

South African Constitutional Court pronounces judgment on payment of social welfare grants after April 1, 2018

Johannesburg, March 23, 2018 – Net 1 UEPS Technologies, Inc. (“Net1” or the “Company”) (NasdaqGS: UEPS; JSE NT1) today announced that the South African Constitutional Court (“Constitutional Court”) has given an order regarding the continued payment of social grants when the current contract between the Company’s subsidiary Cash Paymaster Services (Pty) Ltd (“CPS”) and SASSA expires on March 31, 2018. Essentially, the current contract between CPS and SASSA for beneficiaries who are paid in cash has been extended for a further period of six months under the current contract’s terms and conditions, augmented by certain additional terms and conditions ordered by the Constitutional Court. The relevant extracts from the order are provided below:

Order:

2. It is declared that, for the period of six months from 1 April 2018, SASSA and CPS are under a constitutional obligation to ensure payment of social grants to beneficiaries who are paid in cash.
3. The declaration of invalidity of the contract between SASSA and CPS, in relation to cash payment of social grants to beneficiaries who are paid in cash, is further suspended for a six month period from 1 April 2018.
4. SASSA and CPS must ensure that for the period of six months from 1 April 2018 payment of social grants is made to beneficiaries who are paid in cash on the same terms and conditions as those in the current contract between them.

4.1 CPS may in writing request National Treasury during the six month period to investigate and make a recommendation regarding the price to be paid for the service it is to render in terms of paragraph 4 of this order.

4.2 National Treasury must file a report with this Court within 21 days of receipt of the request setting out its recommendation.

4.3 Within 30 days of the completion of the period of the contract, CPS must file with this Court an audited statement of the expenses incurred, the income received and the net profit earned under this contract.

4.4 SASSA must immediately thereafter obtain an independent audited verification of the details provided by CPS under paragraph 4.3.

4.5. The audited verification must be approved by National Treasury and filed by SASSA with this Court within 60 days of the completion of the contract.

4.6 CPS must permit the auditors appointed by SASSA to have unfettered access to its financial information for this purpose.

A full copy of the March 2018 order is available on the Company’s website at www.net1.com. The Constitutional Court has indicated that the full judgement will be handed down at a later stage.

“We are relieved that the Court has provided guidance for the payment of grants after March 31, 2018,” said Herman Kotzé, CEO of Net1. “We understand the critical importance of uninterrupted service delivery to the country’s most vulnerable citizens and we will continue to provide the same reliable service in accordance with our track record over the last six years. All Grindrod Bank/SASSA accounts, including those utilized by beneficiaries to receive their grants electronically, will remain functional after April 1, 2018 and will continue to be administered by Net1 and Grindrod Bank.”

About Net1 (www.net1.com)

Net1 is a leading provider of alternative payment systems that leverage its Universal Electronic Payment System (“UEPS”) or utilize its proprietary mobile technologies. The Company operates market-leading payment processors in South Africa and the Republic of Korea. Through Transact24, Net1 offers debit, credit and prepaid processing and issuing services for Visa, MasterCard and ChinaUnionPay in China and other territories across Asia-Pacific, Europe and Africa, and the United States. Through Masterpayment, Net1 provides payment processing and enables working capital financing in Europe.

UEPS permits the Company to facilitate biometrically secure, real-time electronic transaction processing to unbanked and under-banked populations of developing economies around the world in an online or offline environment. Net1’s UEPS/EMV solution is interoperable with global EMV standards that seamlessly enable access to all the UEPS functionality in a traditional EMV environment. In addition to payments, UEPS can be used for banking, healthcare management, payroll, remittances, voting and identification.

Net1’s mobile technologies include its proprietary mobile payments solution - MVC, which offers secure mobile-based payments, as well as mobile banking and prepaid value-added services in developed and emerging countries.

Net1 has a primary listing on the NASDAQ and a secondary listing on the Johannesburg Stock Exchange.

Forward-Looking Statements

This announcement contains forward-looking statements that involve known and unknown risks and uncertainties, including without limitation, that the price for CPS’ services to be recommended by National Treasury to the Constitutional Court may be economically unacceptable to CPS or that such price, even if economically acceptable to CPS, may be rejected by the Constitutional Court, as well as the risk that an audit required by the Constitutional Court may be challenged or not accepted by the National Treasury or the Constitutional Court or the risk that CPS may ultimately be ordered to repay amounts it has received from SASSA under the contract since inception. A discussion of various factors that cause our actual results, levels of activity, performance or achievements to differ materially from those expressed in such forward-looking statements are included in our filings with the Securities and Exchange Commission. We undertake no obligation to revise any of these statements to reflect future events.

Investor Relations Contact:

Dhruv Chopra
Head of Investor Relations
Phone: +1-917-767-6722
Email: dchopra@net1.com

Media Relations Contact

Bridget von Holdt
Business Director – Burson-Marsteller South Africa
Phone: +27-82-610-0650
Email: bridget.vonholdt@bm-africa.com