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 September 30, 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	**98-0171860**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

7 Parks Boulevard, Oxford Parks,
Dunkeld, Johannesburg, 2196, South Africa
(Address of principal executive offices, including zip code)

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

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

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

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

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

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

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

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

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

As of November 2, 2026 (the latest practicable date), 86,538,774 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

	September 30, 2026	June 30, 2026
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 85,778	$ 81,409
Restricted cash related to credit facilities (Note 9)	129	129
Accounts receivable, net and other receivables (Note 3)	51,117	43,765
Finance loans receivable, net (Note 3)	115,390	103,810
Inventory (Note 4)	24,017	20,113
Total current assets before settlement assets	276,431	249,226
Settlement assets	18,887	18,504
Total current assets	295,318	267,730
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of - September: $74,845 June: $69,766	53,929	50,212
OPERATING LEASE RIGHT-OF-USE (Note 17)	27,809	20,161
EQUITY-ACCOUNTED INVESTMENTS (Note 6)	1,363	295
GOODWILL (Note 7)	215,419	215,298
INTANGIBLE ASSETS, NET (Note 7), including integrated platform of - September: $70,087 June: $73,211	118,452	123,425
DEFERRED INCOME TAXES	13,029	12,470
OTHER LONG-TERM ASSETS (Note 6 and 8)	9,367	9,697
TOTAL ASSETS	734,686	699,288
LIABILITIES		
CURRENT LIABILITIES		
Short-term credit facilities (Note 9)	38,633	20,671
Accounts payable	25,371	23,986
Other payables (Note 10)	91,479	83,262
Operating lease liability - current (Note 17)	4,933	4,408
Current portion of long-term borrowings (Note 9)	16,092	16,114
Income taxes payable	2,632	1,691
Total current liabilities before settlement obligations	179,140	150,132
Settlement obligations	18,721	18,530
Total current liabilities	197,861	168,662
DEFERRED INCOME TAXES	26,822	28,379
OPERATING LEASE LIABILITY - LONG TERM (Note 17)	26,721	19,338
LONG-TERM BORROWINGS (Note 9)	197,703	194,597
OTHER LONG-TERM LIABILITIES, including insurance policy liabilities (Note 8)	4,169	3,988
TOTAL LIABILITIES	453,276	414,964
REDEEMABLE COMMON STOCK (Note 11)	69,686	78,972
EQUITY		
COMMON STOCK (Note 11)		
Authorized: 200,000,000 with $0.001 par value;		
Issued and outstanding shares, net of treasury - September: 83,304,774; June: 83,306,794	84	84
PREFERRED STOCK		
Authorized shares: 50,000,000 with $0.001 par value;		
Issued and outstanding shares, net of treasury: September: - ; June: -	-	-
ADDITIONAL PAID-IN-CAPITAL	163,024	152,554
TREASURY SHARES, AT COST - September: 2,548,472; June: 2,548,472	(234)	(234)
ACCUMULATED OTHER COMPREHENSIVE LOSS (Note 12)	(166,234)	(166,319)
RETAINED EARNINGS	215,084	219,267
TOTAL LESAKA EQUITY	211,724	205,352
NON-CONTROLLING INTEREST	-	-
TOTAL EQUITY	211,724	205,352
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND SHAREHOLDERS' EQUITY	$ 734,686	$ 699,288

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Operations

	Three months ended September 30,	
	2026	**2025**
	(In thousands, except per share data)	
REVENUE (Note 16)	$ 184,572	$ 171,448
EXPENSE		
Cost of goods sold, IT processing, servicing and support, exclusive of depreciation and amortization shown separately below [(A)]	124,052	118,623
Selling, general and administration, exclusive of depreciation and amortization shown separately below [(A)]	47,032	37,094
Movement in allowance for credit losses (Note 3) [(B)]	4,523	2,606
Depreciation and amortization	9,973	12,894
Transaction costs related to Utilities and Bank Zero acquisitions (Note 2)	58	94
OPERATING (LOSS) INCOME	(1,066)	137
NET LOSS ON IMPAIRMENT OF EQUITY-ACCOUNTED INVESTMENT (Note 6)	-	584
INTEREST INCOME	545	539
INTEREST EXPENSE[(A)]	4,258	5,013
LOSS BEFORE INCOME TAX BENEFIT	(4,779)	(4,921)
INCOME TAX BENEFIT (Note 19)	527	146
NET LOSS BEFORE EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS	(4,252)	(4,775)
EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS (Note 6)	69	-
NET LOSS	$ (4,183)	$ (4,775)
ADD NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	117
NET LOSS ATTRIBUTABLE TO LESAKA	(4,183)	(4,658)
Net loss per share, in United States dollars(Note 14):		
Basic loss attributable to Lesaka shareholders	$ (0.05)	$ (0.05)
Diluted loss attributable to Lesaka shareholders	$ (0.05)	$ (0.05)

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

(B) Movement in allowance for credit losses for the three months ended September 30, 2025, were previously included in Selling, general and administration.

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three months ended September 30,	
	2026	**2025**
	(In thousands)	
Net loss [(A)]	$ (4,183)	$ (4,775)
Other comprehensive income, net of taxes		
Movement in foreign currency translation reserve [(A)]	85	6,723
Release of foreign currency translation reserve related to disposal of equity securities	-	550
Total other comprehensive income, net of taxes	85	7,273
Comprehensive (loss) income	(4,098)	2,498
Less comprehensive income attributable to non-controlling interest	-	(73)
Comprehensive (loss) income attributable to Lesaka	$ (4,098)	$ 2,425

(A) Revised to correct the errors disclosed in Note 1.
See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the three months ended September 30, 2025 (dollar amounts in thousands)

	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
Balance – July 1, 2025	85,248,146	$ 84	(3,999,049)	$ (7,059)	81,249,097	$ 135,505	$ 216,509	$ (185,626)	$ 159,413	$ 6,841	$ 166,254	$ 88,957
Restricted stock granted (Note 13)	225,595				225,595				-		-	
Stock-based compensation charge (Note 13)					-	1,873			1,873		1,873	
Reversal of stock-based compensation charge (Note 13)	(10,793)				(10,793)	(12)			(12)		(12)	
Net loss[(A)]					-		(4,658)		(4,658)	(117)	(4,775)	
Other comprehensive income (Note 12)[(A)]								7,083	7,083	190	7,273	
Balance – September 30, 2025[(A)]	85,462,948	$ 84	(3,999,049)	$ (7,059)	81,463,899	$ 137,366	$ 211,851	$ (178,543)	$ 163,699	$ 6,914	$ 170,613	$ 88,957

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

LESAKA TECHNOLOGIES, INC.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the three months ended September 30, 2026 (dollar amounts in thousands)

	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
Balance – July 1, 2026	85,855,266	$ 84	(2,548,472)	$ (234)	83,306,794	$ 152,554	$ 219,267	$ (166,319)	$ 205,352	$ -	$ 205,352	$ 78,972
Shares repurchased (Note 13)	(40,688)		-	-	(40,688)	(186)			(186)		(186)	
Restricted stock granted (Note 13)	78,300				78,300				-		-	
Stock-based compensation charge (Note 13)	-				-	1,409			1,409		1,409	
Reversal of stock-based compensation charge (Note 13)	(39,632)				(39,632)	(39)			(39)		(39)	
Transfer from redeemable common stock to additional paid-in-capital (Note 11)						9,286			9,286	-	9,286	(9,286)
Net loss							(4,183)		(4,183)	-	(4,183)	
Other comprehensive income (Note 12)								85	85	-	85	
Balance – September 30, 2026	85,853,246	$ 84	(2,548,472)	$ (234)	83,304,774	$ 163,024	$ 215,084	$ (166,234)	$ 211,724	$ -	$ 211,724	$ 69,686

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

	Three months ended September 30,	
	2026	**2025**
	(In thousands)	
Cash flows from operating activities		
Net loss [(A)]	$ (4,183)	$ (4,775)
Depreciation and amortization	9,973	12,894
Movement in allowance for doubtful accounts receivable and finance loans receivable	4,523	2,606
Earnings from equity-accounted investments (Note 6)	(69)	-
Fair value adjustment related to financial liabilities	(265)	(1)
Interest payable	25	(107)
Facility fee amortized	162	78
Net loss on disposal of equity-accounted investments (Note 6)	-	584
Profit on disposal of property, plant and equipment	(6)	(30)
Stock-based compensation charge (Note 13)	1,370	1,861
Changes in net working capital		
Increase in accounts receivable and other receivables	(7,787)	(1,230)
Increase in finance loans receivable	(15,574)	(6,903)
(Increase) decrease in inventory	(3,900)	5,148
Increase (decrease) in accounts payable and other payables[(A)]	10,128	(233)
Increase in taxes payable	942	512
Decrease in deferred taxes	(2,140)	(1,481)
Net cash (used in) provided by operating activities	(6,801)	8,923
Cash flows from investing activities		
Capital expenditures	(8,243)	(3,980)
Proceeds from disposal of property, plant and equipment	465	452
Acquisition of intangible assets	(829)	(1,139)
Acquisition of insurance entity investments	(65)	-
Acquisition of equity-accounted investment	(750)	-
Repayment of loans by equity-accounted investments	200	-
Net change in settlement assets	(323)	4,206
Net cash used in investing activities	(9,545)	(461)
Cash flows from financing activities		
Proceeds from bank overdraft (Note 9)	59,536	27,974
Repayment of bank overdraft (Note 9)	(41,780)	(40,661)
Long-term borrowings utilized (Note 9)	4,082	2,763
Repayment of long-term borrowings (Note 9)	(1,189)	(1,148)
Repurchase of shares of common stock (Note 13)	(186)	-
Non-refundable deal origination fees (Note 9)	-	(33)
Net change in settlement obligations	120	(3,633)
Net cash provided by (used in) financing activities	20,583	(14,738)
Effect of exchange rate changes on cash	132	1,921
Net increase (decrease) in cash, cash equivalents and restricted cash	4,369	(4,355)
Cash, cash equivalents and restricted cash – beginning of period	81,538	76,639
Cash, cash equivalents and restricted cash – end of period (Note 15)	$ 85,907	$ 72,284

(A) Revised to correct the errors discussed in Note 1.
See Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements include all majority-owned subsidiaries over which the Company exercises control and have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. 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 months ended September 30, 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, 2026. 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 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 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. Refer to Note 1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2026 for additional information.

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 included the impact of the correction for the three months ended September 30, 2025, in the condensed consolidated statements of operations for the three months ended September 30, 2025, 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.

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 has revised the condensed consolidated statement of changes in equity as of June 30, 2025. The comparative condensed consolidated balance sheet as of June 30, 2026, reflects the correct accounting treatment.

The tables below present the impact of the revisions to specific captions to the Company's consolidated statement of operations and cash flow statements for the periods identified.

Condensed consolidated statement of operations

	Three months ended September 30, 2025		
	As reported	Correction	As revised
	(in thousands, except per share data)		
Cost of goods sold, IT processing, servicing and support	$ 118,440	$ 183	$ 118,623
Selling, general and administration, exclusive of depreciation and amortization	39,637	63	39,700
Interest expense	4,898	115	5,013
Basic loss per share attributable to Lesaka shareholders	$ (0.05)	$ -	$ (0.05)
Diluted loss per share attributable to Lesaka shareholders	$ (0.05)	$ -	$ (0.05)

Condensed consolidated statement of comprehensive (loss) income

	Three months ended September 30, 2025		
	As reported	Correction	As revised
	(in thousands)		
Net loss	$ (4,414)	$ (361)	$ (4,775)
Movement in foreign currency translation reserve	6,842	(119)	6,723
Total other comprehensive income, net of taxes	7,392	(119)	7,273
Comprehensive income (loss)	2,978	(480)	2,498
Comprehensive income (loss) attributed to Lesaka	$ 2,905	$ (480)	$ 2,425

Condensed consolidated statement of cash flows

	Three months ended September 30, 2025		
	As reported	Correction	As revised
	(in thousands)		
Net loss	$ (4,414)	$ (361)	$ (4,775)
Increase (decrease) in accounts payable and other payables	$ (594)	$ 361	$ (233)

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

Recent accounting pronouncements adopted

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. The Company adopted the guidance from the effective date and elected the practical expedient.

Recent accounting pronouncements not yet adopted as of September 30, 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.

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 or retrospectively. The Company is currently assessing the impact of this guidance on its financial statements and related disclosures.

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, 2026, for additional information regarding the acquisitions during fiscal 2026 and the proposed acquisition of Bank Zero Mutual Bank ("Bank Zero") which transaction remains conditional.

2027 Proposed acquisitions of Bank Zero

On June 26, 2025, Lesaka SA entered into a Transaction Implementation Agreement (the "Transaction Implementation Agreement") with Zero Research Proprietary Limited ("Zero Research"), Bank Zero Mutual Bank ("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. All amounts below translated at the closing rate of $1: ZAR 17.76 as of June 30, 2025.

The purchase consideration payable by Lesaka SA in exchange for the relevant shares in Bank Zero and the subscription consideration payable by Lesaka SA in exchange the subscription shares will be settled through a combination of delivery of Lesaka shares of common stock and up to ZAR 91.0 million ($5.1 million) in cash. Zero Research will apply the cash and Lesaka shares received by it to settle the repurchase consideration due to the Zero Research Sellers. Following implementation of each of these steps, and subject to the below adjustment, the Bank Zero Sellers, Zero Research Sellers and Naught Holdings Ltd will own approximately 11.6% of Lesaka's fully diluted shares at the time of completion of the proposed transaction. The Transaction Implementation Agreement allows a mechanism (in certain circumstances) pursuant to which the Bank Zero Sellers and the Zero Research Sellers may acquire fewer shares in Lesaka and a larger cash consideration.

The Transaction Implementation Agreement includes customary interim period undertakings which required each of Zero Research and Bank Zero, among other things (i) to conduct their business in the ordinary course during the period between the execution of the Transaction Implementation Agreement and the closing of the transaction contemplated thereby, and (ii) not to engage in certain kinds of transactions during such period. The Transaction Implementation Agreement is subject to the fulfilment of certain conditions precedent. The Transaction Implementation Agreement will lapse if all of the conditions precedent are not met or not waived by January 31, 2027 (or such later date as may be agreed).

Bank Zero and Lesaka SA have agreed to implement a long-term incentive arrangement following implementation of the transaction, under which such a number of Lesaka's shares of common stock as is equal to (i) ZAR 70.0 million ($3.9 million) divided by an agreed value (as defined in the Transaction Implementation Agreement) (the "Retention LTIP Shares") and (ii) ZAR 30.0 million ($1.7 million) divided by such agreed value (the "Performance LTIP Shares") will be awarded to certain employees of Bank Zero. The Retention LTIP Shares will be subject to time vesting conditions and the Performance LTIP Shares will be subject to time and certain performance-based vesting conditions. The terms of the long-term incentive plan are required to be considered, and if necessary approved, by Lesaka's remuneration committee.

The Company incurred transaction-related expenditures of $0.1 million and $0.1 million during the three months ended September 30, 2026 and 2025, respectively, related to the proposed acquisition of Bank Zero. The Company's accruals presented in Note 10 of as September 30, 2026, includes an accrual of transaction related expenditures of $0.4 million and the Company expects to incur further transaction costs of $0.2 million during the 2027 fiscal year.

Transaction costs

The table below presents transaction costs incurred related to the acquisition of Utilities, and the proposed acquisition of Bank Zero expensed during the three months ended September 30, 2026 and 2025:

	Three months ended September 30,	
	2026	2025
Bank Zero transaction costs	$ 58	$ 82
Utilities transaction costs	-	12
Total	$ 58	$ 94

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

	September 30, 2026	June 30, 2026
Accounts receivable, trade, net	$ 20,846	$ 19,329
Accounts receivable, trade, gross	24,487	22,536
Less: Allowance for doubtful accounts receivable, end of period	3,641	3,207
Beginning of period	3,207	1,753
Reversed to statement of operations	(185)	(388)
Charged to statement of operations	783	2,109
Write-offs	(159)	(526)
Deconsolidation	-	(4)
Foreign currency adjustment	(5)	263
Amount due from VantagePay	2,010	2,010
Other receivables	28,261	22,426
Total accounts receivable, net and other receivables	$ 51,117	$ 43,765

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.

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

	September 30, 2026	June 30, 2026
Consumer finance loans receivable, net	$ 90,941	$ 80,584
Consumer finance loans receivable, gross	96,234	85,265
Less: Allowance for doubtful finance loans receivable, end of period	5,293	4,681
Beginning of period	4,681	3,648
Charged to statement of operations	2,793	7,261
Write-offs	(2,177)	(6,600)
Foreign currency adjustment	(4)	372
Merchant finance loans receivable, net	24,449	23,226
Merchant finance loans receivable, gross	30,284	28,664
Less: Allowance for doubtful finance loans receivable, end of period	5,835	5,438
Beginning of period	5,438	1,596
Reversed to statement of operations	(105)	(117)
Charged to statement of operations	1,237	3,931
Write-offs	(734)	(459)
Foreign currency adjustment	(1)	487
Total finance loans receivable, net	$ 115,390	$ 103,810

Total finance loans receivable, net, comprises Consumer finance loans receivable related to the Company's Consumer operations in South Africa as well as its merchant finance loans receivable related to the Company's Merchant's lending activities in South Africa. Certain merchant finance loans receivable with an aggregate balance of $23.7 million as of September 30, 2026 have been pledged as security for the Company's revolving credit facility (refer to Note 9).

Allowance for credit losses

Consumer finance loans receivable

Consumer finance loans receivable is related to the Company's Consumer 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 seven 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 develop an expected loss rate for the lending book. The allowance for credit losses related to these Consumer finance loans receivables is calculated by multiplying the expected loss rate with the month end outstanding lending book. Default is defined as loans in 90 days in arrears or greater and is primarily driven by missed or disrupted customer payments, as a result of non-receipt of social grant income and broader affordability pressures. Loss outcomes are further influenced by limited post-default recoveries. The Company continues to undertake recovery activity for up to six months post write-off, however, recoveries during this period are minimal. After six months, collection activity ceases and recoveries are considered negligible.

The expected loss rate as of each of June 30, 2026 and September 30, 2026, was 5.5%. The performing component (that is, outstanding loan payments not in arrears) of the book exceeds more than 99% of the outstanding lending book as of June 30, 2026 and September 30, 2026.

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

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 ten 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, except for loans in the Lesaka Fuel Proprietary Limited finance portfolio, which is in run-off and assessed individually. Refer to Note 5 related to the Company risk management process related to these receivables.

The Company uses historical default experience over the lifetime of loans generated thus far in order to develop an expected loss rate for the lending book. A loan is classified as being in default where a client has missed seven or more instalments, at which point a specific allowance for outstanding capital and accrued interest is raised based on the loan's collection status, as described below. Upon default, the Company commences recovery procedures including the use of external debt collectors, asset attachment through the Sheriff of the High Court, and judgements against clients in both their personal and entity capacities. An account is written off when management concludes that there is no reasonable expectation of recovery, which may be before legal recovery procedures are concluded. Any subsequent recoveries are recognized when received.

The allowance for credit losses related to these merchant finance loans receivable is calculated as the sum of (i) the expected loss rate applied to the performing lending book, (ii) specific allowances on loans in payment relief, under a payment arrangement or in legal recovery, at loss rates that increase with the severity of the status, and (iii) management adjustments where the model does not fully reflect current conditions. The expected loss rate as of each of June 30, 2026 and September 30, 2026, was approximately 3.21%, and the loss rates applied to loans in payment relief, under a payment arrangement and in legal recovery were approximately 36%, 62% and 90%, respectively.

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 lending book as of September 30, 2026 and June 30, 2026, was as follows:

	September 30, 2026	June 30, 2026
Performing component	85 %	92 %
Under-performing component	14 %	7 %
Non-performing component	1 %	1 %
	100 %	100 %

4. Inventory

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

	September 30, 2026	June 30, 2026
Raw materials	$ 2,123	$ 2,378
Work-in-progress	614	204
Finished goods	21,280	17,531
	$ 24,017	$ 20,113

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.

Interest rate risk

As a result of its normal borrowing activities, the Company's operating results are exposed to fluctuations in interest rates. The South African Reserve Bank increased the repurchase rate to 7.25% in September 2026, citing upside risks to the inflation outlook. Higher fuel prices and uncertainty around global oil prices are expected to keep inflationary pressures elevated in the near term. Accordingly, changes in South African interest rates may affect the Company's finance costs.

Excluding the impact of changes to the margins on its borrowings (refer to Note 9) and the value of borrowings outstanding, an increase in interest rates would moderately increase the Company's cost of borrowing. The Company periodically evaluates the cost and effectiveness of interest rate hedging strategies to manage this risk.

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.

5. Fair value of financial instruments (continued)

Risk management (continued)

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.

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.

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 September 30, 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:	$	$	$	$
Mutual fund (included in cash, cash equivalents and restricted cash)	-	3,757	-	3,757
Cash, cash equivalents and restricted cash (included in other long-term assets)	143	-	-	143
Mutual fund (included in other long-term assets)	-	4,656	-	4,656
Total assets at fair value	$ 143	$ 8,413	$ -	$ 8,556

The following table presents the Company's assets measured at fair value on a recurring basis as of June 30, 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	$	$	$	$
Mutual fund (included in cash, cash equivalents and restricted cash)	-	3,688	-	3,688
Cash, cash equivalents and restricted cash (included in other long-term assets)	141	-	-	141
Mutual fund (included in other long-term assets)	-	4,598	-	4,598
Total assets at fair value	$ 141	$ 8,286	$ -	$ 8,427

There have been no transfers in or out of Level 3 during the three months ended September 30, 2026 and 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 September 30, 2026 and 2025.

5. Fair value of financial instruments (continued)

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, 2026, 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 September 30, 2026, and June 30, 2026, was as follows:

	September 30, 2026	June 30, 2026
Sandulela Technology Proprietary Limited ("Sandulela")	49.0 %	49.0 %
SmartSwitch Namibia (Proprietary) Limited ("SmartSwitch Namibia")	50.0 %	50.0 %
Cowdi Limited ("Cowdi")	20.0 %	- %

Cowdi

During the year ended June 30, 2026, the Company invested $0.3 million to acquire a 10% interest in Cowdi, an entity incorporated in England and Wales, with operations through a Kenyan wholly-owned subsidiary offering digital loans to customers in that country. During the three months ended September 30, 2026, the Company invested an additional $0.8 million to increase its interest in Cowdi to 20%, the investment has therefore been moved from other long-term assets to equity-accounted investments. The Company initially accounted for its investment in Cowdi as an equity securities without readily determinable fair value and therefore applied the 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 model. Following the increase in its investment from 10% to 20%, the Company has determined that it has obtained significant influence and has accounted for its investment in Cowdi from July 2026, using the equity method.

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

Equity-accounted investments (continued)

The Company also extended a $0.75 million credit facility to Cowdi and they withdraw $0.2 million during the year ended June 30, 2026. Cowdi had utilized $0.2 million of the facility as of June 30, 2026, and this amount was repaid in full in July 2026.

SmartSwitch Namibia

The Company recorded a loss on impairment of equity-accounted investment of $0.6 million during the three months ended September 30, 2025, 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 September 30, 2026, and June 30, 2026:

	September 30, 2026	June 30, 2026
Total equity investments	$ -	$ 450
Investment in Cowdi (June 30, 2026: 10%) at fair value[1]	-	450
Policy holder assets under investment contracts (Note 8)	143	141
Reinsurance assets under insurance contracts (Note 8)	2,464	2,416
Insurance investments	4,656	4,598
Other long-term assets	2,104	2,092
Total other long-term assets	$ 9,367	$ 9,697

(1) The Company determined that Cowdi does not have a readily determinable fair value and therefore elected to record its investment 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.

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, 2026:

	Cost basis	Unrealized holding gains	Unrealized holding losses	Carrying value
Equity securities:				
Investment in Cowdi	$ 250	$ -	$ -	$ 250
Total	$ 250	$ -	$ -	$ 250

As of September 30, 2026 the Company had no significant equity securities without readily determinable fair value and held to maturity investments.

7. Goodwill and intangible assets, net

Goodwill

Summarized below is the movement in the carrying value of goodwill for the three months ended September 30, 2026:

	Gross value	Accumulated impairment	Carrying value
Balance as of June 30, 2026	$ 254,950	$ (39,652)	$ 215,298
Foreign currency adjustment[(1)]	141	(20)	121
Balance as of September 30, 2026	$ 255,091	$ (39,672)	$ 215,419

(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.

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

	Merchant	Consumer	Enterprise	Carrying value
Balance as of June 30, 2026	$ 192,366	$ 6,522	$ 16,410	$ 215,298
Foreign currency adjustment[(1)]	108	4	9	121
Balance as of September 30, 2026	$ 192,474	$ 6,526	$ 16,419	$ 215,419

(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 September 30, 2026, and June 30, 2026:

	As of September 30, 2026			As of June 30, 2026		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Finite-lived intangible assets:						
Software, integrated platform and unpatented technology	$ 154,777	$ (66,624)	$ 88,153	$ 153,867	$ (62,220)	$ 91,647
Customer relationships	57,897	(27,598)	30,299	57,862	(26,084)	31,778
Brands and trademarks	19,744	(19,744)	-	19,732	(19,732)	-
FTS patent	2,337	(2,337)	-	2,335	(2,335)	-
Total finite-lived intangible assets	$ 234,755	$ (116,303)	$ 118,452	$ 233,796	$ (110,371)	$ 123,425

Aggregate amortization expense on the finite-lived intangible assets for the three months ended September 30, 2026 and 2025, was $5.9 million and $9.2 million, respectively. Future estimated annual amortization expense for the next five fiscal years and thereafter, assuming exchange rates that prevailed on September 30, 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.

7. Goodwill and intangible assets, net (continued)

Intangible assets, net (continued)

Fiscal 2027 (excluding three months ended September 30, 2026)	$ 18,069
Fiscal 2028	23,589
Fiscal 2029	22,437
Fiscal 2030	20,522
Fiscal 2031	17,101
Thereafter	16,734
Total future estimated annual amortization expense	$ 118,452

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 three months ended September 30, 2026:

	Reinsurance Assets[1]	Insurance contracts[2]
Balance as of June 30, 2026	$ 2,416	$ (3,688)
Increase in policyholder benefits under insurance contracts	505	(5,299)
Claims and decrease in policyholders' benefits under insurance contracts	(458)	5,113
Foreign currency adjustment[3]	1	-
Balance as of September 30, 2026	$ 2,464	$ (3,874)

(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 large 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 a risk adjustment for non-financial risk, as required in the markets in which these products are offered, namely South Africa. The process of deriving the best estimates assumptions plus risk adjustments include assumptions related to claim reporting delays (based on average industry experience) and their associated costs as well as assumptions related to the present value of disability claims in payment.

Assets and policyholder liabilities under investment contracts

Summarized below is the movement in assets and policyholder liabilities under investment contracts during the three months ended September 30, 2026:

	Assets[1]	Investment contracts[2]
Balance as of June 30, 2026	$ 141	$ (141)
Increase in policy holder benefits under investment contracts	2	(2)
Foreign currency adjustment [3]	-	-
Balance as of September 30, 2026	$ 143	$ (143)

(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, 2026, for additional information regarding its borrowings.

South Africa

On September 30, 2026, the South African Overnight Index Average ("ZARONIA") rate was 7.11% and the credit adjustment spread ("CAS") applicable to certain of the Company's borrowing 0.1619%. On September 30, 2026, the prime rate, the benchmark rate at which private sector banks lend to the public in South Africa, was 10.75%.

Movement in short-term credit facilities

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

	RMB GBF	RMB Other	Nedbank Facilities	Total
Short-term facilities available as of September 30, 2026	$ 67,741	$ 6,333	$ 9,547	$ 83,621
Overdraft	67,741	-	-	67,741
Indirect and derivative facilities	-	6,333	9,547	15,880
Movement in utilized overdraft facilities:				
No restrictions as to use	20,671	-	-	20,671
Balance as of June 30, 2026	20,671	-	-	20,671
Utilized	59,536	-	-	59,536
Repaid	(41,780)	-	-	(41,780)
Guarantee fee amortized	65	-	-	65
Foreign currency adjustment[1]	141	-	-	141
Balance as of September 30, 2026	38,633	-	-	38,633
No restrictions as to use	$ 38,633	$ -	$ -	$ 38,633
Interest rate as of September 30, 2026 (%)[2]	10.25	N/A	N/A	
Interest rate as of June 30, 2026 (%)[2]	10.00	N/A	N/A	
Movement in utilized indirect and derivative facilities:				
Balance as of June 30, 2026	$ -	$ 4,279	$ 129	$ 4,408
Utilized	-	2,039	-	2,039
Foreign currency adjustment[1]	-	(18)	-	(18)
Balance as of September 30, 2026	$ -	$ 6,300	$ 129	$ 6,429

(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 September 30, 2026 and 2025, was $1.0 million and $0.8 million, respectively.

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, 2026 to as of September 30, 2026:

	Facilities				
	Lesaka A	Lesaka B	Asset backed	CCC	Total
Included in current	$ -	$ 12,190	$ 3,924	$ -	$ 16,114
Included in long-term	130,591	39,617	5,081	19,308	194,597
Opening balance as of June 30, 2026	130,591	51,807	9,005	19,308	210,711
Facilities utilized	-	-	995	3,087	4,082
Facilities repaid	-	-	(1,189)	-	(1,189)
Non-refundable fees paid	-	-	-	-	-
Non-refundable fees amortized	81	-	10	9	100
Foreign currency adjustment[1]	73	28	17	(27)	91
Closing balance as of September 30, 2026	130,745	51,835	8,838	22,377	213,795
Included in current	-	12,196	3,896	-	16,092
Included in long-term	130,745	39,639	4,942	22,377	197,703
Unamortized fees	(719)	-	-	-	(719)
Due within 2 years	-	18,295	4,942	22,377	45,614
Due within 3 years	131,464	21,344	-	-	152,808
Due within 4 years	-	-	-	-	-
Due within 5 years	$ -	$ -	$ -	$ -	$ -
Interest rates as of September 30, 2026 (%):	9.77	9.67	11.00	11.10	
Base rate (%)	7.11	7.11	10.75	10.75	
CAS (%)	0.16	0.16	-	-	
Margin (%)	2.50	2.40	0.25	0.35	
	(2)	(3)	(4)	(5)	
Interest rates as of June 30, 2026 (%):	10.14	10.04	10.75	10.40	
Base rate (%)	6.73	6.73	10.50	10.50	
CAS (%)	0.16	0.16	-	-	
Margin (%)	3.25	3.15	0.25	(0.10)	
Footnote number	(2)	(3)	(4)	(6)	

(1) Represents the effects of the fluctuations between the ZAR and the U.S. dollar.
(2) From April 1, 2026, interest on Facility A is based on ZARONIA in effect from time to time plus a margin. 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) 2.50%, if the Net Debt to EBITDA Ratio is less than 2.5 times.
(3) From April 1, 2026, interest on Facility B is calculated based on ZARONIA from time to time plus a margin. 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) 2.40%, if the Net Debt to EBITDA Ratio is less than 2.5 times.
(4) Interest is charged at prime plus 0.25% per annum on the utilized balance.
(5) Interest is charged at prime plus 0.35% per annum on the utilized balance.
(6) Interest is charged at prime less 0.10% 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 September 30, 2026 and 2025, was $3.1 million and $3.8 million, respectively. Prepaid facility fees amortized included in interest expense during the three months ended September 30, 2026 and 2025, respectively, were $0.1 million and $0.1 million, respectively.

9. Borrowings (continued)

Interest expense incurred under the Company's South African long-term borrowings to fund its Consumer lending book 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 $2.2 million and $1.6 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 September 30, 2026 and 2025.

10. Other payables

Summarized below is the breakdown of other payables as of September 30, 2026, and June 30, 2026:

	September 30, 2026	June 30, 2026
Vendor wallet balances	$ 35,065	$ 35,154
Accruals	14,351	10,562
Clearing accounts	16,228	9,682
Provisions	5,975	12,076
Value-added tax payable	7,153	6,668
Payroll-related payables	5,218	1,798
Other	7,489	7,322
	$ 91,479	$ 83,262

Other includes deferred income, client deposits and other payables.

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, 2026, for additional information regarding its redeemable common stock issued pursuant to transactions with the IFC Investors.

On September 29, 2026, the IFC Investors filed Amendment No. 6 to Schedule 13D with the United States Securities and Exchange Commission reporting that IFC African, Latin American and Caribbean Fund, LP ("ALAC") had sold an aggregate of 860,649 shares of the Company's common stock and therefore the additional contractual rights, including the put option rights related to these 860,649 shares, expired. The Company reclassified $9.3 million related to these 860,649 shares sold from redeemable common stock to additional paid-in-capital during the three months ended September 30, 2026.

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 as of September 30, 2026 and 2025, respectively:

	September 30, 2026	September 30, 2025
Number of shares, net of treasury:		
Statement of changes in equity	83,304,774	81,463,899
Non-vested equity shares that have not vested as of end of period	2,406,893	2,357,269
Number of shares, net of treasury, excluding non-vested equity shares that have not vested	80,897,881	79,106,630

12. Accumulated other comprehensive loss

The table below presents the change in accumulated other comprehensive loss per component during the three months ended September 30, 2026:

	Three months ended September 30, 2026	
	Accumulated foreign currency translation reserve	Total
Balance as of July 1, 2026	$ (166,319)	$ (166,319)
Movement in foreign currency translation reserve	85	85
Balance as of September 30, 2026	$ (166,234)	$ (166,234)

The table below presents the change in accumulated other comprehensive loss per component during the three months ended September 30, 2025:

	Three months ended September 30, 2025	
	Accumulated foreign currency translation reserve	Total
Balance as of July 1, 2025	$ (185,626)	$ (185,626)
Release of foreign currency translation reserve related to liquidation of equity-accounted investment	550	550
Movement in foreign currency translation reserve[(A)]	6,533	6,533
Balance as of September 30, 2025[(A)]	$ (178,543)	$ (178,543)

(A) Accumulated other comprehensive loss and Total for the three months ended September 30, 2025, have each increased by $0.12 million as a result of the correction discussed in Note 1 to the amount included in the caption Movement in foreign currency translation reserve.

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, 2026.

Stock option and restricted stock activity

Options

The following table summarizes stock option activity for the three months ended September 30, 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, 2026	5,845,708	8.73	2.29	979	1.20
Granted - August 2026	1,000,000	5.00	3.59	1,237	1.24
Outstanding - September 30, 2026	6,845,708	8.22	2.20	573	1.26
Outstanding - June 30, 2025	5,866,904	8.71	3.55	703	1.20
Outstanding - September 30, 2025	5,866,904	8.71	3.29	485	1.20

The 1,000,000 stock options awarded during the three months ended September 30, 2026, were awarded to Mr. Mazanderani, the Company's Executive Chairman and were granted pursuant to shareholder approval which was obtained on August 3, 2026. The 1,000,000 options vest on April 1, 2028, and are subject to Mr. Mazanderani's ongoing service through to this date. The 1,000,000 stock options may only be exercised during a period commencing from April 1, 2029 to April 1, 2030.

No stock options were awarded during the three months ended September 30, 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 three months ended September 30, 2026:

	Three months ended September 30, 2026
Expected volatility	41 %
Expected dividends	0 %
Expected life (in years)	4
Risk-free rate	4.4 %

The following table presents stock options vested and expected to vest as of September 30, 2026:

	Number of shares	Weighted average exercise price ($)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value ($'000)
Vested and expecting to vest - September 30, 2026	6,845,708	8.22	2.20	573

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

The following table presents stock options that are exercisable as of September 30, 2026:

	Number of shares	Weighted average exercise price ($)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value ($'000)
Exercisable - September 30, 2026	845,708	4.01	2.43	573

No stock options became exercisable during each of the three months ended September 30, 2026 and 2025. 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 three months ended September 30, 2026 and 2025:

	Number of shares of restricted stock	Weighted average grant date fair value ($'000)
Non-vested – June 30, 2026	2,462,188	9,381
Total granted	78,300	358
Granted – July 2026	15,000	73
Granted – August 2026	12,300	57
Granted – September 2026	51,000	228
Total vested	(93,963)	429
Vested – July 2026	(1,257)	6
Vested – August 2026	(26,040)	125
Vested – September 2026	(66,666)	298
Forfeitures	(39,632)	171
Non-vested – September 30, 2026	2,406,893	9,194
Non-vested – June 30, 2025	2,169,900	7,833
Total Granted	209,095	964
Granted – July 2025	3,772	17
Granted – August 2025	5,323	25
Granted – September 2025	200,000	922
Total vested	(10,933)	50
Vested – August 2025	(10,933)	50
Forfeitures	(10,793)	50
Non-vested – September 30, 2025	2,357,269	8,651

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Restricted stock (continued)

Grants

In July, August and September 2026, respectively, the Company granted 15,000, 12,300, and 51,000 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 July, August and September 2025, respectively, the Company granted 3,772, 5,323, and 200,000 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.

During fiscal 2025, the Company agreed to grant an advisor 5,500 shares per month in lieu of cash for services provided to the Company. The Company and the advisor agreed that the Company would issue the shares to the advisor, in arrears, on a quarterly basis. During the three months ended September 30, 2025, the Company recorded a stock-based compensation charge of $0.1 million and included the issuance of 16,500 shares of common stock in its issued and outstanding share count. The contract with the advisor ends in the second quarter of fiscal 2027.

Vesting

In July, August and September 2026, an aggregate of 93,963 shares of restricted stock granted to employees vested. Certain employees elected for 40,688 shares to be withheld to satisfy the withholding tax liability on the vesting of their shares. These 40,688 shares have been included in the Company's shares of common stock.

In August 2025, an aggregate of 10,933 shares of restricted stock granted to employees vested.

Forfeitures

During the three months ended September 30, 2026 and 2025, respectively, employees forfeited 39,632 and 10,793 shares of restricted stock following termination of their employment with the Company.

Stock-based compensation charge and unrecognized compensation cost

The Company recorded a stock-based compensation charge, net, during the three months ended September 30, 2026 and 2025, of $1.4 million and $1.9 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 September 30, 2026			
Stock-based compensation charge	$ 1,247	$ -	$ 1,247
Stock compensation charge related to ESOP	162	-	162
Reversal of stock compensation charge related to restricted stock forfeited	(39)	-	(39)
Total - three months ended September 30, 2026	$ 1,370	$ -	$ 1,370
Three months ended September 30, 2025			
Stock-based compensation charge	$ 1,712	$ -	$ 1,712
Stock compensation charge related to ESOP	161	-	161
Reversal of stock compensation charge related to restricted stock forfeited	(12)	-	(12)
Total - three months ended September 30, 2025	$ 1,861	$ -	$ 1,861

13. Stock-based compensation (continued)

Stock-based compensation charge and unrecognized compensation cost (continued)

The stock-based compensation charges have been allocated to selling, general and administration based on the allocation of the cash compensation paid to the relevant employees.

As of September 30, 2026, the total unrecognized compensation cost related to stock options was $2.5 million, which the Company expects to recognize over two years. As of September 30, 2026, the total unrecognized compensation cost related to restricted stock awards was $4.7 million, which the Company expects to recognize over two years.

During the three months ended September 30, 2026 and 2025, the Company recorded a deferred tax benefit of $0.1 million and $0.2 million, respectively, related to the stock-based compensation charge recognized related to employees of Lesaka. During these periods the Company recorded a valuation allowance related to the full deferred tax benefit recognized because it does not believe that the stock-based compensation deduction would be utilized as it does not anticipate generating sufficient taxable income in the United States. The Company deducts the difference between the market value on the date of exercise by the option recipient and the exercise price from income subject to taxation in the United States.

14. Loss 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 September 30, 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, 2026.

Basic 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 loss per share has been calculated using the two-class method and basic loss per share for the three months ended September 30, 2026 and 2025, reflects only undistributed earnings. The computation below of basic 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 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 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 161,709 and 158,479 shares of common stock from the calculation of diluted loss per share during the three months ended September 30, 2026 and 2025 because the effect would be antidilutive.

The calculation of diluted 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 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, 2026.

14. Loss per share (continued)

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

	Three months ended September 30,	
	2026	**2025**
	(in thousands except percent and per share data)	
Numerator:		
Net loss attributable to Lesaka[(A)]	$ (4,183)	$ (4,658)
Undistributed loss[(A)]	$ (4,183)	$ (4,658)
Percent allocated to common shareholders (Calculation 1)	97	97
Numerator for loss per share: basic and diluted	(4,059)	(4,514)
Continuing	(4,059)	(4,514)
Denominator		
Denominator for basic loss per share:		
Weighted-average common shares outstanding	80,878	79,094
Denominator for diluted loss per share: adjusted weighted average common shares outstanding and assuming conversion	80,878	79,094
Loss per share:		
Basic[(A)]	$ (0.05)	$ (0.05)
Diluted[(A)]	$ (0.05)	$ (0.05)
(Calculation 1)		
Basic weighted-average common shares outstanding (A)	80,878	79,094
Basic weighted-average common shares outstanding and unvested restricted shares expected to vest (B)	83,340	81,327
Percent allocated to common shareholders (A) / (B)	97	97

(A) Net loss attributable to Lesaka and Undistributed loss for the three months ended September 30, 2025, 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 September 30, 2026.

Options to purchase 7,493,683 shares of the Company's common stock at prices ranging from $4.87 to $14.00 per share were outstanding during the three months ended September 30, 2026, 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. 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 months ended September 30, 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 September 30, 2026.

15. Supplemental cash flow information

The following table presents supplemental cash flow disclosures for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,	
	2026	2025
Cash received from interest	$ 541	$ 534
Cash paid for interest	$ 4,253	$ 6,001
Cash paid for income taxes	$ 406	$ 710

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 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. The following table presents the disaggregation of cash, cash equivalents and restricted cash as of September 30, 2026 and 2025, and June 30, 2026:

	September 30, 2026	September 30, 2025	June 30, 2026
Cash and cash equivalents	$ 85,778	$ 72,162	$ 81,409
Restricted cash	129	122	129
Cash, cash equivalents and restricted cash	$ 85,907	$ 72,284	$ 81,538

Leases

The following table presents supplemental cash flow disclosure related to leases for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 2,570	$ 1,362
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ 9,161	$ 1,036

16. Revenue recognition

The Company is a provider of digitized cash management solutions and merchant acquiring services, including an integrated platform for the distribution of ADP (including value-added services such as prepaid airtime, prepaid electricity and bill payment); software solutions, transaction processing services; financial inclusion products and services, and secure payment technology. The Company operates as a payment processor in South Africa. The Company offers debit, credit and prepaid processing and issuing services for all major payment networks. In South Africa, the Company provides innovative low-cost financial inclusion products, including banking, lending and insurance.

The Company analyzes its business under a "product" view, for example, its acquiring activities in Merchant are allocated to an acquiring product view for Merchant. The Company has updated its disaggregation of revenue disclosures to align with this product view. Comparative periods have been recast.

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 September 30, 2026:

	Merchant	Consumer	Enterprise	Total
ADP	$ 82,429	$ 5	$ 18,730	$ 101,164
South Africa	69,871	5	18,730	88,606
Rest of world	12,558	-	-	12,558
Transactional fees	-	13,083	-	13,083
Acquiring	13,445	-	-	13,445
South Africa	13,445	-	-	13,445
Rest of world	-	-	-	-
Cash	10,153	-	-	10,153
Software	5,610	-	-	5,610
Utilities	-	-	4,630	4,630
Other	3,912	198	1,714	5,824
South Africa	3,695	198	1,714	5,607
Rest of world	217	-	-	217
Total revenue under ASC 606, derived from the following geographic location	**115,549**	**13,286**	**25,074**	**153,909**
South Africa	102,774	13,286	25,074	141,134
Rest of world	12,775	-	-	12,775
Lending	3,055	17,070	-	20,125
South Africa	3,033	17,070	-	20,103
Rest of world	22	-	-	22
Insurance	-	10,538	-	10,538
Total non-ASC 606 revenue, derived from the following geographic location	**3,055**	**27,608**	**-**	**30,663**
South Africa	3,033	27,608	-	30,641
Rest of world	22	-	-	22
Total revenue, derived from the following geographic locations	**118,604**	**40,894**	**25,074**	**184,572**
South Africa	105,807	40,894	25,074	171,775
Rest of world	$ 12,797	$ -	$ -	$ 12,797

16. Revenue recognition (continued)

Disaggregation of revenue (continued)

The following table presents the Company's revenue disaggregated by major revenue streams, including a reconciliation to reportable segments for the three months ended September 30, 2025:

	Merchant	Consumer	Enterprise	Total
ADP	$ 92,312	$ 38	$ 10,025	$ 102,375
South Africa	82,682	38	10,025	92,745
Rest of world	9,630	-	-	9,630
Transactional fees	-	11,721	-	11,721
Cash	10,456	-	-	10,456
Acquiring	10,800	-	-	10,800
South Africa	10,800	-	-	10,800
Rest of world	-	-	-	-
Software	5,184	-	-	5,184
Utilities	-	-	3,403	3,403
Other	5,055	197	1,131	6,383
South Africa	4,929	197	1,131	6,257
Rest of world	126	-	-	126
Total revenue under ASC 606, derived from the following geographic location	**123,807**	**11,956**	**14,559**	**150,322**
South Africa	114,051	11,956	14,559	140,566
Rest of world	9,756	-	-	9,756
Lending	2,506	11,748	-	14,254
South Africa	2,491	11,748	-	14,239
Rest of world	15	-	-	15
Insurance	-	6,872	-	6,872
Total non-ASC 606 revenue, derived from the following geographic location	**2,506**	**18,620**	**-**	**21,126**
South Africa	2,491	18,620	-	21,111
Rest of world	15	-	-	15
Total revenue, derived from the following geographic locations	**126,313**	**30,576**	**14,559**	**171,448**
South Africa	116,542	30,576	14,559	161,677
Rest of world	$ 9,771	$ -	$ -	$ 9,771

17. Leases

The Company has entered into leasing arrangements classified as operating leases under accounting guidance. These leasing arrangements relate primarily to the lease of its corporate head office, administration offices, a manufacturing facility, and branch locations through which the Company operates its financial services business in South Africa. The Company's operating leases have a remaining lease term of between one year to ten years. The Company also operates parts of its financial services 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 September 30, 2026 and 2025 was $2.6 million and $1.4 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 September 30, 2026 and 2025, was $1.2 million and $0.4 million, respectively.

In April 2026, the Company, through Lesaka SA, entered into a binding offer to lease for a new regional office in Cape Town, Western Cape, South Africa with Growthpoint Securitisation Warehouse Trust, a trust incorporated in South Africa. The lease commences on October 1, 2026 and is for a period of 10 years. The Company secured beneficial occupation from August 1, 2026, and recorded a ROU asset and an operating lease liability related to this lease in August 2026 upon taking beneficial occupation. The Company expects to pay an annual basic lease expense of $0.7 million (ZAR 11.3 million, translated at exchange rates applicable as of September 30, 2026), which increases by 7.50% per annum.

In August 2026, the Company, through Lesaka SA, entered into a binding offer to lease for a new regional office in Umhlanga, Durban, KwaZulu-Natal, South Africa with SA Sugar Distributors Proprietary Limited, a subsidiary of ABFS, a private company incorporated in South Africa. The lease commences on November 23, 2026 and is for a period of 5 years, with an option to renew for a further five years. The Company secured beneficial occupation from September 23, 2026, and has recorded a ROU asset and an operating lease liability related from the date of taking beneficial occupation. The Company was required to provide a guarantee for two month's rent to the lessor. The Company expects to pay an annual basic lease expense of $0.3 million (ZAR 5.1 million, translated at exchange rates applicable as of September 30, 2026), which increases by 7.00% per annum.

The following table presents supplemental balance sheet disclosure related to the Company's right-of-use assets and its operating lease liabilities as of September 30, 2026 and June 30, 2026:

	September 30, 2026	June 30, 2026
Right of use assets obtained in exchange for lease obligations:		
Weighted average remaining lease term (years)	7.27	6.59
Weighted average discount rate (percent)	10.3	10.1

The maturities of the Company's operating lease liabilities as of September 30, 2026, are presented below:

Maturities of operating lease liabilities	
Year ended June 30,	
2027 (excluding three months to September 30, 2026)	$ 6,042
2028	6,897
2029	5,005
2030	4,575
2031	4,069
Thereafter	21,057
Total undiscounted operating lease liabilities	47,645
Less imputed interest	15,991
Total operating lease liabilities, included in	31,654
Operating lease liability - current	4,933
Operating lease liability - long-term	$ 26,721

18. Operating segments

Operating segments

The Company discloses segment information as reflected in the management information systems reports that its chief operating decision maker ("CODM") 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, 2026.

The Company currently has three reportable segments: Merchant, Consumer and Enterprise. The Company's CODM is the Company's Executive Chairman. 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 Utilities, landlords utilizing Utilities' prepaid electricity metering solution.

The Merchant segment includes revenue generated from the sale of 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 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 provides short-term loans to customers in South Africa for which it earns initiation and monthly service fees, and interest revenue from the second quarter of fiscal 2025. The Company writes life insurance contracts, primarily funeral-benefit policies, and policy holders pay the Company a monthly insurance premium. The Company also earns fees from the provision of physical and digital prepaid and secure payout solutions for South African businesses.

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

18. Operating segments (continued)

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 does not allocate once-off items, stock-based compensation charges, impairment of 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. 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 and segment adjusted EBITDA

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 September 30, 2026 and 2025, respectively, is as follows:

18. Operating segments (continued)

Three months ended September 30, 2026	Merchant	Consumer	Enterprise	Total
Revenue from external customers	$ 118,604	$ 40,894	$ 25,074	$ 184,572
Intersegment revenues	542	155	692	1,389
Segment revenue[z]	**119,146**	**41,049**	**25,766**	**185,961**
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support[y]	92,706	14,552	18,183	125,441
Selling, general and administration[(1)(2)]	21,724	13,839	5,828	41,391
Segment adjusted EBITDA	**$ 4,716**	**$ 12,658**	**$ 1,755**	**$ 19,129**
(z) includes interest revenue of:	$ 3,055	$ 8,387	$ -	$ 11,442
(y) includes interest expense of:	$ 512	$ 1,643	$ -	$ 2,155

	Operating segments				
	Merchant	Consumer	Enterprise	Group costs	Total
Depreciation and amortization	$ 3,825	$ 428	$ 195	$ 5,525	$ 9,973
Expenditures for long-lived assets	$ 4,871	$ 3,701	$ 500	$ -	$ 9,072

Three months ended September 30, 2025	Merchant	Consumer	Enterprise	Total
Revenue from external customers	$ 126,313	$ 30,576	$ 14,559	$ 171,448
Intersegment revenues	637	-	294	931
Segment revenue[z]	**126,950**	**30,576**	**14,853**	**172,379**
Less segment-related expenses:				
Cost of goods sold, IT processing, servicing and support[(y)(A)]	98,596	10,437	10,521	119,554
Selling, general and administration[(A)(1)(3)]	19,410	11,646	3,063	34,119
Segment adjusted EBITDA[(A)]	**$ 8,944**	**$ 8,493**	**$ 1,269**	**$ 18,706**
(z) includes interest revenue of:	$ 2,506	$ 4,914	$ -	$ 7,420
(y) includes interest expense of:	$ 491	$ 1,072	$ -	$ 1,563

	Operating segments				
	Merchant	Consumer	Enterprise	Group costs	Total
Depreciation and amortization	$ 3,365	$ 309	$ 86	$ 9,134	$ 12,894
Expenditures for long-lived assets	$ 4,325	$ 281	$ 513	$ -	$ 5,119

(A) Cost of goods sold, IT processing, servicing and support and Selling, general and administration for Merchant and Total for the three months ended September 30, 2025 have each increased by $0.2 million and $0.06 million, respectively, as a result of the correction discussed in Note 1. Segment Adjusted EBITDA for Merchant and Total for the three months ended September 30, 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 September 30, 2026, includes retrenchment costs for Merchant of $ 0.4 million (ZAR 6.4 million).

(3) Segment Adjusted EBITDA for the three months ended September 30, 2025, includes retrenchments costs for Merchant of $0.2 million (ZAR 3.8 million) and Consumer of $0.1 million (ZAR 2.6 million).

18. Operating segments (continued)

The reconciliation of the reportable segments' measures of profit or loss to loss before income tax expense for the three months ended September 30, 2026 and 2025, is as follows:

	Three months ended September 30,	
	2026	**2025**
Reportable segments measure of profit or loss[(A)]	$ 19,129	$ 18,706
Operating loss: Group costs	(5,615)	(3,611)
Once-off costs	(3,033)	(267)
Unrealized (Loss) Gain FV for currency adjustments	(204)	64
Stock-based compensation charge adjustments	(1,370)	(1,861)
Depreciation and amortization	(9,973)	(12,894)
Loss on impairment of equity-accounted investment	-	(584)
Interest income	545	539
Interest expense[(A)]	(4,258)	(5,013)
Loss before income tax expense[(A)]	$ (4,779)	$ (4,921)

(A) Reportable segments' measure of profit or loss for the three months ended September 30, 2025, has decreased by $0.2 million, as a result of the correction discussed in Note 1. Interest expense for the three months ended September 30, 2025, has increased by $0.12 million, as a result of the correction discussed in Note 1. Net loss before taxes for the three months ended September 30, 2025, has increased by $0.4 million, as a result of the correction discussed in Note 1.

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 September 30, 2026, the Company's effective tax rate was impacted by deferred tax assets related to net operating losses incurred by certain of our South African subsidiaries and the deferred tax impact related to the amortization of acquired intangible assets, the tax expense recorded by our profitable South African operations and non-deductible expenses.

For the September 30, 2025, the Company's effective tax rate was impacted by the tax expense recorded by the Company's profitable South African operations and non-deductible expenses (including transaction-related expenditures). The Company's income tax benefit 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 three months ended September 30, 2025.

Uncertain tax positions

As of September 30, 2026 and June 30, 2026, 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 September 30, 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 103.3 million ($6.3 million, translated at exchange rates applicable as of September 30, 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 September 30, 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 condensed consolidated balance sheet as of September 30, 2026. The maximum potential amount that the Company could pay under these guarantees is ZAR 35.1 million ($2.1 million, translated at exchange rates applicable as of September 30, 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 September 30, 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, 2026, 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, 2026. 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

The following discussion addresses our results for the first quarter of fiscal 2027 compared with the first quarter of fiscal 2026.

Merchant

We manage our Merchant operations through two distinct channels: Community, which serves local, high-growth businesses acquired through direct, in-person sales with short conversion cycles; and Corporate, which serves large organizations and franchises that require customized, multi-product solutions delivered through a longer-term, strategic sales process.

We define an active merchant as any merchant that has made a voluntary transaction (debit and/or credit) within the last 90 days. We previously reported merchants on a point-of-presence basis, which focused primarily on our device estate. The active merchant methodology reflects the revenue-generating engagement of our entire Merchant base and is more closely aligned with our current and future monetization strategy. Average Revenue Per User ("ARPU") excludes once-off and non-recurring revenue, such as revenue from hardware and installations, as well as revenue from non-South African subsidiaries.

In the second quarter of fiscal 2026, we introduced a refined reporting framework for Merchant that better reflects the primary drivers of revenue and performance. The framework, which was developed following a comprehensive review of our operational data, aligns our Merchant metrics, specifically active merchant count and blended ARPU, to provide a consolidated view of our ecosystem. We use this framework as the baseline for future comparisons in order to maintain consistent reporting across our channels. Accordingly, the transition may result in immaterial inconsistencies with certain legacy metrics. In the first quarter of fiscal 2027, we further refined our calculation of Merchant ARPU to exclude network fees, such as interchange, earned in our Corporate acquiring business, so that ARPU is measured on a consistent basis across our Corporate and Community channels. Merchant ARPU for the prior period shown below has been recast on the same basis to ensure comparability.

ARPU performance is driven by cross-sell product penetration. Product-level key performance indicators ("KPIs") are presented below.

	Q1 2027	Q1 2026	Q1 2027 vs Q1 2026
Merchant			
Active Merchants	132,892	133,410	(0%)
Community Merchants	109,069	106,708	2%
Corporate Merchants	23,823	26,702	(11%)
Merchant ARPU[(1)] (ZAR per month)	1,563	1,646	(5%)
Community Merchant ARPU[(1)] (ZAR per month)	744	766	(3%)
Corporate Merchant ARPU[(1)] (ZAR per month)	5,245	5,080	3%
Product Penetration Rate: 2 or more products	46%	46%	0%
Product Penetration Rate: 3 or more products	6%	9%	(28%)
Merchant: Acquiring			
Active Merchants	74,449	73,375	1%
Total Payment Volume ("TPV") (ZAR billions)	11.3	10.4	9%
TPV - Community (ZAR billions)	4.5	3.6	24%
TPV - Corporate (ZAR billions)	6.8	6.8	0%
Merchant: Cash Management			
Active Merchants	4,535	4,815	(6%)
TPV (ZAR billions)	30.0	29.5	2%
TPV - Community (ZAR billions)	7.7	4.9	58%
TPV - Corporate (ZAR billions)	22.2	24.6	(10%)
Merchant: Alternative Digital Products			
Active Merchants	103,449	103,560	(0%)
TPV (ZAR billions)	15.9	11.9	34%
TPV - Prepaid Solutions (ZAR billions)	5.9	5.6	5%
TPV - Supplier Enabled Payments (ZAR billions)	10.0	6.3	59%
Merchant: Lending[(2)]			
Lending Origination (ZAR millions)	272	163	67%
Net Lending Portfolio Outstanding (ZAR millions)	483	375	29%
Merchant: Software			
Software Sites	9,716	9,927	(2%)

Notes:

(1) ARPU is calculated on a revenue per active merchant basis based on a 3-month rolling average for the quarter ended September 30, 2026. ARPU excludes network fees earned in our Corporate acquiring business, and the prior period has been recast on the same basis.

(2) Our lending solutions are offered to merchants through in-house lending products and through a joint venture with Retail Capital, in which we have a 50:50 profit share. Lending origination and net lending portfolio outstanding include 15% of the lending originated and portfolio outstanding of the joint venture with Retail Capital.

Notable developments within Merchant:

Merchant ARPU decreased 5% year-over-year to ZAR 1,563 per month. Corporate ARPU increased 3% to ZAR 5,245, while Community ARPU decreased 3% to ZAR 744, reflecting the more competitive pricing introduced across our Prepaid Solutions products within ADP. The larger decline in blended ARPU reflects a change in our merchant mix.

Within Merchant Acquiring: Acquiring TPV increased 9% year-over-year to ZAR 11.3 billion, led by our Community channel, where TPV increased 24% to ZAR 4.5 billion. Corporate TPV was unchanged at ZAR 6.8 billion. Community represents approximately 40% of our acquiring TPV. In Community, our focus remains on developing the merchant ecosystem. Many Community merchants first engage with us through our Cash Management or Supplier Enabled Payments solutions and subsequently adopt our acquiring solutions as they become more fully integrated into our offering.

Within Cash: Cash Management TPV increased 2% year-over-year to ZAR 30.0 billion, reflecting divergent trends across our two channels. In Corporate, cash TPV decreased 10% to ZAR 22.2 billion as the adoption of digital payments in this sector continued to increase. In Community, cash TPV increased 58% to ZAR 7.7 billion and represented 26% of total cash TPV processed, compared with 17% in the prior period. Community merchants continue to adopt our solutions to digitize their cash holdings.

Within ADP: ADP TPV increased 33% year-over-year to ZAR 15.9 billion, driven primarily by our Supplier Enabled Payments product, for which TPV increased 59% to ZAR 10.0 billion. Supplier Enabled Payments enable Community merchants to pay their suppliers digitally and introduce those merchants to the broader Lesaka Merchant ecosystem. During the quarter, we implemented more competitive pricing across our Prepaid Solutions products within ADP, with the objective of increasing merchant engagement and our share of merchant spend. Prepaid Solutions TPV increased 5% year-over-year to ZAR 5.9 billion.

Within Lending: Lending originations increased 67% year-over-year to ZAR 272 million, and the net lending portfolio outstanding increased 29% to ZAR 483 million. The growth was driven by our recently established merchant lending sales team, which is dedicated to originating loans and managing existing merchant relationships. A significant portion of originations continues to be derived from relending to existing customers.

Within Software: Software sites decreased 2% year-over-year. We continue to focus on deploying Unity, our cloud-based point-of-sale (“POS”) software solution, to new and existing merchants. Unity carries a lower monthly cost than our on-premises solutions, and migrating merchants to Unity facilitates the integration of our Software and Acquiring offerings into a single bundled solution. As of September 30, 2026, approximately 19% of our Software base used Unity, compared with 12% a year ago.

Consumer

Consumer serves South African grant beneficiaries, both permanent and non-permanent, as well as other Lesaka Payouts cardholders. As Consumer has evolved, both groups of grant beneficiaries have become revenue-generating. Accordingly, we believe the combined metrics presented below are the most appropriate measures of Consumer’s financial and operational performance. Although we have historically presented these metrics separately, permanent grant beneficiaries continue to represent approximately 90% of active consumers.

We define an active consumer as any 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 within the last 90 days are not considered active consumers.

This definition reflects the revenue-generating engagement of our entire consumer base and is more closely aligned with our current and future monetization strategy. We will continue to present Lesaka Payouts separately because it follows a different monetization model.

ARPU performance is driven by cross-sell product penetration. Product-level KPIs are presented below.

	Q1 2027	Q1 2026	Q1 2027 vs Q1 2026
Consumer			
Active Consumers (millions)	2.15	1.93	11%
ARPU[(1)] (ZAR per month)	101.7	88.6	15%
Product Penetration Rate: 2 or more products	51%	47%	10%
Product Penetration Rate: 3 products	20%	17%	19%
Consumer: Transactional Accounts			
Active Consumers (millions)	2.15	1.93	11%
Net Activations (thousands)	61	49	26%
Consumer: Lending			
Number of Loans Originated (thousands)	411	354	16%
Lending Origination (ZAR millions)	1,137	820	39%
Lending Portfolio Outstanding (ZAR millions)[(2)]	1,578	1,116	41%
Consumer: Insurance			
Number of Insurance Policies Written (thousands)	89	57	57%
Active Insurance Policies (thousands)	799	589	36%
Gross Written Premium (ZAR millions)	167	114	46%
Consumer: Lesaka Payouts			
Approximate number of active cardholders (thousands)	188	211	(11%)
Approximate load value for the period (ZAR millions)	155	165	(6%)

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 September 30, 2026.

(2) Gross loan book, before allowance for credit losses.

Notable developments within Consumer:

Consumer ARPU increased 15% year-over-year to ZAR 101.7 per month. We continued to grow our active consumer base while cross-selling lending and insurance products to existing consumers, with particularly strong performance in insurance. The proportion of active consumers holding two or more products increased to 51% from 47% in the prior period, and the proportion holding all three products increased to 20% from 17%.

Within Transactional Accounts: Active consumers increased 11% year-over-year to 2.15 million, and our share of the SASSA grant beneficiary market increased to 15.6% from 14.9% in the prior period. Growth continues to be driven by our branch network in the communities in which our consumers live, supported by Bonngwe, our proprietary customer relationship management ("CRM") engine. Pusha Manje, our direct-to-consumer ADP offering, has shown early uptake, although its roll-out across our consumer base remains at an early stage.

Within Lending: Lending originations increased 39% year-over-year to ZAR 1.14 billion, and the lending portfolio outstanding increased 41% to ZAR 1.58 billion. Our nine-month loan product represented 67% of the portfolio, compared with 54% in the prior period. This product enables us to offer larger loans, including the ZAR 5,000 product introduced in the fourth quarter of fiscal 2026, while maintaining affordable monthly repayments. During the quarter, we revised the pricing of our interest-bearing loans from 12% to 15% per annum, calculated on a simple interest basis. Credit performance at the vintage level remains in line with our expectations, and we have maintained our provisioning policy at 5.5% of the outstanding lending portfolio.

Within Insurance: Gross written premium increased 46% year-over-year to ZAR 167 million, and active policies increased 36% to 799,000. The growth reflects an increased focus on insurance across our sales teams, with consultants introducing funeral cover to consumers at an earlier stage in their relationship with us.

Enterprise

Enterprise consists primarily of our ADP offering (which includes prepaid solutions and bill payments), distributed through channels such as retail distribution networks and digital banking applications. Enterprise also includes our Utilities product, which provides prepaid electricity sub-metering and vending solutions.

Performance is driven primarily by TPV processed. Product-level KPIs are presented below.

	Q1 2027	Q1 2026	Q1 2027 vs Q1 2026
Enterprise: ADP			
TPV (ZAR billions)	13.8	12.0	15%
Enterprise: Utilities			
Active Meters (thousands)	380	358	6%
TPV (ZAR millions)	537	488	10%

Notable developments within Enterprise:

Within ADP: TPV increased 15% year-over-year to ZAR 13.8 billion. During the quarter, we consolidated our airtime procurement from third parties for all operating segments into Enterprise, and our direct integration with mobile network operators has reduced our supplier concentration risk. We also launched “4Connect”, our proprietary generic airtime voucher, which has experienced positive uptake in our Community channel. In addition, we added several new content providers to our “4All” multi-store-of-value voucher product, which contributed to growth in Prepaid Solutions TPV.

Within Utilities: TPV increased 10% year-over-year to ZAR 537 million, driven by a 6% increase in active meters to 380,000, partially offset by a lower average vend per meter. Active meter growth remains positive, supported by strong retail meter sales.

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, 2026:

- 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 September 30, 2026

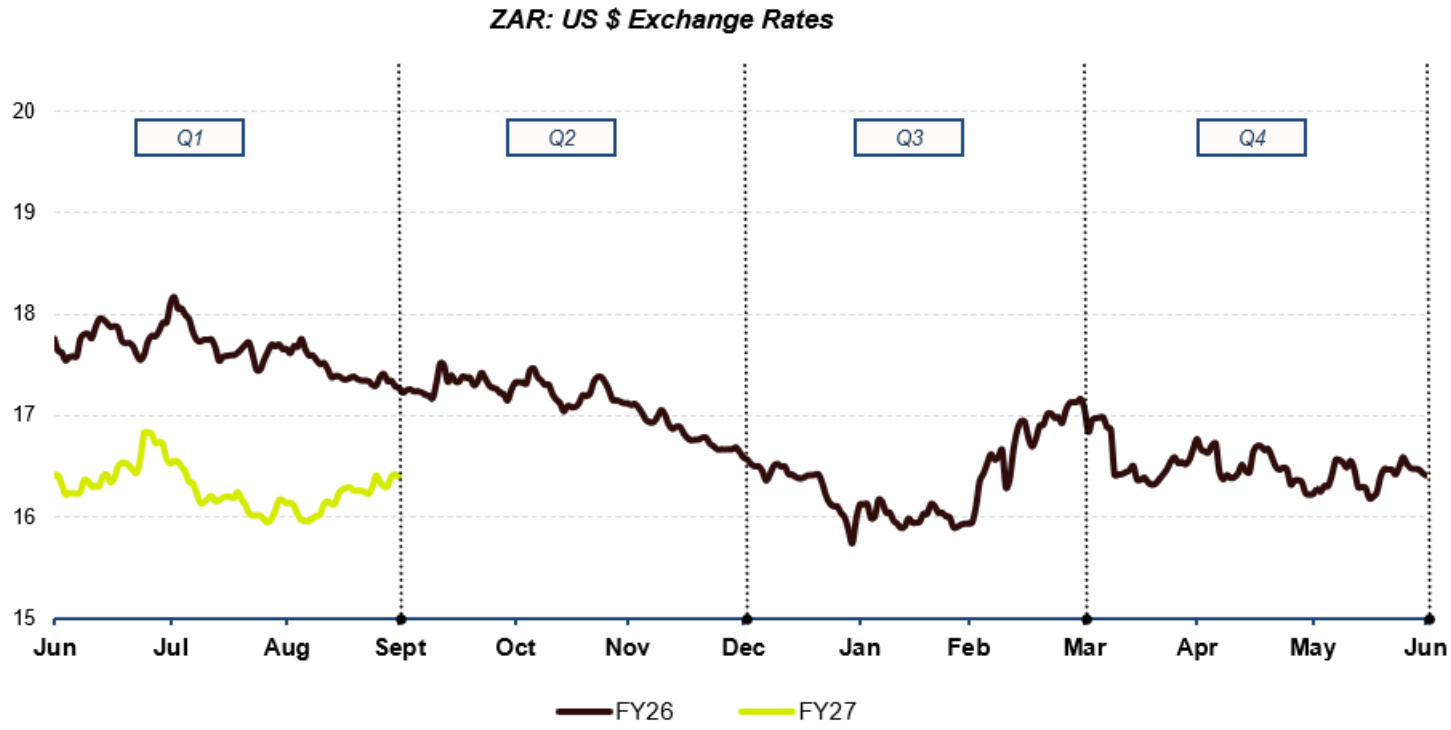
Refer to Note 1 to our unaudited condensed consolidated financial statements for a full description of recent accounting pronouncements not yet adopted as of September 30, 2026, including the expected dates of adoption and effects on our financial condition, results of operations and cash flows

Currency Exchange Rate Information

Actual exchange rates

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

Table 1	**Three months ended September 30,**		**Year ended June 30,**
	2026	**2025**	**2026**
ZAR : $ average exchange rate	16.2849	17.6379	16.9074
Highest ZAR : $ rate during period	16.8364	18.1650	18.1650
Lowest ZAR : $ rate during period	15.9453	17.2702	15.7392
Rate at end of period	16.3979	17.2702	16.4072



Translation exchange rates for financial reporting purposes

We have translated the results of operations and operating segment information for the three months ended September 30, 2026 and 2025, provided in the tables below using the actual average exchange rates per month between the USD and ZAR. Thus, the average rates used to translate this data for the three months ended September 30, 2026 and 2025, vary slightly from the averages shown in the table above.

Results of Operations

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

Our operating segment revenue presented in "—Results of operations by operating segment" represents total revenue per operating segment before intercompany eliminations. A reconciliation between total operating segment revenue and revenue, as well as the reconciliation between our segment performance measure and net loss before tax (benefits) expense, is presented in our unaudited 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, impairment of goodwill or other intangible assets, other items (including gains or losses on disposal of investments, fair value adjustments to equity securities, unrealized (gain) loss FV for currency adjustment), interest income, interest expense, income tax expense or earnings from equity-accounted investments to our reportable segments. 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 Atom and MobileMart and have integrated these businesses from December 2025 and February 2026, respectively.

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.

First quarter of fiscal 2027 compared to first quarter of fiscal 2026

The following factors had a significant impact on our results of operations during the first quarter of fiscal 2027 as compared with the same period in the prior year:

- ***Lower ZAR revenue:*** Our revenues increased 7.7% in U.S. dollars and decreased by 0.6% in ZAR, primarily due to the decrease in ADP revenue in Merchant and lower fees from Cash following the exit of our ATM business, which was partially offset by an increase in insurance premiums collected and lending revenues (including interest) following higher loan originations, and an increase in ADP activity in Enterprise;
- ***Operating income decrease:*** Operating income decreased primarily due to a lower contribution from Merchant and rebrand costs, which was partially offset by a strong performance by Consumer and Enterprise, and lower amortization of acquisition-related intangible assets;
- ***Lower net interest charge:*** Net interest charge decreased to $3.7 million (ZAR 60.5 million) from $4.5 million (ZAR 78.9 million) primarily due to a lower interest expense following lower effective interest rates; and
- ***Foreign exchange movements:*** The U.S. dollar was 8% weaker against the ZAR during the first quarter of fiscal 2027 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 2

	In United States Dollars		
	Three months ended September 30,		
	2026 $ '000	2025 $ '000	% change
Revenue	184,572	171,448	8%
Cost of goods sold, IT processing, servicing and support [(A)]	124,052	118,623	5%
Selling, general and administration [(A)(1)]	51,555	39,700	30%
Depreciation and amortization	9,973	12,894	(23%)
Transaction costs related to Utilities and Bank Zero acquisitions	58	94	(38%)
Operating (loss) income	(1,066)	137	nm
Loss on disposal of equity-accounted investment	-	584	nm
Interest income	545	539	1%
Interest expense [(A)]	4,258	5,013	(15%)
Loss before income tax benefit	(4,779)	(4,921)	(3%)
Income tax benefit	527	146	261%
Net loss before earnings from equity-accounted investments	(4,252)	(4,775)	(11%)
Earnings from equity-accounted investments	69	-	nm
Net loss	(4,183)	(4,775)	(12%)
Add net loss attributable to non-controlling interest	-	(117)	nm
Net loss attributable to us	(4,183)	(4,658)	(10%)

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations for the three months ended September 30, 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 loss increased by $0.2 million, Interest expense increased by $0.1 million, and the subtotal captions from Loss before income tax expense to Net loss attributable to Lesaka decreased by $0.4 million.

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

Table 3	In South African Rand		
	Three months ended September 30,		
	2026	2025	%
	ZAR '000	ZAR '000	change
Revenue	3,005,676	3,023,546	(1%)
Cost of goods sold, IT processing, servicing and support [(A)]	2,020,378	2,092,242	(3%)
Selling, general and administration [(A)(1)]	839,158	699,803	20%
Depreciation and amortization	162,383	227,366	(29%)
Transaction costs related to Utilities and Bank Zero acquisitions	945	1,762	(46%)
Operating (loss) income	(17,188)	2,373	nm
Loss on disposal of equity-accounted investment	-	10,342	nm
Interest income	8,875	9,496	(7%)
Interest expense [(A)]	69,345	88,422	(22%)
Loss before income tax benefit	(77,658)	(86,895)	(11%)
Income tax benefit	8,494	2,572	230%
Net loss before earnings from equity-accounted investments	(69,164)	(84,323)	(18%)
Earnings from equity-accounted investments	1,118	-	nm
Net loss	(68,046)	(84,323)	(19%)
Add net loss attributable to non-controlling interest	-	(2,058)	nm
Net loss attributable to us	(68,046)	(82,265)	(17%)

(A) In order to correct the error discussed in Note 1 to the unaudited condensed consolidated statement of operations for the three months ended September 30, 2025, 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 loss increased by ZAR 4.4 million, Interest expense increased by ZAR 2.0 million, and the subtotal captions from Loss before income tax expense to Net loss attributable to Lesaka decreased by ZAR 6.4 million.

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

Revenue increased by $13.1 million or 7.7% in U.S. dollars, and decreased by ZAR 17.9 million or ZAR 0.6% in ZAR. The decrease in ZAR was primarily due to the decrease in ADP revenues in Merchant and lower fees from Cash following the exit of our ATM business, which was partially offset by an increase in insurance premiums collected and lending revenues (including interest) following higher loan originations, and an increase in ADP activity in Enterprise. 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 $5.4 million or 4.6% in U.S. dollars and decreased by ZAR71.9 million or 3.4% in ZAR. The decrease in ZAR is primarily due to the decrease in ADP costs, which was partially offset by an increase in lending related expenditures (including interest expense), higher insurance-related claims and third-party transaction fees.

Selling, general and administration expenses increased by $11.9 million (ZAR 139.4 million), or 29.9% (in ZAR 19.9%). The increase was primarily due to higher employment-related expenditures, 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, higher lease expense from our new corporate head office and other new regional offices, 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 decreased by $2.9 million (ZAR 65.0 million), or 22.7% (28.6%). Fiscal 2026 included the impact of the change to a shorter useful life for certain of our brand and trademark intangible assets, which were fully amortized by June 30, 2026. Therefore, the decrease compared with fiscal 2026 was primarily due to lower amortization of acquired intangible assets.

Transaction costs related to Utilities and Bank Zero acquisitions during the first quarter of fiscal 2027 and 2026 included costs incurred primarily related to the proposed acquisition of Bank Zero. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

Our operating (loss) income margin for the first quarter of fiscal 2027 and 2026 was (0.6)% and 0.1%, respectively. We discuss the components of operating income margin under "—Results of operations by operating segment."

We did not record any changes in the fair value of equity interests in Cell C during the first quarter of fiscal 2026. We disposed of our entire investment in Cell C in December 2025.

Interest on surplus cash was $0.5 million (ZAR 8.9 million) compared with $0.5 million (ZAR 9.5 million) during the first quarter of fiscal 2026, primarily due to lower interest rates.

Interest expense decreased to $4.3 million (ZAR 69.3 million) from $5.0 million (ZAR 88.4 million). In ZAR, the decrease was primarily due to lower interest rates following a reduction in the margin on our borrowings compared with the first quarter of fiscal 2026.

First quarter of fiscal 2027 income tax benefit was $0.5 million ZAR 8.5 million compared to income tax benefit of $0.1 million (ZAR 2.6 million) in fiscal 2026. Our effective tax rate for fiscal 2027 was impacted by deferred tax assets related to net operating losses incurred by certain of our South African subsidiaries and the deferred tax impact related to the amortization of acquired intangible assets, the tax expense recorded by our profitable South African operations and non-deductible expenses.

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). The income tax benefit was 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 the three months ended September 30, 2025.

Results of operations by operating segment

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

Table 4 — ***In United States Dollars***

	Three months ended September 30,				
	2026		2025		
	$ '000	% of total	$ '000	% of total	% change
Operating Segment					
Consolidated revenue:					
Merchant	119,146	65%	126,950	74%	(6%)
Consumer	41,049	22%	30,576	18%	34%
Enterprise	25,766	14%	14,853	9%	73%
Subtotal: Operating segments	185,961	101%	172,379	101%	8%
Eliminations	(1,389)	(1%)	(931)	(1%)	49%
Total consolidated revenue	**184,572**	**100%**	**171,448**	**100%**	**8%**
Group Adjusted EBITDA:					
Merchant[(A)(1)]	4,716	35%	8,944	59%	(47%)
Consumer[(1)]	12,658	94%	8,493	56%	49%
Enterprise[(1)]	1,755	13%	1,269	8%	38%
Group costs	(5,615)	(42%)	(3,611)	(23%)	55%
Group Adjusted EBITDA (non-GAAP)[(A)(2)]	**13,514**	**100%**	**15,095**	**100%**	**(10%)**

(A) Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by $0.2 million for the three months ended September 30, 2025, 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 three months ended September 30, 2026, includes retrenchment costs of $0.4 million for Merchant. Segment Adjusted EBITDA for the three months ended September 30, 2025, includes retrenchment costs of $0.2 million for Merchant and $0.1 million for Consumer.

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

Table 5	*In South African Rand*				
	Three months ended September 30,				
Operating Segment	**2026 ZAR '000**	**% of total**	**2025 ZAR '000**	**% of total**	**% change**
Consolidated revenue:					
Merchant	1,940,454	65%	2,239,035	74%	(13%)
Consumer	668,310	22%	539,006	18%	24%
Enterprise	419,452	14%	261,904	9%	60%
Subtotal: Operating segments	3,028,216	101%	3,039,945	101%	(0%)
Eliminations	(22,540)	(1%)	(16,399)	(1%)	37%
Total consolidated revenue	**3,005,676**	**100%**	**3,023,546**	**100%**	**(1%)**
Group Adjusted EBITDA:					
Merchant[(A)(1)]	76,870	35%	157,713	59%	(51%)
Consumer[(1)]	206,111	94%	149,710	56%	38%
Enterprise[(1)]	28,572	13%	22,407	8%	28%
Group costs	(91,413)	(42%)	(63,619)	(23%)	44%
Group Adjusted EBITDA (non-GAAP)[(A)(2)]	**220,140**	**100%**	**266,211**	**100%**	**(17%)**

(A) Merchant Segment Adjusted EBITDA and Group Adjusted EBITDA decreased by ZAR 4.4 million for the three months ended September 30, 2025, 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 three months ended September 30, 2026, includes retrenchment costs of ZAR 6.4 million for Merchant. Segment Adjusted EBITDA for the three months ended September 30, 2025, includes retrenchment costs of ZAR 3.8 million for Merchant and ZAR 2.6 million for Consumer.

(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, which was partially offset by higher Acquiring and Lending revenue. The decrease in Segment Adjusted EBITDA primarily related to lower revenue, higher employment-related expenditures, and higher allowance for credit losses.

Our Segment Adjusted EBITDA margin (calculated as Segment Adjusted EBITDA divided by revenue) for the first quarter of fiscal 2027 and 2026 was 4.0% and 7.0%, respectively.

Consumer

Segment revenue increased primarily due to an increase in insurance premiums collected and lending revenues following an increase in loan originations. Segment Adjusted EBITDA has been positively impacted by these increases in revenue, but this increase was partially impacted by higher allowance for credit losses following an increase in loan originations during the quarter, higher insurance-related claims, interest expense (of approximately ZAR 26.7 million; Q1 2026: ZAR 19.9 million) incurred to fund our lending book, higher employment-related expenditures and the year-over-year impact of inflationary increases on certain expenses.

Our Segment Adjusted EBITDA margin for the first quarter of fiscal 2027 and 2026 was 30.8% and 27.8%, respectively.

Enterprise

Segment revenue increase due to higher ADP activity following the acquisition of Mobilemart and continue growth in the contribution from Utilities. Segment Adjusted EBITDA increased primarily due to the increase in revenue which was partially offset by higher employment-related expenditures.

Our Segment Adjusted EBITDA margin for the first quarter of fiscal 2027 and 2026 was 6.8% and 8.5%, 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 first quarter of fiscal 2027 increased compared with the prior period due to higher employee related costs, consulting fees, audit fees and 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), , unrealized (gain) loss FV for currency adjustment, earnings from equity-accounted investments, stock-based compensation charges and once-off items. 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 loss attributable to Lesaka to Group Adjusted EBITDA:

Table 6	**Three months ended September 30,**	
	2026 $ '000	**2025 $ '000**
Loss attributable to Lesaka - GAAP[(A)]	**(4,183)**	**(4,658)**
Add net loss attributable to non-controlling interest	-	117
Net loss	(4,183)	(4,775)
Earnings from equity accounted investments	(69)	-
Net loss before earnings from equity-accounted investments	(4,252)	(4,775)
Income tax benefit	(527)	(146)
Loss before income tax expense	(4,779)	(4,921)
Interest expense[(A)]	4,258	5,013
Interest income	(545)	(539)
Net loss on impairment/ disposal of equity-accounted investment	-	584
Operating (loss) income	(1,066)	137
PPA amortization (amortization of acquired intangible assets)	5,524	9,134
Depreciation and amortization	4,449	3,760
Stock-based compensation charges	1,370	1,861
Once-off items	3,033	267
Unrealized gain (loss) FV for currency adjustments	204	(64)
Group Adjusted EBITDA - Non-GAAP[(A)]	**13,514**	**15,095**

(A) Loss attributable to Lesaka – GAAP and all subtotal captions to Loss before income tax expense for the three months ended September 30, 2025, 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 three months ended September 30, 2025, has been increased by $0.1 million as a result of the correction 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 three months ended September 30, 2025, have been decreased by $0.2 million, as a result of the correction to the amount included in the caption Interest expense for the three months ended September 30, 2025.

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

Table 7

	Three months ended September 30,	
	2026	**2025**
	$ '000	**$ '000**
Lesaka brand refresh	2,750	-
Transaction costs	225	173
Transaction costs related to Utilities and Bank Zero acquisitions	58	94
Total once-off items	**3,033**	**267**

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 2026 we incurred transaction costs related to the proposed acquisition of Bank Zero over a number of quarters, and the transactions are generally non-recurring.

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.

Liquidity and Capital Resources

As of September 30, 2026, our cash and cash equivalents were $85.8 million and comprised U.S. dollar-denominated balances of $2.5 million, ZAR-denominated balances of ZAR 1.3 billion ($81.3 million), and other currency deposits, primarily Botswana pula, of $2.0 million, all amounts translated at exchange rates applicable as of September 30, 2026. The increase in our unrestricted cash balances from June 30, 2026, 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 and Merchant lending books, which was partially offset by 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 other working capital (including acquiring inventory and funding suppliers to procure ADP).

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 9 to our consolidated financial statements for the year ended June 30, 2026, 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 ($12.2 million) in March 2027. We expect to pay up to ZAR 93.0 million ($5.7 million) on closing of the Bank Zero transaction. All amounts translated at exchange rates as of September 30, 2026.

Available short-term borrowings

Summarized below are our short-term facilities available and utilized as of September 30, 2026:

Table 8	RMB GBF		RMB Other		Nedbank	
	$ '000	ZAR '000	$ '000	ZAR '000	$ '000	ZAR '000
Total short-term facilities available, comprising:						
Total overdraft	67,741	1,110,808	-	-	-	-
Indirect and derivative facilities[(1)]	-	-	6,333	103,846	9,547	156,556
Total short-term facilities available	**67,741**	**1,110,808**	**6,333**	**103,846**	**9,547**	**156,556**
Utilized short-term facilities:						
Overdraft	38,633	633,506	-	-	-	-
Indirect and derivative facilities[(1)]	-	-	6,300	103,299	129	2,112
Total short-term facilities utilized	**38,633**	**633,506**	**6,300**	**103,299**	**129**	**2,112**
Interest rate, based on South African prime rate		10.25%		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 3.5 billion ($213.8 million translated at exchange rates as of September 30, 2026) as described in Note 9. These borrowings include outstanding long-term borrowings obtained by Lesaka SA of ZAR 3.0 billion, which were used to refinance our previous long-term borrowings. We have utilized all of these long-term borrowings. As of September 30, 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 September 30, 2026, includes restricted cash of $0.1 million that has been ceded and pledged.

Cash flows from operating activities

First quarter

Net cash used in operating activities during the first quarter of fiscal 2027 was $6.8 million (ZAR 110.4 million) compared to net cash provided by operating activities of $8.9 million (ZAR 157.6 million) during the first quarter of fiscal 2026. Excluding the impact of income taxes, our cash used in operating activities during the first quarter of fiscal 2027 was primarily due to cash utilized for the significant net growth in our Consumer finance loans receivable and to fund other working capital required (including acquiring inventory and funding suppliers to procure ADP), which was partially offset by the positive contribution from our operating segments.

During the first quarter of fiscal 2027, paid taxes related to prior tax years in South Africa of $0.2 million (ZAR 3.7 million). We paid taxes totaling $0.2 million in other tax jurisdictions, primarily in Namibia and Botswana during the first quarter of fiscal 2027. During the first quarter of fiscal 2026, we paid second provisional South African tax payments of $0.05 million (ZAR 0.8 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 $0.3 million (ZAR 5.8 million). We paid taxes totaling $0.1 in other tax jurisdictions, primarily in Botswana during the first quarter of fiscal 2026.

Taxes paid (refunded) during the first quarter of fiscal 2027 and 2026 were as follows:

Table 9

	Three months ended September 30,			
	2026 $ '000	**2025 $ '000**	**2026 ZAR '000**	**2025 ZAR '000**
First provisional payments	-	46	-	821
Second provisional payments	-	284	-	4,936
Taxation paid related to prior years	234	330	3,683	5,763
Tax refund received	-	(20)	-	(349)
Total South African taxes paid	234	640	3,683	11,171
Foreign taxes paid	172	70	2,899	1,243
Total tax paid	406	710	6,582	12,414

Cash flows from investing activities

First quarter

Cash used in investing activities for the first quarter of fiscal 2027 included capital expenditures of $8.2 million (ZAR 133.8 million), primarily due to leasehold improvements to our new corporate head office and other leases, the acquisition of vaults and POS devices. We also incurred expenditures of $0.8 million (ZAR 13.5 million), primarily related to the capitalization of development costs, during the first quarter of fiscal 2027.

Cash used in investing activities for the first quarter of fiscal 2026 included capital expenditures of $4.0 million (ZAR 70.3 million), primarily due to the acquisition of vaults and POS devices. We also incurred expenditures of $1.1 million (ZAR 20.1 million), primarily related to the capitalization of development costs, during the first quarter of fiscal 2026.

Cash flows from financing activities

First quarter

During the first quarter of fiscal 2027, we utilized $59.5 million from our South African general banking facilities to partially fund the growth of our Consumer lending book, and repaid $41.8 million. We utilized $4.1 million of our long-term borrowings to finance the growth in our Merchant lending book as well as the acquisition of POS devices and vehicles. We repaid $1.2 million of long-term borrowings and in accordance with our repayment schedule under our asset-based facilities.

During the first quarter of fiscal 2026, we utilized $28.0 million from our South African general banking facilities to partially fund the growth of our Consumer lending book, and repaid $40.7 million utilizing the funds received from the disposal of MobiKwik. We utilized $2.8 million of our long-term borrowings to finance the acquisition of POS devices and vehicles to fund our Merchant lending book. We repaid $1.1 million of long-term borrowings and in accordance with our repayment schedule under our asset-based facilities. We also paid fees of $0.03 million related the September 2025 refinance of our facility to fund the growth of Merchant lending book.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Capital Expenditures

We expect capital spending for the second quarter of fiscal 2027 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 first quarter of fiscal 2027 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 September 30, 2026, of $0.6 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 as described in Note 12 to our consolidated financial statements which attract interest at rates that fluctuate based on changes in the South African prime and South African Overnight Index Average ("ZARONIA") interest rates. The following table illustrates the effect on our annual expected interest charge, translated at exchange rates applicable as of September 30, 2026, as a result of changes in the South African prime and South African Overnight Index Average ("ZARONIA") interest rates, using our outstanding short and long-term borrowings as of September 30, 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 September 30, 2026, are shown. The selected 1% hypothetical change does not reflect what could be considered the best- or worst-case scenarios.

Table 10	**As of September 30, 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	25,268	1%	27,801
		(1%)	22,738

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 September 30, 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, 2026, material weaknesses in our internal control over financial reporting related to:

(1) Our Consumer lending, Consumer insurance and Group payroll processes, specifically insufficient risk assessment and monitoring activities relating to changes in or migration of systems and processes, insufficient controls over internal information and information from service organizations, and insufficient design and implementation of ITGCs, controls over service organizations and process level controls, resulting in ineffective process level controls, including a lack of validation of the completeness and accuracy of information used within the processes;
(2) Our journal entry process, specifically relating to insufficient risk assessment, 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 inadequate validation of the completeness and accuracy of information used within the process;
(3) The failure of our Utilities, Lesaka Hospitality, Lesaka Merchant Technologies and Lesaka Payments businesses to comply with our Sarbanes program, specifically insufficient risk assessment and monitoring activities relating to systems and processes, insufficient controls over internal information and information from service organizations, and insufficient design and implementation of ITGCs, controls over service organizations and process level controls, resulting in ineffective process level controls, including a lack of validation of the completeness and accuracy of information used within the process;
(4) An insufficient number of experienced and trained resources to execute on their internal control responsibilities resulting in inadequate risk assessment, ineffective design, implementation and operating effectiveness of process level controls for processes in the scope of our internal control over financial reporting evaluation.

As a result of insufficient time in implementing all procedures to remediate the material weaknesses discussed in our Annual Report on Form10-K for our fiscal year ended June 30, 2026 (as described above), the executive chairman and the group chief financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 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 continues to work to remediate the identified material weaknesses and remains committed to remediating them. Our remediation process is ongoing and includes, but is not limited to, the following steps:

(1) Commencement of an Internal Control Upliftment project, supported by external advisors, to strengthen and standardize internal control documentation, elevate the design and implementation of process-level controls, enhance control owner/management understanding and accountability in relation to the importance and operation of internal controls over financial reporting. The focus is specifically on areas comprising associated material weaknesses or significant deficiencies. In parallel, the Group SOX team continues to work with control owners to enhance the broader control environment, with a focus on, among other things, controls over service organizations and ITGCs. In the medium term, we intend to increase the degree of automation of controls throughout the organization;
(2) The recruitment of additional appropriately skilled resources across the Finance and Risk and Compliance disciplines, including the appointment of a Group Head: Risk and Compliance reporting to our executive chairman to enhance internal control capacity and capabilities;
(3) Planned rollout of an enhanced internal controls training program across the business, including targeted training for resources responsible for key controls;
(4) Further embedment of a culture of internal controls compliance through the embedding of controls compliance in the key performance indicators of senior executives as well as process and control owners across the business;
(5) Mandated enhanced risk assessment procedures with governance requirements upon implementing new or migrating existing systems within the Group together with the design, implementation and monitoring of control activities; and
(6) Closer collaboration with internal and external assurance partners to ensure the robustness of our remediation activities.

The remediation plan with respect to the material weaknesses identified for the year ended June 30, 2026, 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 September 30, 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

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, 2026, 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. 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, 2026.

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 first quarter of fiscal 2027:

Table 16	**(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**
Jul 1, 2026 - Jul 31, 2026	-	-	-	15,000,000
Aug 1, 2026 - Aug 31, 2026	-	-	-	15,000,000
Sep 1, 2026 - Sep 30, 2026[(1)]	40,688	4.56	-	15,000,000
Total	40,688		-	

(1) Relates to the delivery of 40,688 shares of our common stock in September 2026 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.

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 September 30, 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
10.47*	Amended and Restated Employment Agreement, dated as of July 30, 2026, between Lesaka Technologies, Inc. and Ali Mazanderani		8-K	10.1	July 30, 2026
10.48*	Employment Agreement, dated as of July 30, 2026, between Lesaka Technologies (Pty) Ltd and Ali Mazanderani		8-K	10.2	July 30, 2026
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act	X			
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act	X			
32	Certification pursuant to 18 USC Section 1350	X			
101.INS	XBRL Instance Document	X			
101.SCH	XBRL Taxonomy Extension Schema	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X			
104	Cover page formatted as Inline XBRL and contained in Exhibit 101				

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 4, 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