine months ended March 31, 2026. Basic and Diluted loss per share for the nine months ended March 31, 2025, each decreased by \$0.01 (one U.S. cent).

Options to purchase 6,493,683 shares of the Company's common stock at prices ranging from \$4.87 to \$14.00 per share were outstanding during the three and nine months ended March 31, 2026, but were not included in the computation of diluted earnings (loss) per share because the options' exercise price was greater than the average market price of the Company's common stock. 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 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, 2026.

15. Supplemental cash flow information

The following table presents supplemental cash flow disclosures for the three and nine months ended March 31, 2026 and 2025:

	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Cash received from interest	\$ 610	\$ 641	\$ 1,646	\$ 1,938
Cash paid for interest	\$ 5,856	\$ 2,809	\$ 17,785	\$ 10,322
Cash paid for income taxes	\$ 522	\$ 505	\$ 5,660	\$ 3,713

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 facility was cancelled in November 2024. The Company was only permitted to use this cash to fund ATMs and this cash was considered restricted as to use and therefore was 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. The following table presents the disaggregation of cash, cash equivalents and restricted cash as of March 31, 2026 and 2025, and June 30, 2025:

	March 31, 2026	March 31, 2025	June 30, 2025
Cash and cash equivalents	\$ 90,573	\$ 71,008	\$ 76,520
Restricted cash	124	115	119
Cash, cash equivalents and restricted cash	<u>\$ 90,697</u>	<u>\$ 71,123</u>	<u>\$ 76,639</u>

Leases

The following table presents supplemental cash flow disclosure related to leases for the three and nine months ended March 31, 2026 and 2025:

	Three months ended March 31,		Nine months ended March 31,	
	2026	2025	2026	2025
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 1,508	\$ 1,256	\$ 4,334	\$ 3,472
Right-of-use assets obtained in exchange for lease obligations				
Operating leases	\$ 306	\$ 2,411	\$ 4,529	\$ 3,629

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, 2026:

	Merchant	Consumer	Enterprise	Total
Processing fees	\$ 37,406	\$ 10,670	\$ 11,298	\$ 59,374
South Africa	35,574	10,670	11,298	57,542
Rest of Africa	1,832	-	-	1,832
Technology products	5,968	45	1,439	7,452
South Africa	5,906	45	1,439	7,390
Rest of Africa	62	-	-	62
Prepaid airtime sold	79,508	55	5,224	84,787
South Africa	70,972	55	5,224	76,251
Rest of Africa	8,536	-	-	8,536
Account holder fees	-	2,432	-	2,432
Other	1,093	239	495	1,827
South Africa	867	239	495	1,601
Rest of Africa	226	-	-	226
Total revenue under ASC 606, derived from the following geographic locations	123,975	13,441	18,456	155,872
South Africa	113,319	13,441	18,456	145,216
Rest of Africa	10,656	-	-	10,656
Lending revenue	-	8,339	-	8,339
Interest from customers	2,297	7,491	-	9,788
Insurance revenue	-	9,052	-	9,052
Total non-ASC 606 revenue	2,297	24,882	-	27,179
Revenue	\$ 126,272	\$ 38,323	\$ 18,456	\$ 183,051

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	\$ 32,553	\$ 7,583	\$ 6,581	\$ 46,717
South Africa	30,795	7,583	6,581	44,959
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	87,010	26	1,556	88,592
South Africa	80,340	26	1,556	81,922
Rest of Africa	6,670	-	-	6,670
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 under ASC 606, derived from the following geographic locations	126,424	10,279	9,137	145,840
South Africa	117,869	10,279	9,137	137,285
Rest of Africa	8,555	-	-	8,555
Lending revenue	-	8,143	-	8,143
Interest from customers	1,793	504	-	2,297
Insurance revenue	-	5,170	-	5,170
Total non-ASC 606 revenue	1,793	13,817	-	15,610
Revenue	\$ 128,217	\$ 24,096	\$ 9,137	\$ 161,450

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, 2026:

	Merchant	Consumer	Enterprise	Total
Processing fees	\$ 109,420	\$ 30,093	\$ 34,899	\$ 174,412
South Africa	103,440	30,093	34,899	168,432
Rest of Africa	5,980	-	-	5,980
Technology products	21,128	210	3,256	24,594
South Africa	20,919	210	3,256	24,385
Rest of Africa	209	-	-	209
Prepaid airtime sold	243,584	138	8,551	252,273
South Africa	219,003	138	8,551	227,692
Rest of Africa	24,581	-	-	24,581
Account holder fees	-	6,850	-	6,850
Other	2,907	769	783	4,459
South Africa	2,358	769	783	3,910
Rest of Africa	549	-	-	549
Total revenue under ASC 606, derived from the following geographic locations	377,039	38,060	47,489	462,588
South Africa	345,720	38,060	47,489	431,269
Rest of Africa	31,319	-	-	31,319
Lending revenue	-	22,362	-	22,362
Interest from customers	6,688	17,728	-	24,416
Insurance revenue	-	23,867	-	23,867
Total non-ASC 606 revenue	6,688	63,957	-	70,645
Revenue	\$ 383,727	\$ 102,017	\$ 47,489	\$ 533,233

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	\$ 92,715	\$ 22,975	\$ 18,918	\$ 134,608
South Africa	87,292	22,975	18,918	129,185
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	279,076	66	4,794	283,936
South Africa	259,747	66	4,794	264,607
Rest of Africa	19,329	-	-	19,329
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 under ASC 606, derived from the following geographic locations	390,817	30,620	27,241	448,678
South Africa	365,687	30,620	27,241	423,548
Rest of Africa	25,130	-	-	25,130
Lending revenue	-	22,475	-	22,475
Interest from customers	5,079	624	-	5,703
Insurance revenue	-	14,378	-	14,378
Total non-ASC 606 revenue	5,079	37,477	-	42,556
Revenue	\$ 395,896	\$ 68,097	\$ 27,241	\$ 491,234

17. Leases

The Company has entered into leasing arrangements classified as operating leases under accounting guidance. These leasing arrangements relate to the lease of its corporate head office and sales and administration offices of its Merchant, Consumer and Enterprise businesses. 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, 2026 and 2025 was \$1.5 million and \$1.3 million, respectively. The Company's operating lease expense during the nine months ended March 31, 2026 and 2025 was \$4.3 million and \$3.5 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, 2026 and 2025, was \$0.6 million and \$1.1 million, respectively. The Company's short-term lease expense during the nine months ended March 31, 2026 and 2025, was \$1.4 million and \$3.4 million, respectively.

In December 2025, the Company, through Lesaka SA, entered into a leasing arrangement for a new corporate head office in Rosebank, Gauteng, South Africa with Oxford Parks Proprietary Limited, a limited liability private company incorporated in South Africa. The lease commences on July 1, 2026 and is for a period of 10 years with two renewal options of five years each. The Company has secured beneficial occupation from April 1, 2026, and is required to deliver a bank guarantee or cash of \$0.4 million (ZAR 7.5 million, translated at exchange rates applicable as of March 31, 2026). The Company expects to pay an annual basic lease expense of \$1.5 million (ZAR 25.1 million, translated at exchange rates applicable as of March 31, 2026), which increases by 6.25% per annum. The Company has not recorded an operating lease right-of-use ("ROU") asset or a operating lease liability related to this lease in its unaudited condensed consolidated balance sheet as of March 31, 2026, because the Company determined it did not have beneficial occupation as of March 31, 2026.

The Company determined that its existing operating lease arrangements for its corporate head office and certain related leased facilities will no longer be utilized as originally intended as a result of the new lease arrangement and the planned transition of its corporate head office and other operating activities to the new premises. Accordingly, the Company identified indicators of impairment for the related ROU assets and certain items of property, plant and equipment.

The Company evaluated the impacted ROU assets for impairment. The asset groups consisted of operating lease ROU assets and related leasehold improvements associated with the affected locations as well as certain items of property, plant and equipment, including furniture and office equipment. The recoverability test indicated that the carrying amounts of these asset groups were not recoverable, as the undiscounted future cash flows were insufficient to recover their carrying values.

The Company measured these operating lease ROU assets and related leasehold improvements at fair value on a non-recurring basis during the three and nine months ended March 31, 2026, as a result of impairment. These fair value measurements are classified within Level 3 of the fair value hierarchy. Fair value was estimated using a discounted cash flow methodology, which incorporates significant unobservable inputs, including assumptions related to remaining lease terms, expected sublease income and market rental rates.

As a result, the Company recorded an impairment charge of \$ 1.5 million during the three and nine months ended March 31, 2026, representing the excess of the carrying amount of the affected ROU assets and related leasehold improvements over their estimated fair value. The impairment charge is included in the caption impairment loss (refer to Note 7) in the condensed consolidated statement of operations for the three and nine months ended March 31, 2026. The impairment did not impact the related operating lease liabilities.

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, 2026 and June 30, 2025:

	March 31, 2026	June 30, 2025
Right of use assets obtained in exchange for lease obligations:		
Weighted average remaining lease term (years)	2.49	2.84
Weighted average discount rate (percent)	8.8	9.8

17. Leases (continued)

The maturities of the Company's operating lease liabilities as of March 31, 2026, are presented below:

Maturities of operating lease liabilities	
Year ended June 30,	
2026 (excluding nine months to March 31, 2026)	\$ 1,580
2027	4,453
2028	3,055
2029	1,590
2030	897
Thereafter	108
Total undiscounted operating lease liabilities	11,683
Less imputed interest	1,442
Total operating lease liabilities, included in	10,241
Operating lease liability - current	4,353
Operating lease liability - long-term	\$ 5,888

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. A description of the Company's operating segments is contained in Note 21 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2025.

The Company's chief operating decision maker ("CODM") is the Company's Executive Chairman. The Company currently has three reportable segments: Merchant, Consumer and Enterprise. The CODM analyzes the Company's operating performance primarily based on these 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.

Types of products and services from which each segment derives its revenues

The Merchant segment includes revenue generated from the sale of Alternative Digital Products ("ADP") (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. The Merchant segment includes interest earned from the provision of loans to its customers, refer to Note 16.

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, refer to Note 16. 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.

18. Operating segments

Operating segments

The Enterprise segment provides its business and government-related customers with transaction processing services that involve the collection, transmittal and retrieval of transaction data. The Company 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.

Segment measure of profit or loss

The Company evaluates segment performance based on segment earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted for items mentioned in the sentences below ("Segment Adjusted EBITDA"), the Company's reportable segments' measure of profit or loss.

The Company obtained a general lending facility in February 2025, which has been partially used to fund a portion of its Consumer lending during the three and nine months ended March 31, 2026, and interest related to these borrowings have been allocated to Consumer. The Company also 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) gain 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 during fiscal 2025. 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.

Our CODM does not review the components of segment selling, general and administration expenses and is presented with reports which include revenue, net revenue (a non-GAAP measure) and Segment Adjusted EBITDA.

18. Operating segments (continued)

The table below presents the reconciliation of revenue from external customers to the reportable segment's revenue, significant expenditures, the Company's reportable segment's measure of profit or loss, and certain other segment information for the three months ended March 31, 2026 and 2025, respectively, is as follows:

Three months ended March 31, 2026				
	<u>Merchant</u>	<u>Consumer</u>	<u>Enterprise</u>	<u>Total</u>
Revenue from external customers	\$ 126,272	\$ 38,323	\$ 18,456	\$ 183,051
Intersegment revenues	806	-	522	1,328
Segment revenue^(z)	<u>127,078</u>	<u>38,323</u>	<u>18,978</u>	<u>184,379</u>
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support ^(y)	99,480	12,629	13,143	125,252
Selling, general and administration ⁽¹⁾⁽²⁾	18,370	12,679	3,710	34,759
Segment adjusted EBITDA	<u>\$ 9,228</u>	<u>\$ 13,015</u>	<u>\$ 2,125</u>	<u>\$ 24,368</u>

Operating segments					
	<u>Merchant</u>	<u>Consumer</u>	<u>Enterprise</u>	<u>Group costs</u>	<u>Total</u>
Depreciation and amortization	\$ 3,613	\$ 774	\$ 113	\$ 6,043	\$ 10,543
Expenditures for long-lived assets	\$ 3,764	\$ 120	\$ 719	\$ -	\$ 4,603

Three months ended March 31, 2025				
	<u>Merchant</u>	<u>Consumer</u>	<u>Enterprise</u>	<u>Total</u>
Revenue from external customers	\$ 128,217	\$ 24,096	\$ 9,137	\$ 161,450
Intersegment revenues	564	-	307	871
Segment revenue^(z)	<u>128,781</u>	<u>24,096</u>	<u>9,444</u>	<u>162,321</u>
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support ^{(y)(A)}	104,869	8,373	9,702	122,944
Selling, general and administration ^{(A)(1)(3)}	16,012	9,390	(391)	25,011
Segment adjusted EBITDA^(A)	<u>\$ 7,900</u>	<u>\$ 6,333</u>	<u>\$ 133</u>	<u>\$ 14,366</u>
(z) includes interest revenue of:	\$ 1,793	\$ 1,400	\$ -	\$ 3,193
(y) includes interest expense of:	\$ 419	\$ 890	\$ -	\$ 1,309

Operating segments					
	<u>Merchant</u>	<u>Consumer</u>	<u>Enterprise</u>	<u>Group costs</u>	<u>Total</u>
Depreciation and amortization	\$ 3,111	\$ 255	\$ 89	\$ 4,974	\$ 8,429
Expenditures for long-lived assets	\$ 3,862	\$ 191	\$ 437	\$ -	\$ 4,490

(A) Cost of goods sold, IT processing, servicing and support and Selling, general and administration for Merchant and Total for the three months ended March 31, 2025 have each increased by \$0.2 million and \$0.05 million, respectively, as a result of the correction discussed in Note 1. Segment Adjusted EBITDA for Merchant and Total for the three months ended March 31, 2025 have each decreased by \$0.2 million as a result of the correction discussed in Note 1.

(1) Selling, general and administration includes human capital-related expenses (including base salary and bonus), IT-related expenses (including software licenses, hardware maintenance, hosting, and communication expenses), professional fees (including audit, legal, consulting and other fees), lease and utilities expenses, the allowance for credit losses and other operating and support expenses.

(2) Segment Adjusted EBITDA for the three months ended March 31, 2026, includes retrenchment costs for Merchant of \$ 0.3 million (ZAR 5.0 million), Consumer of \$ 0.02 million (ZAR 0.3 million) and Enterprise of \$ 0.1 million (ZAR 1.1 million).

(3) 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).

18. Operating segments (continued)

The table below presents the reconciliation of revenue from external customers to the reportable segment's revenue, significant expenditures, the Company's reportable segment's measure of profit or loss, and certain other segment information for the nine months ended March 31, 2026 and 2025, respectively, is as follows:

Nine months ended March 31, 2026				
	Merchant	Consumer	Enterprise	Total
Revenue from external customers	\$ 383,727	\$ 102,017	\$ 47,489	\$ 533,233
Intersegment revenues	2,220	-	1,138	3,358
Segment revenue^(z)	385,947	102,017	48,627	536,591
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support ^{(y)(A)}	300,541	33,599	34,456	368,596
Selling, general and administration ^{(A)(1)(2)}	57,294	37,600	9,354	104,248
Segment adjusted EBITDA^(A)	\$ 28,112	\$ 30,818	\$ 4,817	\$ 63,747
(z) includes interest revenue of:	\$ 4,584	\$ 12,405	\$ -	\$ 16,989
(y) includes interest expense of:	\$ 972	\$ 2,367	\$ -	\$ 3,339

	Operating segments			Group costs	Total
	Merchant	Consumer	Enterprise		
Depreciation and amortization	\$ 10,666	\$ 1,394	\$ 287	\$ 24,658	\$ 37,005
Expenditures for long-lived assets	\$ 12,237	\$ 488	\$ 1,927	\$ -	\$ 14,652

Nine months ended March 31, 2025				
	Merchant	Consumer	Enterprise	Total
Revenue from external customers	\$ 395,896	\$ 68,097	\$ 27,241	\$ 491,234
Intersegment revenues	1,746	-	3,018	4,764
Segment revenue^(z)	397,642	68,097	30,259	495,998
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support ^{(y)(A)}	324,109	25,910	24,050	374,069
Selling, general and administration ^{(A)(1)(3)}	48,214	27,116	5,745	81,075
Segment adjusted EBITDA^(A)	\$ 25,319	\$ 15,071	\$ 464	\$ 40,854
(z) includes interest revenue of:	\$ 5,079	\$ 1,520	\$ -	\$ 6,599
(y) includes interest expense of:	\$ 1,185	\$ 2,478	\$ -	\$ 3,663

	Operating segments			Group costs	Total
	Merchant	Consumer	Enterprise		
Depreciation and amortization	\$ 8,365	\$ 692	\$ 283	\$ 13,588	\$ 22,928
Expenditures for long-lived assets	\$ 13,647	\$ 897	\$ 830	\$ -	\$ 15,374

18. Operating segments (continued)

(A) Cost of goods sold, IT processing, servicing and support and Selling, general and administration for Merchant and Total for the nine months ended March 31, 2025 have each increased by \$0.5 million and \$0.2 million, respectively, as a result of the correction discussed in Note 1. Segment Adjusted EBITDA for Merchant and Total for the nine months ended March 31, 2025 have each decreased by \$0.7 million as a result of the correction discussed in Note 1.

Cost of goods sold, IT processing, servicing and support and Selling, general and administration for Merchant and Total for the nine months ended March 31, 2026 have each increased by \$0.2 million and \$0.06 million, respectively, as a result of the correction, as discussed in Note 1, to the amount included in the captions Cost of goods sold, IT processing, servicing and support and Selling, general and administration for the three months ended September 30, 2025. Segment Adjusted EBITDA for Merchant and Total for the nine months ended March 31, 2026 have each decreased by \$0.2 million as a result of the correction, as discussed in Note 1, to the amount included in the caption Segment Adjusted EBITDA for the three months ended September 30, 2025.

1) Selling, general and administration includes human capital-related expenses (including base salary and bonus), IT-related expenses (including software licenses, hardware maintenance, hosting, and communication expenses), professional fees (including audit, legal, consulting and other fees), lease and utilities expenses, the allowance for credit losses and other operating and support expenses.

(2) Segment Adjusted EBITDA for the nine months ended March 31, 2026, includes retrenchment costs for Merchant of \$0.7 million (ZAR 12.4 million), Consumer of \$0.2 million (ZAR 2.9 million), and Enterprise of \$0.03 million (ZAR 0.3 million).

(3) 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).

The reconciliation of the reportable segments' measures of profit or loss to income (loss) before income tax expense for the three and nine months ended March 31, 2026 and 2025, is as follows:

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
Reportable segments' measure of profit or loss ^(A)	\$ 24,368	\$ 14,366	\$ 63,747	\$ 40,854
Operating loss: Group costs	(3,756)	(1,772)	(10,263)	(7,541)
Once-off costs	(2,553)	(2,306)	(3,067)	(4,599)
Interest adjustment	-	890	-	2,478
Unrealized (Loss) Gain FV for currency adjustments	(181)	114	16	(102)
Stock-based compensation charge adjustments	(1,334)	(2,497)	(5,140)	(7,518)
Depreciation and amortization	(10,543)	(8,429)	(37,005)	(22,928)
Loss on disposal of equity-accounted investments	-	-	(584)	(161)
Impairment loss ⁽¹⁾	(1,916)	-	(1,916)	-
Change in fair value of equity securities	(378)	(20,421)	2,593	(54,152)
Other income	-	-	3,883	-
Loss on disposal of equity securities	-	-	(730)	-
Reversal of allowance for doubtful loan receivable	1,500	-	1,500	-
Interest income	1,154	645	2,201	1,952
Interest expense ^(A)	(4,477)	(5,869)	(14,081)	(17,251)
Income (Loss) before income tax expense ^(A)	\$ 1,884	\$ (25,279)	\$ 1,154	\$ (68,968)

(A) Reportable segments' measure of profit or loss for the three and nine months ended March 31, 2025, have decreased by \$0.2 million and \$0.7 million, respectively, as a result of the correction discussed in Note 1. Interest expense for the three and nine months ended March 31, 2025, have increased by \$0.09 million and \$0.3 million, respectively, as a result of the correction discussed in Note 1. Net loss before taxes for the three and nine months ended March 31, 2025, have decreased by \$0.9 million and \$0.9 million, respectively, as a result of the correction discussed in Note 1.

Reportable segments' measure of profit or loss and net loss before taxes for the nine months ended March 31, 2026, have decreased by \$0.2 million and \$0.4 million, as a result of the correction, as discussed in Note 1, to the amount included in the captions Reportable segments' measure of profit or loss and net loss before taxes for the three months ended September 30, 2025. Interest expense for the nine months ended March 31, 2026, has increased by \$0.1 million, as a result of the correction, as discussed in Note 1, to the amount included in the caption Interest expense for the three months ended September 30, 2025.

(1) Impairment loss excludes an amount of \$0.7 million which is included in the caption Once-off costs related to the exit of the ATM business.

18. Operating segments (continued)

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, 2026, the Company's effective tax rate was impacted by the tax expense recorded by the Company's profitable South African operations, non-taxable income (including the fair value adjustment on equity securities and other income) and non-deductible and expenses (including certain impairment losses and transaction-related expenditures). The Company's income tax expense was impacted by a higher deferred tax benefit as a result of the reduction in the useful lives of certain of the Company's brand and trademark intangible assets which has resulted in an increase in amortization expense during the nine months ended March 31, 2026.

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 ongoing 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.

Uncertain tax positions

As of March 31, 2026 and June 30, 2025, 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, 2026, 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 31.8 million (\$1.9 million, translated at exchange rates applicable as of March 31, 2026) thereby utilizing part of the Company's short-term facilities.

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, 2026) 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, 2026. The maximum potential amount that the Company could pay under these guarantees is ZAR 35.1 million (\$2.0 million, translated at exchange rates applicable as of March 31, 2026). 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, 2026).

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.

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, 2025, 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, 2025. 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

This item generally discusses our results for the third quarter of fiscal 2026 compared to the third quarter of fiscal 2025.

Group

On February 6, 2026, Lesaka acquired 100% of the shares in MobileMart, a South African distributor of ADP, specifically prepaid solutions. Leveraging MobileMart’s existing direct integrations into multiple mobile network operators and suppliers, aims to enhance the unit economics of Merchant and Enterprise’s ADP product offering.

On March 27, 2026, Lesaka amended its Working Capital Facility agreement, increasing the size of its general banking facility by ZAR 400 million to approximately ZAR 1.1 billion. The amended agreement also includes additional operating subsidiaries as borrowers, enabling those entities to access the facility directly and better aligning the financing structure with the Group’s current operating structure. The increased facility provides additional liquidity and financial flexibility to support the Group’s operations and growth initiatives.

During the quarter, the Merchant division exited its ancillary ATM business to better align resources with the core cash management offering and merchant lending ecosystem. The ATM segment was determined to be non-core due to its limited financial contribution and lack of operational synergy with the Merchant division’s primary product suite. This strategic wind-down allows for the reallocation of capital toward high-growth, data-driven merchant services.

Merchant Division

We manage our Merchant operations through two distinct channels: Community, which focuses on local, high-growth businesses acquired through direct, face-to-face sales and rapid conversion cycles; and Corporate, which serves large-scale organizations and franchises requiring customized, multi-product solutions through a strategic, long-term sales process.

In the second quarter of fiscal 2026, we introduced a refined reporting framework for the Merchant division to better represent the primary drivers of our revenue and performance. Developed through a comprehensive review of our operational analytics, this framework aligns our Merchant metrics, specifically active merchant count and blended ARPU with our Consumer division to provide a holistic view of our ecosystem. We are treating this updated approach as a baseline for future comparisons to ensure consistent reporting across our channels; as such, this transition may result in non-material inconsistencies with certain legacy metrics.

Our definition of an active merchant is any merchant that has made a voluntary transaction (debit and/or credit) within the last 90 days. Previously, we reported on a point of presence basis, which was more focused on our device estate. This updated methodology of an active merchant reflects the revenue generating engagement of our entire Merchant base and more accurately tracks our current and future monetization strategy for the division. Average Revenue Per User excludes once-off and non-recurring revenue such as hardware and installation costs as well as revenue from international subsidiaries.

The underlying drivers of ARPU performance are based on cross-sell product penetration and the individual product related KPI's are shown below.

	<u>Q3 2026</u>	<u>Q3 2025</u>	<u>Q3 2026 vs Q3 2025</u>
<i>Merchant Division</i>			
Active Merchants	132,003	124,522	6%
Merchant ARPU ⁽¹⁾ (ZAR per month)	1,760	1,901	(7%)
Product Penetration Rate: 2 or more products	46%	46%	1%
Product Penetration Rate: 3 or more products	7%	10%	(25%)
<i>Merchant Division: Merchant Acquiring</i>			
Active Merchants	73,863	67,652	9%
Total Payment Volume ("TPV") (ZAR billions)	10.6	9.9	7%
<i>Merchant Division: Software</i>			
Active Merchants	10,044	9,738	3%
<i>Merchant Division: Cash Management</i>			
Active Merchants	4,881	4,844	1%
Total Payment Volume ("TPV") (ZAR billions)	27.9	27.5	2%
<i>Merchant Division: Lending</i>			
Lending Origination (ZAR millions)	227	291	(22%)
Net Lending Portfolio Outstanding (ZAR millions)	427	412	4%
<i>Merchant Division: Alternative Digital Products</i>			
Active Merchants	102,019	96,213	6%
Total Payment Volume ("TPV") (ZAR billions)	13.7	10.6	30%
Total Payment Volume ("TPV") - Prepaid Solutions (ZAR billions)	5.8	5.3	10%
Total Payment Volume ("TPV") - Supplier Enabled Payments (ZAR billions)	7.9	5.3	49%

Notes:

(1) ARPU is calculated on a revenue per active merchant basis based on a 3-month rolling average for the quarter ended March 31, 2026.

Notable developments within Merchant Division:

Within Merchant Acquiring: TPV attributable to Community segment increased to ZAR 3.8 billion for the third quarter of fiscal 2026 and 18% year-on-year growth.

Within Cash: Our business is experiencing differing secular trends in its two distinct markets. At the Corporate level, cash continues to experience a downward trend of growth as digital payment adoption progressively increases in this sector. At the Community segment, we continue to see growth for our cash management solutions, with cash TPV growth totalling to 52% year-on-year. The Community segment now accounts for 20% of all processed cash TPV processed. This signals rapid growth among merchants within this segment aiming to digitize their cash holdings.

Within ADP: Core to our device placement strategy is the decision to focus on quality business and optimizing our existing fleet. This can be seen through the TPV growth which is primarily driven by our Supplier Enabled Payment product, delivering 49% year-on-year growth. This enables Community Merchants to digitize their required payments to suppliers at competitive pricing and introduces them to the Lesaka Merchant ecosystem. Within the Prepaid Solutions product TPV processed delivered -1% year-on-year growth. We continue to see sustained margin pressures from wholesale providers of airtime, resulting in a contraction of Prepaid Solutions TPV processed. Overall, our ADP TPV continues to grow above 20% on a year-on-year basis.

Within Software: Continued focus on deploying Unity, our cloud-based point-of-sale (POS) software offering to existing and new merchants. Unity has a lower monthly cost than on-premises solutions, the increase in client numbers was offset by a decrease in average revenue per user, resulting in core revenue remaining flat. Migration to Unity enables easier integration of our Software and Acquiring propositions into one holistic bundle. Approximately 17% of our Software base currently use the Unity offering.

Within Lending: Lending originations decreased 22% year-over-year, primarily reflecting exceptionally high activity in the prior year period which were driven by concentrated short-term sales initiatives that did not recur in the current period.

Consumer Division

Our consumer base includes South African grant beneficiaries and other EasyPay Payouts cardholders.

Our grant beneficiary base includes both permanent and non-permanent grant beneficiaries. As the division has evolved, both sub-categories of consumers are revenue generating and hence the combined consumer base metrics shown below are most appropriate to measure the performance of the division financially and operationally. Although historically we have shown these metrics separately, it is maintained that approximately 90% of the active consumer base are permanent grant beneficiaries.

Our definition of an active consumer is any EPE consumer that has made a voluntary transaction (debit and/or credit) within the last 90 days. Consumers who may be charged a monthly banking fee but have not made a voluntary transaction in the last 90 days would not be considered an active consumer.

The definition of an active consumer reflects the revenue generating engagement of our entire consumer base and more accurately tracks our current and future monetization strategy for the division. We will continue to show the EasyPay Payouts separately given this follows a different monetization model.

The underlying drivers of ARPU performance are based on cross-sell product penetration and the individual product related KPI's are shown below.

	<u>Q3 2026</u>	<u>Q3 2025</u>	<u>Q3 2026 vs Q3 2025</u>
Consumer Division			
Active Consumers (millions)	2.04	1.72	19%
ARPU ⁽¹⁾ (ZAR per month)	99	83	19%
Product Penetration Rate: 2 or more products	50%	47%	8%
Product Penetration Rate: 3 products	20%	17%	18%
Consumer Division: Transactional Accounts			
Active Consumers (millions)	2.04	1.72	19%
Net Activations (thousands)	39	68	(42%)
Consumer Division: Lending			
Number of Loans Originated (thousands)	349	316	10%
Lending Origination (ZAR millions)	856	641	33%
Lending Portfolio Outstanding (ZAR millions) ⁽²⁾	1,399	808	73%
Consumer Division: Insurance			
Number of Insurance Policies Written (thousands)	75	55	37%
Active Insurance Policies (thousands)	704	527	34%
Gross Written Premium (ZAR millions)	146	105	38%
Consumer Division: EasyPay Payouts			
Approximate number of active cardholders (thousands)	251	232	8%
Approximate load value for the period (ZAR millions)	183	154	19%

Notes:

- (1) ARPU is calculated on a revenue per active consumer basis whereby an active consumer can be both a permanent and non-permanent grant. ARPU is a monthly figure based on a 3-month rolling average for the quarter ended March 31, 2026.
- (2) Gross loan book, before provisions.

Notable developments within Consumer Division:

Within Transactional Accounts: Growth in active consumers driven primarily by continued product and technology innovation, including but not withstanding to Bonngwe (our proprietary CRM engine). These improvements to sales consultant and consumer experiences have driven higher cross-sell penetration for both existing and new consumer onboards. We also continue to reassess our distribution footprint and have progressed well in expanding both our branches and community service centers to further enhance growth of our active consumer base.

Within Lending: We have continued to see strong growth for our lending products with our credit loss ratios performance tracking below risk expectations. As we continue to scale the product, we have maintained our provisioning policy at 6.5% of the outstanding lending portfolio and catered for the changes that have been implemented in the lending product offering. This provisioning level is currently under review and we expect to implement a change in provisioning levels towards the end of this fiscal year.

Within Insurance: Our insurance product delivered the highest gross written premium in a single quarter, since launching the business at ZAR 146 million. Growth has been driven by continued adoption of our Bonngwe engine, enabling sales consultants to cross-sell an insurance policy in an efficient manner. We have recently launched a new funeral insurance product offering to grant beneficiary recipients outside of the Lesaka consumer base. We continue to perform research and development on our insurance offerings to further develop our open-market insurance strategy.

Enterprise Division

Our Enterprise Division primarily consists of our ADP offering (which includes prepaid solutions and bill payments) through channels such as retailer distribution networks and digital banking apps. Following the acquisition of Recharger on March 3, 2025, we now report on the performance under the Utilities product.

The underlying drivers of performance are primarily based on TPV processed. Individual product related KPI's are shown below.

	<u>Q3 2026</u>	<u>Q3 2025</u>	<u>Q3 2026 vs Q3 2025</u>
Enterprise Division: ADP			
Total Payment Volume ("TPV") (ZAR billions)	11.8	9.8	19%
Enterprise Division: Utilities			
Active Meters (thousands)	368	332	11%
Total Payment Volume ("TPV") (ZAR millions) ⁽¹⁾	477	404	18%

Notes:

- (1) Utilities TPV combines historical performance of the Recharger business pre-acquisition. Recharger was acquired on March 3, 2025.

Notable developments within Enterprise Division:

Within ADP: We continue to see increased TPV for bill payments driven from increased usage from our existing bank channel partners, which grew primarily from targeted marketing campaigns. Through the MobileMart transaction, we are able to secure direct integrations into four primary mobile network operators ("MNO") in South Africa providing access to preferential rates and supplier availability. Additionally, we continue to see product expansion into our "4All" product, a multi-store of value voucher which can be redeemed at 40+ partners. Although in early development, we are seeing growth in both volumes and average transaction values for this product within ADP.

Within Utilities: Through the consolidation of product procurement to ADP, the bulk of Merchant electricity volumes are now being processed via the Enterprise division reducing reliance on third-party providers. We expect to migrate all other subproducts of ADP volume offered in Merchant via the Enterprise division by the end of this fiscal year.

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, 2025:

- Recoverability of Goodwill;
- Intangible Assets Acquired Through Acquisitions;
- Revenue recognition – principal versus agent considerations; and
- Finance Loans Receivable and Allowance for Credit Losses.

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, 2026

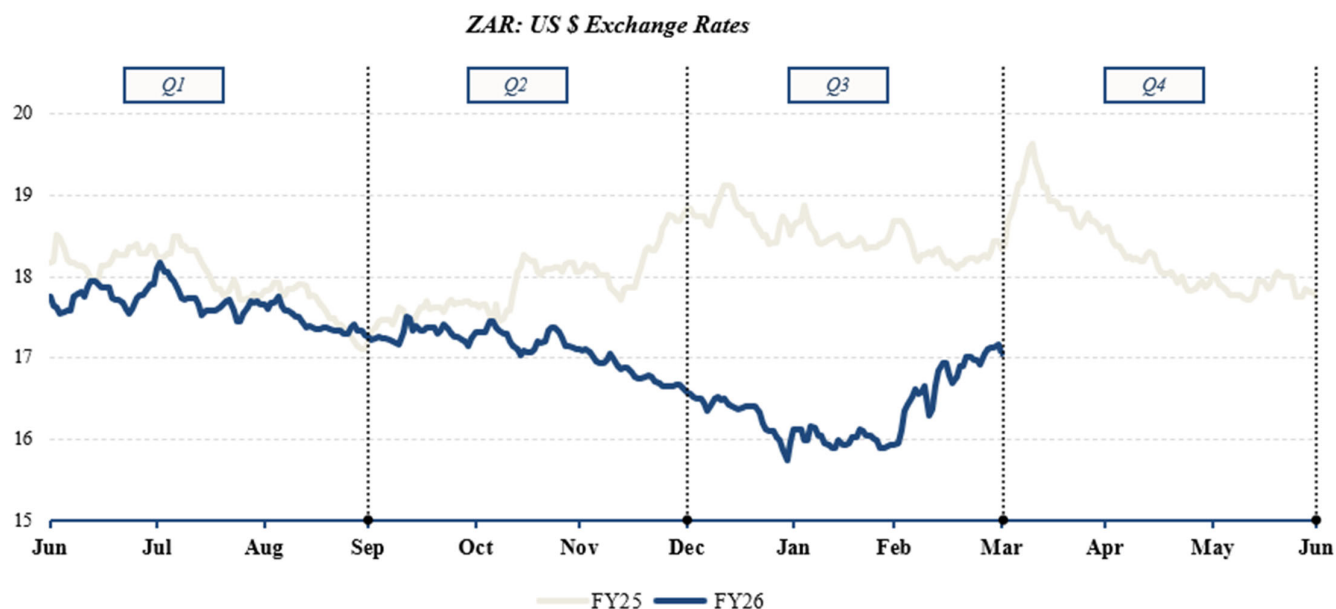
Refer to Note 1 to our unaudited condensed consolidated financial statements for a full description of recent accounting pronouncements not yet adopted as of March 31, 2026, including the expected dates of adoption and effects on our financial condition, results of operations and cash flows.

Currency Exchange Rate Information

Actual exchange rates

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

	Three months ended		Nine months ended		Year ended
	March 31,		March 31,		June 30,
	2026	2025	2026	2025	2025
ZAR : \$ average exchange rate	16.3674	18.5066	17.0463	18.1212	18.1644
Highest ZAR : \$ rate during period	17.1588	19.1171	18.1650	19.1171	19.6350
Lowest ZAR : \$ rate during period	15.7392	18.0985	15.7392	17.1144	17.1144
Rate at end of period	17.0568	18.3508	17.0568	18.3508	17.7554



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, 2026 and 2025, 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:

	Three months ended		Nine months ended		Year ended
	March 31,		March 31,		June 30,
	2026	2025	2026	2025	2025
Income and expense items: \$1 = ZAR	16.7685	18.4021	17.1282	18.0393	17.9031
Balance sheet items: \$1 = ZAR	17.0568	18.3508	17.0568	18.3508	17.7554

We have translated the results of operations and operating segment information for the three and nine months ended March 31, 2026 and 2025, provided in the tables below using the actual average exchange rates per month (i.e. for each of January 2026, February 2026, and March 2026 for the third quarter of fiscal 2026) 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 audited 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. For fiscal 2025, we included an intercompany interest expense in our Consumer Segment Adjusted EBITDA. 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.

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

In fiscal 2026 we closed the acquisitions of Mobilemart and Atom and have integrated their businesses into ours. In fiscal 2025 we closed the acquisitions of Adumo and Recharger and have integrated their businesses into ours. Our fiscal 2025 financial results for the three and nine months ended March 31, 2025, includes Adumo from October 1, 2024, and Recharger from March 3, 2025.

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 2026 compared to third quarter of fiscal 2025

The following factors had a significant impact on our results of operations during the third quarter of fiscal 2026 as compared with the same period in the prior year:

- **Higher revenue:** Our revenues increased 13.4% in U.S. dollars and increased by 0.2% in ZAR, primarily due to the inclusion of Recharger and Mobilemart, as well as higher transaction, insurance and lending revenues in Consumer, which was partially offset by lower prepaid airtime revenue;
- **Operating income increase:** Operating income increased primarily due to strong performance by Consumer and the contribution from Recharger in Enterprise, which was partially offset by an increase in amortization of acquisition-related intangible assets;
- **Lower net interest charge:** Net interest charge decreased to \$3.3 million (ZAR 54.2 million) from \$5.2 million (ZAR 96.7 million) primarily due to a lower interest expense following lower interest rates and the exclusion of interest expense incurred under our borrowing arrangements related to our Consumer lending book in the third quarter of fiscal 2026 compared with 2025. On a comparable basis the equivalent interest expense related to the Consumer lending book for the third quarter of fiscal 2025 was included in interest expense; and
- **Foreign exchange movements:** The U.S. dollar was 9% weaker against the ZAR during the third quarter of fiscal 2026 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,		
	2026	2025	%
	\$ '000	\$ '000	change
Revenue	183,051	161,450	13%
Cost of goods sold, IT processing, servicing and support ^(A)	123,924	117,163	6%
Selling, general and administration ^{(A)(1)}	41,751	34,270	22%
Depreciation and amortization	10,543	8,429	25%
Impairment loss	2,604	-	nm
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs	144	1,222	(88%)
Operating income	4,085	366	1,016%
Change in fair value of equity securities	(378)	(20,421)	(98%)
Reversal of allowance for doubtful loan receivable	1,500	-	nm
Interest income	1,154	645	79%
Interest expense ^(A)	4,477	5,869	(24%)
Income (Loss) before income tax expense (benefit)	1,884	(25,279)	nm
Income tax expense (benefit)	1,503	(2,934)	nm
Net Income (loss) before earnings from equity-accounted investments	381	(22,345)	nm
Earnings from equity-accounted investments	56	12	367%
Net Income (loss)	437	(22,333)	nm
(Add) Less net (loss) income attributable to non-controlling interest	(115)	20	nm
Net Income (loss) attributable to us	552	(22,353)	nm

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Cost of goods sold, IT processing, servicing and support increased by \$0.2 million, Selling, general and administration expense increased by \$0.05 million, Operating income decreased by \$0.2 million, Interest expense increased by \$0.09 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net income (loss) attributable to Lesaka decreased by \$0.3 million for the three months ended March 31, 2025.

(1) Selling, general and administration includes allowance for credit losses.

Table 4

	In South African Rand		
	Three months ended March 31,		
	2026	2025	%
	ZAR '000	ZAR '000	change
Revenue	2,994,536	2,987,226	0%
Cost of goods sold, IT processing, servicing and support ^(A)	2,027,838	2,167,948	(6%)
Selling, general and administration ^{(A)(1)}	683,095	633,810	8%
Depreciation and amortization	172,553	155,919	11%
Impairment loss	43,636	-	nm
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs	2,401	22,361	(89%)
Operating income	65,013	7,188	804%
Change in fair value of equity securities	(6,043)	(373,784)	(98%)
Reversal of allowance for doubtful loan receivable	25,132	-	nm
Interest income	19,086	11,944	60%
Interest expense ^(A)	73,288	108,639	(33%)
Income (Loss) before income tax expense (benefit)	29,900	(463,291)	nm
Income tax expense (benefit)	24,310	(53,650)	nm
Net Income (loss) before earnings from equity-accounted investments	5,590	(409,641)	nm
Earnings from equity-accounted investments	938	220	326%
Net Income (loss)	6,528	(409,421)	nm
(Add) Less net (loss) income attributable to non-controlling interest	(1,855)	369	nm
Net Income (loss) attributable to us	8,383	(409,790)	nm

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Cost of goods sold, IT processing, servicing and support increased by ZAR 2.8 million, Selling, general and administration expense increased by ZAR 1.0 million, Operating income decreased by ZAR 3.7 million, Interest expense increased by ZAR 1.7 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net income (loss) attributable to Lesaka decreased by ZAR 5.5 million for the three months ended March 31, 2025.

(1) Selling, general and administration includes allowance for credit losses.

Revenue increased by \$21.6 million (ZAR 7.3 million), or 13.4% (0.2%). The increase was primarily due to the inclusion of Recharger and Mobilemart, 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 (including interest) following higher loan originations, which was partially offset by the decrease in the volume of prepaid airtime sold. 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 increased by \$6.8 million or 5.8% in U.S. dollars and decreased by ZAR140.1 million or 6.5% in ZAR. The decrease in ZAR is primarily due to the decrease in the prepaid airtime costs, which was partially offset by an increase in lending related expenditures (including interest expense), higher insurance-related claims and third-party transaction fees and the inclusion of Recharger and Mobilemart.

Selling, general and administration expenses increased by \$7.5 million (ZAR 49.3 million), or 21.8% (in ZAR 7.8%). The increase was primarily due to the inclusion of Recharger; higher marketing costs related to the Lesaka rebrand, an increase in the allowance for credit losses as a result of higher lending activities by Consumer and Merchant, higher consulting fees, and the year-over-year impact of inflationary increases on certain expenses, which was partially offset by lower stock-based compensation charges.

Depreciation and amortization expense increased by \$2.1 million (ZAR 16.6 million), or 25.1% (10.7%). The increase was due to the inclusion of acquisition-related intangible asset amortization related to intangible assets identified pursuant to the Recharger acquisition.

Impairment loss for the third quarter of fiscal 2026 includes an impairment loss of \$1.5 million (ZAR 25.6 million) related to right-of-use assets recorded in property, plant and equipment for our existing operating lease arrangements as certain of our leased facilities will no longer be utilized as originally intended as a result of the planned transition to our new corporate head office, an impairment loss of \$0.7 million (ZAR 11.5 million) related to ATMs recorded in property, plant and equipment as a result of the exit of the ATM business, and an impairment loss of \$0.4 million (ZAR 6.5 million) related to goodwill allocated to our Switchpay reporting unit within the Merchant segment. Refer to Notes 7 and 17 to our unaudited condensed consolidation financial statements for additional information.

Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs includes costs incurred related to the Recharger and Bank Zero acquisitions, and post-combination compensation charges recognized related to the Recharger acquisition. We did not incur significant transaction costs during the third quarter of fiscal 2026. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

Our operating income margin for the third quarter of fiscal 2026 and 2025 was 2.2% and 0.2%, respectively. We discuss the components of operating income margin under “—Results of operations by operating segment.”

We recorded a non-cash change in fair value of equity securities of \$0.4 million during the third quarter of fiscal 2026, compared to \$20.4 million during the third quarter of fiscal 2025 related to a fair value adjustment loss related to MobiKwik. Refer to Note 6 to our unaudited condensed consolidation financial statements for additional information.

Interest on surplus cash was \$1.2 million (ZAR 19.1 million) compared with \$0.6 million (ZAR 11.9 million) during the third quarter of fiscal 2025, due to increased cash balances.

Interest expense decreased to \$4.5 million (ZAR 73.3 million) from \$5.9 million (ZAR 108.6 million). In ZAR, the decrease was primarily due to lower interest rates and the exclusion of interest expense incurred under our borrowing arrangements related to our Consumer lending book in the third quarter of fiscal 2026 compared with 2025. On a comparable basis the equivalent interest expense related to the Consumer lending book for the third quarter of fiscal 2025 was included in interest expense.

Third quarter of fiscal 2026 income tax expense was \$1.5 million (ZAR 24.3 million) compared to income tax benefit of \$(2.9) million (ZAR (53.7) million) in fiscal 2026. Our effective tax rate for fiscal 2026 was impacted by the tax expense recorded by our profitable South African operations and non-deductible expenses (including transaction-related expenditures and the impairment of goodwill).

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.

Results of operations by operating segment

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

Table 5

	<i>In United States Dollars</i>				
	Three months ended March 31,				
	2026		2025		
	\$ '000	% of total	\$ '000	% of total	% change
Operating Segment					
Consolidated revenue:					
Merchant	127,078	69%	128,781	80%	(1%)
Consumer	38,323	21%	24,096	15%	59%
Enterprise	18,978	10%	9,444	6%	101%
Subtotal: Operating segments	184,379	100%	162,321	101%	14%
Eliminations	(1,328)	-	(871)	(1%)	52%
Total consolidated revenue	183,051	100%	161,450	100%	13%
Group Adjusted EBITDA:					
Merchant ^{(A)(1)}	9,228	45%	7,900	63%	17%
Consumer ⁽¹⁾	13,015	63%	6,333	50%	106%
Enterprise ⁽¹⁾	2,125	10%	133	1%	1,498%
Group costs	(3,756)	(18%)	(1,772)	(14%)	112%
Group Adjusted EBITDA (non-GAAP)^{(A)(2)}	20,612	100%	12,594	100%	64%

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by \$0.2 million for the three months ended March 31, 2025.

(1) Segment Adjusted EBITDA for the three months ended March 31, 2026, includes retrenchment costs of \$0.3 million for Merchant, \$0.02 million for Consumer, and \$0.1 million for Enterprise for the third quarter of fiscal 2026. 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.

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

Table 6

Operating Segment	<i>In South African Rand</i>				
	Three months ended March 31,				
	2026		2025		
	ZAR '000	% of total	ZAR '000	% of total	% change
Consolidated revenue:					
Merchant	2,079,232	69%	2,382,982	80%	(13%)
Consumer	626,514	21%	445,845	15%	41%
Enterprise	310,481	10%	174,565	6%	78%
Subtotal: Operating segments	3,016,227	100%	3,003,392	101%	0%
Eliminations	(21,691)	-	(16,166)	(1%)	34%
Total consolidated revenue	2,994,536	100%	2,987,226	100%	0%
Group Adjusted EBITDA:					
Merchant ^{(A)(1)}	151,116	45%	146,121	63%	3%
Consumer ⁽¹⁾	212,537	63%	117,144	50%	81%
Enterprise ⁽¹⁾	35,047	10%	2,384	1%	1,370%
Group costs	(61,629)	(18%)	(32,623)	(14%)	89%
Group Adjusted EBITDA (non-GAAP)^{(A)(2)}	337,071	100%	233,026	100%	45%

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by ZAR 3.7 million for the three months ended March 31, 2025.

(1) Segment Adjusted EBITDA for the three months ended March 31, 2026, includes retrenchment costs of ZAR 5.0 million for Merchant, ZAR 0.3 million for Consumer, and ZAR 1.1 million for Enterprise for the third quarter of fiscal 2026. 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.

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

Merchant

Segment revenue decreased primarily due to lower ADP revenue earned, including from lower prepaid airtime volumes sold. While overall ADP volumes increased, prepaid airtime revenue contributes a significant portion of our overall ADP revenue, and therefore a drop in the volume of the prepaid airtime revenue impacts our reported revenue generated. The increase in Segment Adjusted EBITDA primarily related to a lower employment-related expenditures, lower IT processing, servicing and support costs, and lower allowance for credit losses.

Our Segment Adjusted EBITDA margin (calculated as Segment Adjusted EBITDA divided by revenue) for the third quarter of fiscal 2026 and 2025 was 7.3% and 6.1%, 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. 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 24.1 million; Q3 2025: ZAR 16.5 million) incurred to fund our lending book and the year-over-year impact of inflationary increases on certain expenses.

Our Segment Adjusted EBITDA margin for the third quarter of fiscal 2026 and 2025 was 34.0% and 26.3%, respectively.

Enterprise

Segment revenue and Segment Adjusted EBITDA increased primarily due to the inclusion of Recharger.

Our Segment Adjusted (loss) EBITDA margin for the third quarter of fiscal 2026 and 2025 was 11.2% and 1.4%, 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 the third quarter of fiscal 2026 increased compared with the prior period due to higher employee related costs, consulting fees and compliance related expenditure.

Year to date fiscal 2026 compared to year to date fiscal 2025

The following factors had a significant impact on our results of operations during year to date fiscal 2026 as compared with the same period in the prior year:

- **Higher revenue:** Our revenues increased by 8.5% in U.S. dollars and increased by 2.0% in ZAR, primarily due to the inclusion of Adumo, Recharger and Mobilemart, 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 lower prepaid airtime revenue;
- **Operating income increase:** Operating income increased primarily due to a strong performance by Consumer, the contribution from Adumo for the entire period in fiscal 2026 compared with six months in fiscal 2025 and from the contribution from Recharger, which was partially offset by an increase in amortization of acquisition-related intangible assets related to change of useful lives of certain brand intangibles assets.
- **Non-cash fair value adjustment related to equity securities in fiscal 2025:** We recorded a non-cash fair value loss of \$54.2 million during the year to date fiscal 2025 related to MobiKwik;
- **Lower net interest charge:** Net interest charge decreased to \$11.9 million (ZAR 203.0 million) from \$15.3 million (ZAR 277.4 million) primarily due to a lower interest expense following lower interest rates and the exclusion of interest expense incurred under our borrowing arrangements related to our Consumer lending book in year to date fiscal 2026 compared with 2025. On a comparable basis the equivalent interest expense related to the Consumer lending book for the year to date fiscal 2025 was included in interest expense; and
- **Foreign exchange movements:** The U.S. dollar was 5% weaker against the ZAR during year to date fiscal 2026 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 7

	In United States Dollars		
	Nine months ended March 31,		
	2026	2025	%
	\$ '000	\$ '000	change
Revenue	533,233	491,234	9%
Cost of goods sold, IT processing, servicing and support ^(A)	365,238	367,104	(1%)
Selling, general and administration ^{(A)(1)}	121,729	97,384	25%
Depreciation and amortization	37,005	22,928	61%
Impairment loss	2,604	-	nm
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs	285	3,174	(91%)
Operating income	6,372	644	889%
Change in fair value of equity securities	2,593	(54,152)	nm
Other income	3,883	-	nm
Loss on impairment or disposal of equity-accounted investment	584	161	263%
Reversal of allowance for doubtful loan receivable	1,500	-	nm
Loss on disposal of equity securities	730	-	nm
Interest income	2,201	1,952	13%
Interest expense ^(A)	14,081	17,251	(18%)
Income (Loss) before income tax expense (benefit)	1,154	(68,968)	nm
Income tax expense (benefit)	2,027	(9,268)	nm
Net loss before earnings from equity-accounted investments	(873)	(59,700)	(99%)
Earnings from equity-accounted investments	166	89	87%
Net loss	(707)	(59,611)	(99%)
(Add) Less net (loss) income attributable to non-controlling interest	(246)	48	nm
Net loss attributable to us	(461)	(59,659)	(99%)

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Cost of goods sold, IT processing, servicing and support increased by \$0.5 million, Selling, general and administration expense increased by \$0.2 million, Operating income decreased by \$0.7 million, Interest expense increased by \$0.3 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net loss attributable to Lesaka decreased by \$0.9 million for the nine months ended March 31, 2025.

Cost of goods sold, IT processing, servicing and support increased by \$0.2 million, Selling, general and administration expense increased by \$0.06 million, Operating income decreased by \$0.2 million, Interest expense increased by \$0.1 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net loss attributable to Lesaka decreased by \$0.4 million for the nine months ended March 31, 2026, to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations as a result of the correction to amounts reported for the three months ended September 30, 2025.

(1) Selling, general and administration includes allowance for credit losses.

Table 8

	In South African Rand		
	Nine months ended March 31,		
	2026	2025	%
	ZAR '000	ZAR '000	change
Revenue	9,076,273	8,899,861	2%
Cost of goods sold, IT processing, servicing and support ^(A)	6,219,138	6,649,460	(6%)
Selling, general and administration ^{(A)(1)}	2,072,014	1,764,897	17%
Depreciation and amortization	632,092	415,665	52%
Impairment loss	43,636	-	nm
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions and certain compensation costs	4,968	56,809	(91%)
Operating income	104,425	13,030	701%
Change in fair value of equity securities	43,957	(988,494)	nm
Other income	65,353	-	nm
Loss on impairment or disposal of equity-accounted investment	10,342	2,886	258%
Reversal of allowance for doubtful loan receivable	25,132	-	nm
Loss on disposal of equity securities	12,286	-	nm
Interest income	37,278	35,347	5%
Interest expense ^(A)	240,274	312,720	(23%)
Income (Loss) before income tax expense (benefit)	13,243	(1,255,723)	nm
Income tax expense (benefit)	33,244	(169,202)	nm
Net loss before earnings from equity-accounted investments	(20,001)	(1,086,521)	(98%)
Earnings from equity-accounted investments	2,789	1,586	76%
Net loss	(17,212)	(1,084,935)	(98%)
(Add) Less net (loss) income attributable to non-controlling interest	(4,155)	865	nm
Net loss attributable to us	(13,057)	(1,085,800)	(99%)

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Cost of goods sold, IT processing, servicing and support increased by ZAR 8.8 million, Selling, general and administration expense increased by ZAR 3.1 million, Operating income decreased by ZAR 11.9 million, Interest expense increased by ZAR 4.9 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net loss attributable to Lesaka decreased by ZAR 16.7 million for the three months ended March 31, 2025.

(A) Cost of goods sold, IT processing, servicing and support increased by ZAR 3.2 million, Selling, general and administration expense increased by ZAR 1.1 million, Operating income decreased by ZAR 4.4 million, Interest expense increased by ZAR 2.0 million, and the subtotal captions from Income (Loss) before income tax expense (benefit) to Net loss attributable to Lesaka decreased by ZAR 6.4 million for the nine months ended March 31, 2026, to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations as a result of the correction to amounts reported for the three months ended September 30, 2025.

(1) Selling, general and administration includes allowance for credit losses.

Revenue increased by \$42.0 million (ZAR 176.4 million), or 8.5% (in ZAR, 2.0%), primarily due to the inclusion of Adumo, Recharger, and Mobilemart, 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 \$1.9 million (ZAR 430.3 million) or 0.5% (in ZAR 6.5%), 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 \$24.3 million (ZAR 307.1 million), or 25.0% (in ZAR 17.4%). The increase was primarily due to the inclusion of Adumo and Recharger, higher marketing costs related to the Lesaka rebrand, higher employee-related expenses (including annual bonuses and annual salary increases), consulting fees, audit fees, and travel expenses, and the year-over-year impact of inflationary increases on certain expenses, which was partially offset by lower stock-based compensation charges.

Depreciation and amortization expense increased by \$14.1 million (ZAR 216.4 million), or 61.4% (52.1%). The increase was due to the change to a shorter useful life for certain of our brand and trademark intangible assets (refer to Note 7), 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.

Impairment loss for year to date fiscal 2026 includes an impairment loss of \$1.5 million (ZAR 25.6 million) related to right-of-use assets recorded in property, plant and equipment for our existing operating lease arrangements as certain of our leased facilities will no longer be utilized as originally intended as a result of the planned transition to our new corporate head office, an impairment loss of \$0.7 million (ZAR 11.5 million) related to ATMs recorded in property, plant and equipment as a result of the exit of the ATM business, and an impairment loss of \$0.4 million (ZAR 6.5 million) related to goodwill allocated to our Switchpay reporting unit within the Merchant segment. Refer to Notes 7 and 17 to our unaudited condensed consolidation financial statements for additional information.

Transaction costs related to Adumo, Recharger and Bank Zero 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, the Recharger transaction in March 2025, and ongoing transaction fees related to our proposed acquisition of Bank Zero. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

Our operating income margin for year to date fiscal 2026 and 2025 was 1.2% and 0.1%, respectively. We discuss the components of operating loss margin under “—Results of operations by operating segment.”

We recorded an increase in the fair value of Cell C of \$3.0 million (ZAR 50 million) during year to date fiscal 2026 (refer to Note 5 for additional information), partially offset by a non-cash change in fair value of equity securities of \$0.4 million. We recorded a non-cash change in fair value of equity securities of \$54.2 million during year to date fiscal 2025 related to a fair value adjustment loss related to MobiKwik. There were no changes in the fair value of Cell C during the year to date fiscal 2025.

In December 2025, we determined that the liquidation of CPS is at an advanced stage and released an accrual raised at the time of deconsolidation of \$3.9 million (ZAR 65.4 million) to Other income.

Interest on surplus cash increased to \$2.2 million (ZAR 37.3 million) from \$2.0 million (ZAR 35.3 million), due to the inclusion of Adumo and increased cash balances, which was partially offset by lower interest rates.

Interest expense decreased to \$14.1 million (ZAR 240.3 million) from \$17.3 million (ZAR 312.7 million). The decrease was primarily due to lower interest rates and the exclusion of interest expense incurred under our borrowing arrangements related to our Consumer lending book in year to date fiscal 2026 compared with 2025. On a comparable basis the equivalent interest expense related to the Consumer lending book for the year to date fiscal 2025 was included in interest expense.

Fiscal 2026 income tax expense was \$2.0 million (ZAR 33.2 million) compared to an income tax benefit of \$(9.3) million (ZAR (169.2) million) in fiscal 2025. Our effective tax rate for fiscal 2026 was impacted by the tax expense recorded by our profitable South African operations, non-taxable income (primarily related to the disposal of Cell C and other income) and non-deductible expenses (including transaction-related expenditures and the goodwill impairment). The income tax expense was also impacted by a higher deferred tax benefit as a result of the reduction in the useful lives of certain of our brand and trademark intangible assets which has resulted in an increase in amortization expense during fiscal 2026.

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.

Results of operations by operating segment

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

Table 9

Operating Segment	<i>In United States Dollars</i>				
	Nine months ended March 31,				
	2026		2025		
	\$ '000	% of total	\$ '000	% of total	% change
Consolidated revenue:					
Merchant	385,947	73%	397,642	81%	(3%)
Consumer	102,017	19%	68,097	14%	50%
Enterprise	48,627	9%	30,259	6%	61%
Subtotal: Operating segments	536,591	101%	495,998	101%	8%
Eliminations	(3,358)	(1%)	(4,764)	(1%)	(30%)
Total consolidated revenue	533,233	100%	491,234	100%	9%
Group Adjusted EBITDA:					
Merchant ^{(A)(1)}	28,112	53%	25,319	76%	11%
Consumer ⁽¹⁾	30,818	58%	15,071	45%	104%
Enterprise ⁽¹⁾	4,817	9%	464	1%	938%
Group costs	(10,263)	(20%)	(7,541)	(22%)	36%
Group Adjusted EBITDA (non-GAAP)^{(A)(2)}	53,484	100%	33,313	100%	61%

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by \$0.7 million for the nine months ended March 31, 2025. Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by \$0.2 million for the nine months ended March 31, 2026, to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations as a result of the correction to amounts reported for the three months ended September 30, 2025.

(1) Segment Adjusted EBITDA for the nine months ended March 31, 2026, includes retrenchment costs for Merchant of \$0.7 million, for Consumer of \$0.2 million, and for Enterprise of \$0.03 million. 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.

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

Table 10

Operating Segment	<i>In South African Rand</i>				
	Nine months ended March 31,				
	2026		2025		
	ZAR '000	% of total	ZAR '000	% of total	% change
Consolidated revenue:					
Merchant	6,575,270	73%	7,203,565	81%	(9%)
Consumer	1,732,255	19%	1,234,595	14%	40%
Enterprise	825,612	9%	548,408	6%	51%
Subtotal: Operating segments	9,133,137	101%	8,986,568	101%	2%
Eliminations	(56,864)	(1%)	(86,707)	(1%)	(34%)
Total consolidated revenue	9,076,273	100%	8,899,861	100%	2%
Group Adjusted EBITDA:					
Merchant ^{(A)(1)}	479,169	53%	458,619	76%	4%
Consumer ⁽¹⁾	521,689	57%	273,313	45%	91%
Enterprise ⁽¹⁾	81,770	9%	8,415	1%	872%
Group costs	(174,895)	(19%)	(135,542)	(22%)	29%
Group Adjusted EBITDA (non-GAAP)^{(A)(2)}	907,733	100%	604,805	100%	50%

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations, Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by ZAR 11.9 million for the nine months ended March 31, 2025. Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by ZAR 4.4 million for the nine months ended March 31, 2026, to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations as a result of the correction to amounts reported for the three months ended September 30, 2025.

(1) Segment Adjusted EBITDA for the nine months ended March 31, 2026, includes retrenchment costs for Merchant of ZAR 12.4 million, for Consumer of ZAR 2.9 million, and for Enterprise of ZAR 0.3 million. 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.

(2) 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 prepaid airtime sales which was partially offset by the inclusion of Adumo, a higher volume of ADP provided (Pinless Airtime and gaming). In ZAR, the increase in Segment Adjusted EBITDA is primarily due to the inclusion of Adumo for the entire period compared with the prior period, which was partially offset by higher operating expenses incurred.

Our Segment Adjusted EBITDA margin for year to date fiscal 2026 and 2025 was 7.3% 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, and lending revenues following an increase in loan originations. 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 March 2025, higher insurance-related claims, interest expense (of approximately ZAR 65.1 million; F2025: ZAR 45.0 million) incurred to fund our lending book, and the year-over-year impact of inflationary increases on certain expenses.

Our Segment Adjusted EBITDA margin for year to date fiscal 2026 and 2025 was 30.2% and 22.1%, respectively.

Enterprise

Segment revenue increased primarily due to the inclusion of Recharger and Mobilemart. In ZAR, the significant increase in Segment Adjusted EBITDA is primarily due to the inclusion of Recharger.

Our Segment Adjusted EBITDA margin for year to date fiscal 2026 and 2025 was 9.9% and 1.5%, respectively.

Group costs

Our group costs for fiscal 2026 increased compared with the prior period due to higher consulting fees, higher employee related costs, and higher compliance related expenditure.

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 U.S. 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 impairment/ 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 included an intercompany interest expense in our Consumer Segment Adjusted EBITDA for 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 U.S. GAAP net income (loss) attributable to Lesaka to Group Adjusted EBITDA:

Table 11

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	\$ '000	\$ '000	\$ '000	\$ '000
Income (Loss) attributable to Lesaka - GAAP	552	(22,353)	(461)	(59,659)
(Add) Less net (loss) income attributable to non-controlling interest	115	(20)	246	(48)
Net Income (loss)	437	(22,333)	(707)	(59,611)
Earnings from equity accounted investments	(56)	(12)	(166)	(89)
Net Income (loss) before earnings from equity-accounted investments	381	(22,345)	(873)	(59,700)
Income tax expense (benefit)	1,503	(2,934)	2,027	(9,268)
Income (Loss) before income tax expense	1,884	(25,279)	1,154	(68,968)
Interest expense ^(A)	4,477	5,869	14,081	17,251
Interest income	(1,154)	(645)	(2,201)	(1,952)
Reversal of allowance for doubtful loan receivable	(1,500)	-	(1,500)	-
Loss on disposal of equity securities	-	-	730	-
Other income	-	-	(3,883)	-
Net loss on impairment/ disposal of equity-accounted investment	-	-	584	161
Change in fair value of equity securities	378	20,421	(2,593)	54,152
Operating income	4,085	366	6,372	644
PPA amortization (amortization of acquired intangible assets)	6,044	4,974	24,659	13,588
Depreciation and amortization	4,499	3,455	12,346	9,340
Impairments ⁽¹⁾	1,916	-	1,916	-
Stock-based compensation charges	1,334	2,497	5,140	7,518
Interest adjustment	-	(890)	-	(2,478)
Once-off items	2,553	2,306	3,067	4,599
Unrealized gain (loss) FV for currency adjustments	181	(114)	(16)	102
Group Adjusted EBITDA - Non-GAAP^(A)	20,612	12,594	53,484	33,313

(A) Loss attributable to Lesaka – GAAP and all subtotal captions to Loss before income tax expense for the three and nine months ended March 31, 2025 have been decreased by \$0.3 million and \$0.9 million, respectively, as a result of the correction discussed in Note 1. Interest expense for the three and nine months ended March 31, 2025 has been increased by \$0.09 million and \$0.3 million, respectively, as a result of the correction discussed in Note 1. Operating income and Group Adjusted EBITDA - Non-GAAP for the three and nine months ended March 31, 2025 have been decreased by \$0.2 million and \$0.7 million, respectively, as a result of the correction discussed in Note 1.

Loss attributable to Lesaka – GAAP and all subtotal captions to Loss before income tax expense for the nine months ended March 31, 2026 have been decreased by \$0.4 million and, as a result of the correction, as discussed in Note 1, to the amount included in the caption Interest expense for the three months ended September 30, 2025. Interest expense for the nine months ended March 31, 2026 has been increased by \$0.1 million as a result of the correction, as discussed in Note 1, to the amount included in the caption Interest expense for the three months ended September 30, 2025. Operating income and Group Adjusted EBITDA - Non-GAAP for the nine months ended March 31, 2026 have been decreased by \$0.2 million, as a result of the correction, as discussed in Note 1, to the amount included in the caption Interest expense for the three months ended September 30, 2025.

(1) Impairments excludes an amount of \$0.7 million which is included in the caption exit of ATM business in the table below.

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

Table 12

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2026	2025	2026	2025
	\$ '000	\$ '000	\$ '000	\$ '000
Exit of ATM business	1,599	-	1,599	-
Lesaka brand refresh	984	-	984	-
Transaction costs	466	1,084	839	1,621
Transaction costs related to Adumo, Recharger and Bank Zero acquisitions	144	1,222	285	3,174
Indirect taxes provision release	(61)	-	(61)	(196)
Income recognized related to closure of legacy businesses	(579)	-	(579)	-
Total once-off items	2,553	2,306	3,067	4,599

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 transaction costs related to the acquisition of Recharger over a number of quarters, and the transactions are generally non-recurring.

Exit of ATM business includes expenses incurred to exit our ATM business and the impairment of ATMs recorded in property, plant and equipment (refer to Note 7 to our unaudited condensed consolidated financial statements for additional information).

Rebrand relates to costs incurred related to Lesaka's new brand launched in November 2025, we expect that it will take the remainder of the 2026 calendar year to roll out the refreshed brand throughout the organization. These are non-recurring costs incurred as a necessary step in a set of strategic initiatives designed to create a "One Lesaka" identity for our customers and our employees.

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 subsidiary 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, 2026, our cash and cash equivalents were \$90.6 million and comprised of U.S. dollar-denominated balances of \$3.3 million, ZAR-denominated balances of ZAR 1.5 billion (\$85.4 million), and other currency deposits, primarily Botswana pula, of \$1.8 million, all amounts translated at exchange rates applicable as of March 31, 2026. The increase in our unrestricted cash balances from June 30, 2025, was primarily due to positive contribution from our operating segments, and the utilization of our general banking facilities to partially fund the growth in our Consumer lending book, which was partially offset by the application of the proceeds received from the disposal of MobiKwik to reduce our general banking facilities utilized, the utilization of cash reserves to fund certain scheduled repayments of our borrowings, acquisition of property, plant and equipment and intangible assets, to fund the increase in our Consumer lending book and to settle amounts due to the sellers of Recharger and other entities acquired during the year to date.

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, 2025, as well as Note 9 to these condensed consolidated financial statements for additional information related to our borrowings.

Our ability to make payments on our indebtedness and to fund our operations may be dependent upon the operating income and the distribution of funds from our subsidiaries. However, as local laws and regulations and/or the terms of our indebtedness restrict certain of our subsidiaries from paying dividends and transferring assets to us, there is no assurance that our subsidiaries will be permitted to provide us with sufficient dividends, distributions or loans when necessary.

We are required to make a scheduled debt repayment of ZAR 200 million (\$11.7 million) in March 2027. We expect to pay ZAR 100.0 million (\$6.0 million) payment on closing of the Bank Zero transaction. All amounts translated at exchange rates as of March 31, 2026.

Available short-term borrowings

Summarized below are our short-term facilities available and utilized as of March 31, 2026:

Table 13

	RMB GBF		RMB Other		Nedbank	
	\$ '000	ZAR '000	\$ '000	ZAR '000	\$ '000	ZAR '000
Total short-term facilities available, comprising:						
Total overdraft	67,064	1,143,901	-	-	-	-
Indirect and derivative facilities ⁽¹⁾	-	-	3,383	57,700	9,179	156,556
Total short-term facilities available	67,064	1,143,901	3,383	57,700	9,179	156,556
Utilized short-term facilities:						
Overdraft	35,825	611,055	-	-	-	-
Indirect and derivative facilities ⁽¹⁾	-	-	1,864	31,786	124	2,112
Total short-term facilities utilized	35,825	611,055	1,864	31,786	124	2,112
Interest rate, based on South African prime rate		9.75%		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.

The facilities under the Restated GBF Agreement were available for utilization from March 30, 2026, and are subject to annual review by RMB.

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 borrowings outstanding of ZAR 3.4 billion (\$201.6 million translated at exchange rates as of March 31, 2026) as described in Note 9. These borrowings include outstanding long-term borrowings obtained by Lesaka SA of ZAR 2.8 billion, which were used to refinance our previous long-term borrowings. We have utilized all of these long-term borrowings. As of March 31, 2026, we also have a revolving credit facility, of ZAR 400.0 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, 2026, 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. We intend to cancel this arrangement as part of the process of winding down our ATM business.

Cash flows from operating activities

Third quarter

Net cash provided by operating activities during the third quarter of fiscal 2026 was \$37.6 million (ZAR 630.0 million) compared to \$10.7 million (ZAR 196.2 million) during the third quarter of fiscal 2025. Excluding the impact of income taxes, our cash provided by operating activities during the third quarter of fiscal 2026 was positively impacted by the positive contribution from our operating segments and positive working capital changes including a decrease in accounts receivables and inventory, and an increase in trade and other payables.

During the third quarter of fiscal 2026, we paid first provisional South African tax payments of \$0.2 million (ZAR 3.2 million) related primarily to certain of Adumo’s subsidiaries 2026 tax year. We paid taxes totaling \$0.1 million in other tax jurisdictions, primarily in Botswana during the third quarter of fiscal 2026. 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. During the third quarter of fiscal 2025, we paid taxes totaling \$0.1 million in other tax jurisdictions, primarily in Namibia and Botswana.

Taxes paid (refunded) during the third quarter of fiscal 2026 and 2025 were as follows:

Table 14

	Three months ended March 31,			
	2026	2025	2026	2025
	\$	\$	ZAR	ZAR
	'000	'000	'000	'000
First provisional payments	192	594	3,180	10,885
Second provisional payments	147	-	2,464	-
Taxation paid related to prior years	17	-	296	-
Tax refund received	(6)	(151)	(101)	(2,016)
Dividend withholding tax	91	-	1,526	-
Total South African taxes paid	441	443	7,365	8,869
Foreign taxes paid	81	62	1,349	1,148
Total tax paid	522	505	8,714	10,017
<i>Year to date</i>				

Net cash provided by operating activities during year to date fiscal 2026 was \$35.6 million (ZAR 609.4 million) compared to net cash used in operating activities of \$2.6 million (ZAR 47.6 million) during the year to date fiscal 2025. Excluding the impact of income taxes, our cash provided by operating activities during year to date fiscal 2026 was positively impacted by the positive contribution from our operating segments and positive working capital movements, which was partially offset by cash utilized for the significant net growth in our Consumer finance loans receivable.

During year to date fiscal 2026, we paid first provisional South African tax payments of \$4.5 million (ZAR 75.2 million) related to our 2026 tax year. We also paid second provisional South African tax payments of \$0.4 million (ZAR 7.4 million) primarily related to certain of our recently acquired subsidiaries that have not yet aligned their tax year to our June 30 tax year end. We also paid taxes related to prior tax years in South Africa of \$0.5 million (ZAR 8.7 million). We paid taxes totaling \$0.2 million in other tax jurisdictions, primarily in Namibia and Botswana during year to date fiscal 2026. During the year to date fiscal 2025, we paid first provisional South African tax payments of \$3.7 million (ZAR 67.1 million) related to our 2025 tax year. We also paid taxes totaling \$0.2 million in other tax jurisdictions, primarily in Namibia and Botswana during the year to date fiscal 2025.

Taxes paid (refunded) during year to date fiscal 2026 and 2025 were as follows:

Table 15

	Nine months ended March 31,			
	2026	2025	2026	2025
	\$	\$	ZAR	ZAR
	'000	'000	'000	'000
First provisional payments	4,470	3,682	75,220	67,149
Second provisional payments	431	-	7,400	-
Taxation paid related to prior years	501	93	8,722	1,660
Tax refund received	(58)	(264)	(1,010)	(4,069)
Dividend withholding tax	91	-	1,526	-
Total South African taxes paid	5,435	3,511	91,858	64,740
Foreign taxes paid	225	202	3,856	3,693
Total tax paid	5,660	3,713	95,714	68,433

Cash flows from investing activities

Third quarter

Cash used in investing activities for the third quarter of fiscal 2026 included capital expenditures of \$3.4 million (ZAR 57.0 million), primarily due to the acquisition of vaults and POS devices. We also incurred expenditures of \$1.2 million (ZAR 20.2 million), primarily related to the capitalization of development costs, during the third quarter of fiscal 2026. During the third quarter of fiscal 2026, we paid we paid \$10.8 million related to acquisition of certain businesses, including \$10.4 million for the final tranche of the Recharger acquisition, and \$0.3 million for Mobilemart. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

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.

Year to date

Cash used in investing activities for year to date fiscal 2026 included capital expenditures of \$11.3 million (ZAR 193.5 million), primarily due to the acquisition of vaults and POS devices. We also incurred expenditures of \$3.4 million (ZAR 57.4 million), primarily related to the capitalization of development costs, during year to date fiscal 2026. We also received \$3.0 million from the disposal of Cell C. During year to date fiscal 2026, we paid \$11.1 million related to acquisition of certain businesses, including \$10.4 million for the final tranche of the Recharger acquisition, \$0.3 million for Mobilemart and \$0.3 million for Atom. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

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

Cash flows from financing activities

Third quarter

During the third quarter of fiscal 2026, we utilized \$44.9 million from our South African general banking facilities to partially fund the growth of our Consumer lending book, and repaid \$29.4 million. We utilized \$0.7 million of our long-term borrowings to finance the acquisition of POS devices and vehicles to fund our Merchant lending book. We repaid \$10.2 million of long-term borrowings and in accordance with our repayment schedule under Facility B and our asset-based facilities. We also paid \$3.5 million to purchase Lesaka Hospitality non-controlling interests.

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.

Year to date

During year to date fiscal 2026, we utilized \$93.4 million from our South African general banking facilities to partially fund the growth of our Consumer lending book, and repaid \$82.5 million. We utilized \$4.7 million of our long-term borrowings to finance the acquisition of POS devices and vehicles to fund our Merchant lending book. We repaid \$12.6 million of long-term borrowings and in accordance with our repayment schedule under our asset-based facilities. We paid fees of \$0.03 million related to the September 2025 refinance of our facility to fund the growth of Merchant lending book. We paid \$3.5 million to purchase Lesaka Hospitality non-controlling interests. We also paid \$0.3 million to repurchase shares from employees in order for the employees to settle taxes due related to the vesting of shares of restricted stock.

During the year to date 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 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.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Capital Expenditures

We expect capital spending for the fourth quarter of fiscal 2026 to primarily include spending for acquisition of POS devices, vaults, computer software, computer and office equipment, as well as for our branch network in South Africa. Our capital expenditures for the third quarter of fiscal 2026 and 2026 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, 2026, of \$0.5 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, 2026, 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, 2026. 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, 2026, are shown. The selected 1% hypothetical change does not reflect what could be considered the best- or worst-case scenarios.

Table 16

As of March 31, 2026

	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	23,791	1% (1%)	26,173 21,408

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, 2026.

We previously identified and disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended June 30, 2025, material weaknesses in our internal control over financial reporting related to:

- (1) Our Consumer lending process, specifically insufficient risk assessment and monitoring activities relating to changes in systems and processes that could impact our system of internal control, insufficient controls over internal information and information from service organizations, insufficient design and implementation of information technology general controls (“ITGCs”), and controls over service organizations, resulting in ineffective process level and automated controls, including a lack of validation of the completeness and accuracy of information used within the process;
- (2) Our payroll process, specifically insufficient risk assessment and monitoring activities relating to changes over the transfer of ownership to the centralized payroll processes that could impact the system of internal control, insufficient controls over information from service organizations, insufficient design and implementation of ITGCs, controls over service organizations resulting in ineffective process level and automated controls including a lack of validation of the completeness and accuracy of information used within this process;
- (3) Our annual goodwill impairment process, specifically related to insufficient risk assessments and ineffective design and implementation of controls resulting in ineffective process level controls;
- (4) Our business combination process, specifically insufficient risk assessments and ineffective design and implementation of controls over the purchase price allocation of the Adumo and Recharger acquisitions including insufficient controls over information resulting in ineffective process level controls including a lack of validation of the completeness and accuracy of information used;
- (5) Our revenue recognition process relating to prepaid airtime sold and processing fees relating to certain agreements, specifically insufficient risk assessment and ineffective design and implementation of controls related to our judgement over revenue recognized either as principal versus as agent resulting in ineffective controls and a material misstatement as well as the requirement to restate revenue, cost of goods sold, IT processing, servicing and support and related disclosures for all quarters as described below;
- (6) Our journal entry process, specifically relating to insufficient risk assessments, and ineffective design and implementation of controls including insufficient controls over information resulting in ineffective process level controls including a lack of validation of the completeness of the journal entry population and a lack of validation of the completeness and accuracy of information used within the process; and
- (7) An insufficient number of experienced and trained resources and an insufficient understanding of the application of internal controls over financial reporting across the Southern African businesses resulting in ineffective design and implementation of internal controls.

As a result of insufficient time in implementing all procedures to remediate the material weaknesses discussed in our Annual Report on Form 10-K for our fiscal year ended June 30, 2025 (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, 2026.

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 significant progress and is continuing to finalize remediating the identified material weakness and remains committed to rectifying the remaining material weaknesses in a timely manner. Our remediation process is ongoing and includes, but is not limited to, the following steps:

- (1) implementing our comprehensive remediation plan that encompasses specific actions aimed at embedding accountability with control owners as well as training related to the operation and importance of internal controls over financial reporting, including the principles and requirements of each control, with a focus on the impacted processes, controls over service organizations, ITGCs, other process level controls and embedding accountability on a process and controls level;
- (2) mandating improved risk assessment procedures with governance requirements upon implementing new systems within our company together with the design, implementation and monitoring of control activities;
- (3) the recruitment of additional appropriately skilled resources across the Finance and Risk and Compliance disciplines coupled with the further upskilling and training of existing resources responsible for the execution of key controls as well as a focus on a greater degree of automation of controls throughout the organization;
- (4) embedding of controls compliance in the key performance indicators of senior executives across the business; and
- (5) collaborating closely with internal and external assurance partners to ensure the robustness of our remediation plan.

The remediation plan with respect to the material weaknesses identified for the year ended June 30, 2025 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, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Litigation related to CPS

Lesaka SA was a party to proceedings in the Constitutional Court of South Africa involving its subsidiary, Cash Paymaster Services Proprietary Limited (“CPS”), which is in liquidation. The objective of these proceedings was to procure an order for CPS to pay to the South African Social Security Agency (“SASSA”) the profit generated by CPS from an agreement concluded between SASSA and CPS, following the award of a tender to CPS. This arose from prior court proceedings which concluded that the tender should not have been awarded to CPS (for technical reasons not related to any conduct by CPS). Lesaka SA was included in these proceedings to provide information relevant to determining the profit so made by CPS. The Constitutional Court delivered its ruling on April 8, 2026. The Court ordered CPS to refund certain adjusted certified profits to SASSA. The Court did not make any adverse order against Lesaka SA.

General

We are, from time to time, subject to claims and suits, or threats of claims or suits, relating to our business, including claims for damages for personal injuries, breach of contract and employment related claims. In certain of these actions, plaintiffs request payment for damages, including punitive damages, which may not be covered by insurance or may otherwise have a material adverse effect on our business or results of operations. In the opinion of management, we are not currently a party to any proceedings that would have a material adverse effect on our business, financial condition, or results of operations.

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, 2025, 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, 2025.

We may identify additional errors related to our Value Added Tax (VAT) processes, indirect tax positions, or similar transaction-level tax matters, which could require future adjustments to our financial statements.

During the second quarter of fiscal 2026, we identified errors in the historical VAT treatment of certain gaming voucher transactions within our Merchant business. Although we have completed an initial review of the matter and determined to correct the identified errors through revisions to our previously issued financial statement, our review is ongoing. Refer to Note 1 to our unaudited condensed consolidated financial statements for additional information. The error arose from the incorrect application of indirect tax rules, the configuration of underlying systems, and operational practices involving downstream vendors.

While we have implemented remedial actions, including enhancing our system of internal control and conducting further analyses with our external advisors, there is a risk that we have not identified all errors associated with this matter. Additional issues may be discovered as we continue to evaluate historical periods, refine our technical tax conclusions, or from inadequate updates to our systems. Moreover, similar errors could exist in accounting and reporting for other indirect tax transactions particularly where our business involves complex multi-party arrangements, voucher products, commissions, or activities involving non-registered VAT vendors.

Identification of additional errors may require us to record further adjustments, amend or restate previously issued financial statements, update our tax filings, make additional payments of tax, penalties, or interest, or make further enhancements to our internal control processes. Any such developments could result in increased compliance costs, additional administrative burdens, diversion of management attention, or investor perceptions of weaknesses in our financial reporting or tax compliance processes. If material, additional errors could also adversely affect our financial condition, results of operations, liquidity, or internal control over financial reporting.

Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital.

Form S-3 permits eligible issuers to conduct registered offerings using a short form registration statement that allows the issuer to incorporate by reference its past and future filings and reports made under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, Form S-3 enables eligible issuers to conduct primary offerings “off the shelf” under Rule 415 of the Securities Act of 1933, as amended (the “Securities Act”). The shelf registration process, combined with the ability to forward incorporate information, allows issuers to avoid delays and interruptions in the offering process and to access the capital markets in a more expeditious and efficient manner than raising capital in a standard registered offering pursuant to a Registration Statement on Form S-1. The ability to register securities for resale may also be limited as a result of the loss of Form S-3 eligibility.

We did not file our 2025 Form 10-K within the timeframe required by the SEC; thus, we have not remained current in our reporting requirements with the SEC. Although we regained status as a current filer by filing our Form 10-K/A to amend our 2025 Form 10-K, we are currently ineligible to file new short form registration statements on Form S-3 and, absent a waiver of the Form S-3 eligibility requirements, we are no longer permitted to use our existing registration statements on Form S-3. If we wish to pursue an offering now, we would be required to conduct the offering on an exempt basis, such as in accordance with Rule 144A, or file a registration statement on Form S-1. Using a Form S-1 registration statement for a public offering would likely take significantly longer than using a registration statement on Form S-3 and increase our transaction costs, and could, to the extent we are not able to conduct offerings using alternative methods, adversely impact our ability to raise capital or complete acquisitions of other companies in a timely manner.

Geopolitical conflicts, including the conflict between Russia and Ukraine and in the Middle East, may adversely affect our business and results of operations.

Global economic and geopolitical conditions continue to influence the environment in which we operate. Since our year ended June 30, 2025, heightened geopolitical tensions, including the conflict between Russia and Ukraine and ongoing conflicts in the Middle East, have contributed to volatility in global financial markets and increased macroeconomic uncertainty.

We have no direct operations, assets or revenue exposure in the affected regions. However, the indirect effects of these developments may adversely impact the South African operating environment, our primary market, including through foreign exchange volatility, inflationary pressures, tighter external funding conditions, and reduced consumer affordability.

Management has concluded that developments in the geopolitical environment have not resulted in material changes to our financial position, financial performance or cash flows since the year ended June 30, 2025. Therefore, no material changes have occurred that require adjustment to, or separate disclosure in, the condensed interim financial information, and that our existing risk management framework and mitigating actions, as disclosed in the annual financial statements, remain appropriate.

Geopolitical conditions remain fluid, and we continue to monitor developments. Any material changes to our risk profile or financial position will be disclosed in accordance with applicable regulatory requirements.

Our use of artificial intelligence (“AI”) may present risks that could adversely affect our business, results of operations and reputation.

While our use of AI is not currently material, we may increasingly incorporate AI technologies into our systems, operations and product offerings. The development, deployment and use of AI present a number of risks and uncertainties. AI systems may produce inaccurate, unreliable or otherwise flawed outputs, including as a result of limitations in model design, training data quality, bias or other technical constraints. Any such issues could impair the effectiveness of our products and services or expose us to liability.

The use of AI may also increase cybersecurity, privacy, intellectual property and operational risks. For example, the use of AI may involve the processing of sensitive data, reliance on third-party tools, or the generation of outputs that are misused or misinterpreted. In addition, AI technologies may introduce new or evolving vulnerabilities that could be exploited, and our risk management processes may not be effective in identifying or mitigating all such risks.

The legal and regulatory landscape relating to AI is rapidly evolving and uncertain. We may be subject to existing and emerging laws, regulations and regulatory expectations in the United States and other jurisdictions (including South Africa) relating to, among other things, data protection, consumer protection, intellectual property and the use of automated decision-making. Compliance with such requirements may increase our costs, limit the use or effectiveness of AI in our business, or require changes to our products or operations. Failure to comply with applicable requirements, or the perception that our use of AI is inappropriate or controversial, could result in regulatory scrutiny, litigation, reputational harm or competitive disadvantage.

As AI technologies continue to develop, we may not be able to anticipate or effectively manage all associated risks. If any of these risks were to materialize, they could have a material adverse effect on our business, results of operations and financial condition.

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

On September 2, 2025, our board of directors approved a share repurchase authorization to repurchase up to an aggregate of \$15 million of our 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 2026:

Table 17	(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, 2026 - Jan 31, 2026	-	-	-	15,000,000
Feb 1, 2026 - Feb 28, 2026 ⁽¹⁾	9,000	4.43	-	15,000,000
Mar 1, 2026 - Mar 31, 2026	-	-	-	15,000,000
Total	<u>9,000</u>		<u>-</u>	

(1) Relates to the delivery of 9,000 shares of our common stock in November 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.

On March 3, 2026, we delivered 1,017,914 unregistered shares of our common stock, valued at \$4.7 million, to the seller of Recharger to settle the second and final tranche due under the Recharger purchase agreement.

The shares of common stock issued in this transaction were issued in reliance upon the exemptions from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the Securities Act) and Regulation S under the Securities Act, as the shares were issued to the owners of the business acquired in privately negotiated transactions not involving any public offering or solicitation.

For additional information about this acquisition, see Note 2 of the Notes to Condensed Consolidated Financial Statements in Item 1. Financial Statements of Part I of this Quarterly Report.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

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, 2026, 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
<u>10.51</u>	<u>Amendment and Restatement Agreement dated February 27, 2026, between amongst others, Lesaka Technologies Proprietary Limited, as Term/RCF Borrower, 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</u>	X			
<u>10.52</u>	<u>Letter of Amendment, dated March 27, 2026, among Lesaka Technologies Proprietary Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division), as facility agent, related to the amendment to the Amended and Restated Common Terms Agreement</u>	X			
<u>10.53</u>	<u>Letter of Amendment, dated March 27, 2026, among Lesaka Technologies Proprietary Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division), as facility agent, related to the amendment to the Original General Banking Facility Agreement and Facility Letter</u>	X			
<u>31.1</u>	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act</u>	X			
<u>31.2</u>	<u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act</u>	X			
<u>32</u>	<u>Certification pursuant to 18 USC Section 1350</u>	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 6, 2026.

LESAKA TECHNOLOGIES, INC.

By: /s/ Ali Mazanderani

Ali Mazanderani

Executive Chairman

By: /s/ Dan Smith

Dan Smith

Group Chief Financial Officer, Treasurer and Secretary