

Net1's CPS to challenge High Court's order regarding SASSA implementation cost recovery

Johannesburg, March 23, 2018 – Net 1 UEPS Technologies, Inc. (“Net1” or the “Company”) (NasdaqGS: UEPS; JSE NT1) today announced that the North Gauteng High Court (“the Court”) has pronounced judgment in the application brought in March 2015 by Corruption Watch, a South African non-profit civil society organization. Corruption Watch sought an order that the Court review and set aside the decision of SASSA’s Chief Executive Officer to approve the payment to the Company’s subsidiary, Cash Paymaster Services (Pty) Ltd (“CPS”), of ZAR 317 million (approximately ZAR 277 million, excluding VAT) and directing CPS to repay the aforesaid amount with interest. Corruption Watch claimed that there was no lawful basis for the decision to make the payment to CPS, and that the decision was unreasonable and irrational and did not comply with SASSA’s Supply Chain Management Policy.

The Court today ordered that:

- The variation agreement between SASSA and CPS made on June 15, 2012, and the resultant payment made in the sum of ZAR 317 million be reviewed and set aside;
- CPS is ordered to refund the said amount of ZAR 317 million to SASSA with interest from June 2014 to date of payment;
- The respondents are, jointly and severally, ordered to pay the costs of the application, including the cost of two counsel.

As previously disclosed by the Company in June 2014, CPS received approximately ZAR 277 million from SASSA related to the recovery of additional implementation costs it incurred during the beneficiary re-registration process in fiscal 2012 and 2013. After the award of the tender, SASSA requested that CPS biometrically register all social grant beneficiaries (including child grant beneficiaries) and collect additional information for each child grant recipient. CPS agreed to SASSA’s request, and as a result CPS performed approximately 11 million additional registrations beyond those that it tendered to register for the quoted service fee. Accordingly, CPS claimed a cost recovery from SASSA, supported by a factual findings certificate from an independent auditing firm. SASSA agreed to pay CPS the ZAR 277 million as full settlement of the additional costs incurred by CPS.

“We are disappointed with the Court’s judgment and will immediately seek leave to appeal,” said Herman Kotzé, CEO of Net1. “The additional registrations we performed at SASSA’s request, resulted in the identification and removal of a significant number of ghost beneficiaries and duplicate grants, and had the direct result of saving the South African government more than R2 billion per year for the last five years. The cost incurred for the additional registrations was recovered without any profit component. CPS performed the work requested by SASSA on a bona-fide basis and it is unfortunate that it once again finds itself being prejudiced by apparent shortcomings in SASSA’s processes,” he concluded.

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, which include, without limitation, whether the company will be granted leave to appeal the High Court judgment, and if so, whether any appeal will ultimately be successful. A discussion of various factors that may 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.

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