

## Net 1 files 2019 Form 10-K with SEC and cures Nasdaq delinquency

JOHANNESBURG, October 25, 2019 – Net 1 UEPS Technologies, Inc. (Nasdaq: UEPS; JSE: NT1) today announced that it has filed its Annual Report on Form 10-K with the United States Securities and Exchange Commission for the year ended June 30, 2019. Filing of the Form 10-K cures the Nasdaq delinquency reported on October 3, 2019. We do not need to file a plan of compliance with Nasdaq and believe that we are now in compliance with Nasdaq’s continued listing requirements.

### Final results amended as a result of September 30, 2019 Supreme Court ruling:

Our preliminary results released on September 26, 2019, have been updated for the impact of the Supreme Court ruling on September 30, 2019. The Supreme Court ruling declined our subsidiary, Cash Paymaster Services (Pty) Ltd’s (“CPS”), appeal of the refund of ZAR 317.0 million plus interest to the South Africa Social Security Agency (“SASSA”) related to the recovery of additional implementation costs incurred by CPS during the beneficiary re-registration process in fiscal 2012 and 2013. CPS is liable to repay SASSA ZAR 317.0 million, plus interest from June 2014 to date of payment. As a result, we recorded the liability at June 30, 2019, of \$34.0 million (ZAR 479.4 million, translated at exchange rates applicable as of June 30, 2019, comprising a revenue refund of \$19.7 million (ZAR 277.6 million), accrued interest of \$11.4 million (ZAR 161.0 million), unclaimed indirect taxes of \$2.8 million (ZAR 39.4 million) and estimated costs of \$0.1 million (ZAR 1.4 million)).

Below is a summary of the changes to our audited consolidated financial statements for Q4 2019 and full year 2019, as a result of the liability recorded compared with our preliminary results (“Prelim”) reported on September 26, 2019:

	Q4 2019			F2019		
	Final	Prelim	Mvt	Final	Prelim	Mvt
<i>(All figures in USD ‘000s except per share data)</i>						
Revenue	51,472	71,181	(19,709)	360,990	380,699	(19,709)
GAAP operating (loss) income	(49,646)	(15,607)	(34,039)	(113,508)	(79,469)	(34,039)
Adjusted (negative) EBITDA <sup>(1)</sup>	(749)	(749)	-	(12,621)	(12,621)	-
GAAP net (loss) income	(183,694)	(149,655)	(34,039)	(307,618)	(273,579)	(34,039)
Fundamental (loss) earnings <sup>(1)</sup>	(173,128)	(139,089)	(34,039)	(256,906)	(222,867)	(34,039)
GAAP (loss) earnings per share (\$)	(3.23)	(2.63)	(0.60)	(5.42)	(4.82)	(0.60)
Fundamental (loss) earnings per share (\$) <sup>(1)</sup>	(3.05)	(2.45)	(0.60)	(4.53)	(3.93)	(0.60)
Headline (loss) earnings per share (\$) <sup>(1)</sup>	(3.11)	(2.51)	(0.60)	(4.98)	(4.38)	(0.60)

(1) Adjusted negative EBITDA and fundamental (loss) earnings per share are non-GAAP measures and are described below under “Use of Non-GAAP Measures”. See Attachment B for a reconciliation of GAAP operating (loss) income to negative EBITDA and Adjusted negative EBITDA, and GAAP net (loss) income to fundamental net (loss) income and (loss) earnings per share. See Attachment C for a reconciliation of net (loss) income used to calculate (loss) earnings per share basic and diluted and headline (loss) earnings per share basic and diluted

We reiterate our fiscal 2020 guidance for adjusted EBITDA of at least \$16 million using a constant currency base of ZAR 14.27/\$1, driven by growth in South Korea and South Africa, and reduced losses from our IPG business.

### Summary Financial Metrics

	Three months ended June 30,			
	2019	2018	% change in USD	% change in ZAR
<i>(All figures in USD ‘000s except per share data)</i>				
Revenue	51,472	149,194	(65%)	(57%)
GAAP operating (loss) income	(49,646)	10,072	nm	nm
Adjusted (negative) EBITDA <sup>(2)</sup>	(749)	24,301	nm	nm
GAAP (loss) earnings per share (\$)	(3.23)	0.05	nm	nm
Continuing	(3.23)	0.10	nm	nm
Discontinued	-	(0.05)	nm	nm
Fundamental (loss) earnings per share (\$) <sup>(2)</sup>	(3.05)	0.22	nm	nm
Fully-diluted shares outstanding (‘000’s)	56,804	56,816	(0%)	
Average period USD/ ZAR exchange rate	14.29	11.45	25%	
Non-cash adjustments included (before tax impact):	140,827	12,834	997%	
Allowance for doubtful finance loans receivables	1,148	1,798	(36%)	
Change in fair value of equity securities	125,360	5,370	2,234%	
Loss on disposal of DNI	631	-	nm	
Loss on acquisition of DNI	-	4,614	nm	
Impairment loss	6,249	1,052	494%	
Impairment of Cedar Cell note	7,439	-	nm	

	Fiscal year ended June 30,			
	2019	2018	% change in USD	% change in ZAR
		As restated <sup>(1)</sup>		
<i>(All figures in USD '000s except per share data)</i>				
Revenue	360,990	612,889	(41%)	(34%)
GAAP operating (loss) income	(113,508)	58,949	nm	nm
Adjusted (negative) EBITDA <sup>(2)</sup>	(12,621)	127,155	nm	nm
GAAP (loss) earnings per share (\$)	(5.42)	1.13	nm	nm
Continuing	(5.40)	1.09	nm	nm
Discontinued	(0.02)	0.04	nm	nm
Fundamental (loss) earnings per share (\$) <sup>(2)</sup>	(4.53)	2.00	nm	nm
Fully-diluted shares outstanding ('000's)	56,778	56,858	(0%)	
Average period USD/ ZAR exchange rate	14.27	12.70	12%	
Non-cash adjustments included (before tax impact):	238,554	6,416	3,618%	
Allowance for doubtful finance loans receivables	32,786	13,358	145%	
Change in fair value of equity securities	167,459	(32,473)	nm	
Loss on disposal of DNI	5,771	-	nm	
Loss on acquisition of DNI	-	4,614	nm	
Impairment loss	19,745	20,917	(6%)	
Impairment of Cedar Cell note	12,793	-	nm	

(1) 2018 restated to correct an error identified by its equity method investment – Finbond Group Limited. The financial information for the three months and year ended June 30, 2018, have been restated with the effect of decreasing GAAP net (loss) income by \$0.1 million, respectively. GAAP (loss) earnings per share were unaffected.

(2) Adjusted negative EBITDA, fundamental loss (earnings), fundamental (loss) earnings per share and headline (loss) earnings per share are non-GAAP measures and are described below under “Use of Non-GAAP Measures—negative EBITDA and Adjusted negative EBITDA, and — Fundamental net (loss) income and fundamental (loss) earnings per share.” See Attachment B for a reconciliation of GAAP operating (loss) income to negative EBITDA and Adjusted negative EBITDA, and GAAP net (loss) income to fundamental net (loss) income and (loss) earnings per share.

#### Factors impacting comparability of our Q4 2019 and Q4 2018 results

- **Decline in revenue:** Our revenues declined 57% in ZAR primarily due to the expiration of our SASSA contract, the reversal of revenue of \$19.7 million (ZAR 277.6 million) following the September 2019 Supreme Court ruling, the significant decline in EPE account numbers driven by SASSA’s auto-migration of accounts to SAPO, and a reduction in EPE-related financial and value-added services and transaction fees due to a smaller customer base;
- **Increase in operating losses:** Lower revenue, coupled with a high-fixed cost infrastructure, additional costs recorded related to the September 2019 Supreme Court ruling of \$14.3 million (ZAR 201.8 million), ongoing IPG operating losses, and a goodwill impairment resulted in an operating loss. We also incurred \$1.0 million in retrenchment costs during Q4 2019;
- **Non-cash losses, impairments and fair-value adjustments:** We incurred a \$0.6 million non-cash loss on disposal of an 8% interest in DNI, a goodwill impairment loss of \$6.2 million, a fair value adjustment loss of \$125.4 million for Cell C and a \$7.4 million impairment of our Cedar Cell note;
- **Implementation costs to be refunded to SASSA of \$34.0 million:** We recorded an accrual of \$34.0 million related to the September 2019 Supreme Court ruling comprising a revenue refund of \$19.7 million (ZAR 277.6 million), accrued interest of \$11.4 million (ZAR 161.0 million), unclaimed indirect taxes of \$2.8 million (ZAR 39.4 million) and estimated costs of \$0.1 million (ZAR 1.4 million)); and
- **Adverse foreign exchange movements:** The U.S. dollar appreciated 23% against the ZAR and 10% against the KRW during Q4 2019, which adversely impacted our reported results.

#### Results of Operations by Segment and Liquidity

##### *South African transaction processing*

Segment revenue was \$18.9 million in Q4 2019, down 63% on a constant currency basis compared with Q4 2018 but up from \$17.4 million in Q3 2019. The year-over-year decrease in segment revenue and operating income was primarily due to the substantial decrease in the number of SASSA grant recipients paid under our SASSA contract as the contract ended at the end of Q1 2019. Our revenue and operating income were also adversely impacted by the significant reduction in the number of SASSA grant recipients with SASSA-branded Grindrod cards linked to Grindrod bank accounts as well as a lower number of EPE accounts in Q2 2019. These decreases in revenue and operating income were partially offset by higher transaction revenue as a result of increased usage of our ATMs. Operating income for this operating segment for Q4 2019 included retrenchment costs of \$1.0 million (ZAR 14.3 million). Our operating (loss) income margin for Q4 2019 and 2018 was (13.1%) and 6.7%, respectively. Excluding restructuring costs, the operating loss margin for Q4 2019 and Q3 2019 was (7.5%) and (57.5%) respectively.

### ***International transaction processing***

Segment revenue was \$36.4 million in Q4 2019, down 16% compared with Q4 2018 but up from \$34.4 million in Q3 2019. Segment revenue was lower during Q4 2019, primarily due to a contraction in IPG transactions processed, specifically meaningfully lower crypto-exchange and China processing activity, and modestly lower KSNET revenue as a result of lower transaction values processed. Operating income during Q4 2019 was higher compared to fiscal 2018 due to an improved contribution from KSNET, primarily as a result of a lower depreciation expense, and partially offset by the decrease in IPG revenues. Operating income margin for Q4 2019 and 2018, and Q3 2019 was 6.1%, 4.8%, and 5.6% respectively.

### ***Financial inclusion and applied technologies***

Segment revenue was \$17.4 million in Q4 2019, down 59% compared with Q4 2018 in constant currency and Q3 2019 revenue (excluding DNI) of \$18.8 million. Segment revenue decreased primarily due to fewer prepaid airtime and value-added services sales, lower lending and insurance revenue, and a decrease in inter-segment revenues. Operating income was significantly lower than Q4 2018, primarily due to lower revenue generation and higher expenses incurred to maintain and expand our financial service infrastructure. Operating (loss) income for this operating segment for Q4 2019 includes a goodwill impairment of \$6.2 million. Operating (loss) income margin for Q4 2019 and 2018 was (61.2%) and 25.5%, respectively. Excluding the goodwill impairment, segment operating loss and margin for Q4 2019 were (\$4.5) million and (26.0%), respectively, and excluding DNI and retrenchment costs, segment operating loss and margin for Q3, 2019 were (\$3.3) million and (17.8%), respectively.

### ***Corporate/eliminations***

Our corporate expenses increased primarily due to the accrual of \$14.3 million related to the September 2019 Supreme Court ruling, higher non-employee director expenses, transaction-related expenditures and external service provider fees, partially offset by a reversal of stock compensation charge of \$1.8 million related to stock options and restricted stock forfeited.

### ***Cash flow, liquidity and consideration of going concern***

At June 30, 2019, our cash and cash equivalents were \$46.1 million and comprised of KRW-denominated balances of KRW 30.1 billion (\$26.1 million), ZAR-denominated balances of ZAR 184.3 million (\$13.1 million), U.S. dollar-denominated balances of \$2.4 million, and other currency deposits, primarily Botswana pula, of \$4.5 million, all amounts translated at exchange rates applicable as of June 30, 2019. The decrease in our unrestricted cash balances from June 30, 2018, was primarily due to significantly weaker trading activities, scheduled debt repayments, dividend payments to non-controlling interests and capital expenditures, which was partially offset by cash dividends received from DNI and a decrease in our South African lending book.

Excluding the impact of interest received, interest paid under our South Africa debt and taxes, the decrease in cash provided is primarily due to significantly weaker trading activity during fiscal 2019 compared to 2018. Capital expenditures for Q4 2019 and 2018 were \$2.1 million and \$1.8 million, respectively, and primarily relate to the acquisition of additional ATMs in South Africa. We made an unscheduled South African debt facility payment of \$1.0 million (ZAR 15 million) and settled our outstanding South African long-term borrowings in full.

### **Use of Non-GAAP Measures**

US 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 directly comparable GAAP measures. The presentation of negative EBITDA, adjusted negative EBITDA, fundamental net (loss) income and fundamental (loss) earnings per share and headline (loss) earnings per share are non-GAAP measures.

### ***EBITDA and adjusted EBITDA***

(Loss) Earnings before interest, tax, depreciation and amortization (“EBITDA”) is GAAP operating (loss) income adjusted for depreciation and amortization and, if applicable, impairment losses. Adjusted EBITDA is EBITDA adjusted for costs related to acquisitions and transactions consummated or ultimately not pursued, retrenchment costs incurred, and in fiscal 2019, the accrual of \$34.0 million related to the September 2019 Supreme Court ruling, and in fiscal 2018, the non-cash re-measurement loss related to the acquisition of DNI, an allowance for doubtful Mastertrading working capital finance loans receivable, a refund of indirect taxes in Korea, and (loss) profits realized on the sale of a business.

### ***Fundamental net (loss) income and fundamental (loss) earnings per share***

Fundamental net (loss) income and (loss) earnings per share is GAAP net (loss) income and (loss) earnings per share adjusted for the amortization of acquisition-related intangible assets (net of deferred taxes), the amortization of intangible assets (net of deferred taxes) related to equity-accounted investments, stock-based compensation charges and reversals, the amortization of South African and South Korean debt facility fees and unusual non-recurring items, including impairment losses, costs related to acquisitions and transactions consummated or ultimately not pursued.

Fundamental net (loss) income and (loss) earnings per share for fiscal 2019 also includes an adjustment for the loss incurred on the disposal of DNI, retrenchment costs incurred, accretion of interest related to the DNI contingent consideration, and for the non-controlling interest portion of the amortization of intangible assets (net of deferred taxes). Fundamental net income and earnings per

share for fiscal 2018 also includes adjustments for an allowance for doubtful working capital finance receivables, the non-cash re-measurement loss related to the acquisition of DNI, refund of indirect taxes in Korea, the impact of changes in tax laws in the U.S and a gain realized on the sale of XeoHealth.

We provide earnings guidance only on a non-GAAP basis and do not provide a reconciliation of forward-looking fundamental (loss) earnings per share guidance to the most directly comparable GAAP financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, the amounts of which, based on past experience, could be material.

Management believes that the EBITDA, adjusted EBITDA, fundamental net (loss) income and (loss) earnings per share metric enhances its own evaluation, as well as an investor's understanding, of our financial performance. Attachment B presents the reconciliation between GAAP operating income and EBITDA and adjusted EBITDA; and GAAP net (loss) income and (loss) earnings per share and fundamental net (loss) income and (loss) earnings per share.

### ***Headline (loss) earnings per share ("H(L)EPS")***

The inclusion of H(L)EPS in this press release is a requirement of our listing on the JSE. H(L)EPS basic and diluted is calculated using net (loss) income which has been determined based on GAAP. Accordingly, this may differ to the headline (loss) earnings per share calculation of other companies listed on the JSE as these companies may report their financial results under a different financial reporting framework, including but not limited to, International Financial Reporting Standards.

H(L)EPS basic and diluted is calculated as GAAP net (loss) income adjusted for the impairment loss and (profit) loss on sale of property, plant and equipment and the re-measurement loss on the acquisition of DNI. Attachment C presents the reconciliation between our net (loss) income used to calculate (loss) earnings per share basic and diluted and HE(L)PS basic and diluted and the calculation of the denominator for headline diluted (loss) earnings per share.

### **About Net1**

Net1 is a leading provider of transaction processing services, financial inclusion products and services and secure payment technology. Net1 operates market-leading payment processors in South Africa and the Republic of Korea. Net1 offers debit, credit and prepaid processing and issuing services for all major payment networks. In South Africa, Net1 provides innovative low-cost financial inclusion products, including banking, lending and insurance and through DNI is a leading distributor of mobile subscriber starter packs for Cell C, a South African mobile network operator. Net1 leverages its strategic equity investments in Finbond and Bank Frick (both regulated banks), and Cell C to introduce products to new customers and geographies.

Net1 has a primary listing on NASDAQ (NasdaqGS: UEPS) and a secondary listing on the Johannesburg Stock Exchange (JSE: NT1). Visit [www.net1.com](http://www.net1.com) for additional information about Net1.

### **Forward-Looking Statements**

This announcement contains forward-looking statements that involve known and unknown risks and uncertainties. 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.

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**NET 1 UEPS TECHNOLOGIES, INC.**  
**Consolidated Statements of Operations**

	Unaudited		(1)	
	Three months ended		Year ended	
	June 30,		June 30,	
	2019	2018 (As restated) <sup>(R)</sup>	2019	2018 (As restated) <sup>(R)</sup>
	(In thousands, except per share data)		(In thousands, except per share data)	
REVENUE	\$ 51,472	\$ 149,194	\$ 360,990	\$ 612,889
EXPENSE				
Cost of goods sold, IT processing, servicing and support	41,668	78,030	215,348	304,536
Selling, general and administration	46,380	51,586	202,056	193,003
Depreciation and amortization	6,821	8,454	37,349	35,484
Impairment loss	6,249	1,052	19,745	20,917
OPERATING (LOSS) INCOME	(49,646)	10,072	(113,508)	58,949
CHANGE IN FAIR VALUE OF EQUITY SECURITIES	(125,360)	(5,370)	(167,459)	32,473
LOSS ON DISPOSAL OF DNI	631	-	5,771	-
INTEREST INCOME	1,289	2,982	7,229	17,885
INTEREST EXPENSE	1,694	2,069	10,724	8,941
IMPAIRMENT OF CEDAR CELLULAR NOTE	7,439	-	12,793	-
(LOSS) INCOME BEFORE INCOME TAX (BENEFIT) EXPENSE	(183,481)	5,615	(303,026)	100,366
INCOME TAX (BENEFIT) EXPENSE	2,023	8,840	3,725	48,597
NET (LOSS) INCOME BEFORE EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS	(185,504)	(3,225)	(306,751)	51,769
EARNINGS FROM EQUITY-ACCOUNTED INVESTMENTS	1,820	4,208	1,482	11,597
NET (LOSS) INCOME	(183,684)	983	(305,269)	63,366
Continuing	(183,684)	3,794	(307,959)	60,975
Discontinued	-	(2,811)	2,690	2,391
LESS (ADD) NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST	10	(1,783)	2,349	(880)
Continuing	10	(1,783)	(1,352)	(880)
Discontinued	-	-	3,701	-
NET (LOSS) INCOME ATTRIBUTABLE TO NET1	\$ (183,694)	2,766	(307,618)	64,246
Continuing	(183,694)	5,577	(306,607)	61,855
Discontinued	-	(2,811)	(1,011)	2,391
<b>Net (loss) income per share, in U.S. dollars</b>				
Basic (loss) earnings attributable to Net1 shareholders	(3.23)	0.05	(5.42)	1.13
Continuing	(3.23)	0.10	(5.40)	1.09
Discontinued	-	(0.05)	(0.02)	0.04
Diluted (loss) earnings attributable to Net1 shareholders	(3.23)	0.05	(5.42)	1.13
Continuing	(3.23)	0.10	(5.40)	1.09
Discontinued	-	(0.05)	(0.02)	0.04

(R) Certain amounts have been restated to correct an insignificant misstatement.

(1) Derived from audited consolidated financial statements.

**NET 1 UEPS TECHNOLOGIES, INC.**  
**Consolidated Balance Sheets**

	<b>(A)</b> <b>June 30,</b> <b>2019</b>	<b>(A) <sup>(R)</sup></b> <b>June 30,</b> <b>2018</b>
	(In thousands, except share data)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 46,065	\$ 87,075
Restricted cash	75,446	-
Pre-funded social welfare grants receivable	-	2,965
Accounts receivable, net of allowance of – 2019: \$1,241; 2018: \$1,101 and other receivables	72,494	93,448
Finance loans receivable, net of allowance of – 2019: \$9,291; 2018: \$16,403	30,631	61,463
Inventory	7,535	10,361
Current assets of discontinued operation	-	22,482
Total current assets before settlement assets	232,171	277,794
Settlement assets	63,479	149,047
Total current assets	295,650	426,841
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of – 2019: \$117,866; 2018: \$126,026	18,554	25,737
EQUITY-ACCOUNTED INVESTMENTS	151,116	86,016
GOODWILL	149,387	169,079
INTANGIBLE ASSETS, net of accumulated amortization of – 2019: \$127,100; 2018: \$121,466	11,889	27,129
DEFERRED INCOME TAXES	2,151	4,776
OTHER LONG-TERM ASSETS, including reinsurance assets	44,189	235,032
LONG-TERM ASSETS OF DISCONTINUED OPERATION	-	242,704
<b>TOTAL ASSETS</b>	<b>672,936</b>	<b>1,217,314</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Short-term credit facilities for ATM funding	75,446	-
Short-term credit facilities	9,544	-
Accounts payable	17,005	21,106
Other payables	66,449	41,645
Current portion of long-term borrowings	-	44,079
Income taxes payable	6,223	5,742
Current liabilities of discontinued operation	-	20,914
Total current liabilities before settlement obligations	174,667	133,486
Settlement obligations	63,479	149,047
Total current liabilities	238,146	282,533
DEFERRED INCOME TAXES	4,682	16,067
LONG-TERM BORROWINGS	-	5,469
OTHER LONG-TERM LIABILITIES, including insurance policy liabilities	3,007	30,289
LONG-TERM LIABILITIES OF DISCONTINUED OPERATION	-	38,387
<b>TOTAL LIABILITIES</b>	<b>245,835</b>	<b>372,745</b>
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE COMMON STOCK	107,672	107,672
<b>EQUITY</b>		
<b>COMMON STOCK</b>		
Authorized: 200,000,000 with \$0.001 par value;		
Issued and outstanding shares, net of treasury - 2019: 56,568,425; 2018: 56,685,925	80	80
<b>PREFERRED STOCK</b>		
Authorized shares: 50,000,000 with \$0.001 par value;		
Issued and outstanding shares, net of treasury: June: -; June: -	-	-
ADDITIONAL PAID-IN-CAPITAL	276,997	276,201
TREASURY SHARES, AT COST: 2019: 24,891,292; 2018: 24,891,292	(286,951)	(286,951)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(199,273)	(184,538)
RETAINED EARNINGS	528,576	836,194
TOTAL NET1 EQUITY	319,429	640,986
NON-CONTROLLING INTEREST	-	95,911
<b>TOTAL EQUITY</b>	<b>319,429</b>	<b>736,897</b>
<b>TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND SHAREHOLDERS' EQUITY</b>	<b>\$ 672,936</b>	<b>\$ 1,217,314</b>

(R) Certain amounts have been restated to correct an insignificant misstatement.

(A) Derived from audited consolidated financial statements.

**NET 1 UEPS TECHNOLOGIES, INC.**  
**Condensed Consolidated Statements of Cash Flows**

	Unaudited		(A)	
	Three months ended		Year ended	
	June 30,		June 30,	
	2019	2018 <sup>(R)</sup> (as restated)	2019	2018 <sup>(R)</sup> (as restated)
	(In thousands)		(In thousands)	
<b>Cash flows from operating activities</b>				
Net (loss) income	\$ (183,684)	\$ 983	\$ (305,269)	\$ 63,366
Depreciation and amortization	6,821	8,454	37,349	35,484
Impairment loss	6,249	1,052	19,745	20,917
Allowance for doubtful accounts receivable charged	1,148	1,798	32,786	13,358
Earnings from equity-accounted investments	(1,820)	(4,208)	(1,482)	(11,597)
Interest on Cedar Cellular note	(447)	(626)	(2,397)	(1,395)
Impairment of Cedar Cellular note	7,439	-	12,793	-
Change in fair value of equity securities	125,360	5,370	167,459	(32,473)
SASSA implementation costs to be refunded	34,039	-	34,039	-
Fair value adjustments and foreign currency re-measurements	(18)	623	73	414
Interest payable	(57)	118	237	(146)
Facility fee amortized	115	122	321	589
Loss (Profit) on disposal of business	631	-	5,771	(463)
Loss on fair value of DNI	-	4,614	-	4,614
(Profit) Loss on disposal of property, plant and equipment	(73)	(31)	(486)	40
Stock compensation charge, net of forfeitures	(1,279)	597	393	2,607
Dividends received from equity accounted investments	864	-	1,318	4,111
Decrease (Increase) in accounts and finance loans receivable, and pre-funded grants receivable	5,130	20,170	11,663	17,732
Decrease (Increase) in inventory	430	255	4,042	(2,521)
(Decrease) Increase in accounts payable and other payables	(3,199)	4,820	(14,538)	10,595
Increase (Decrease) in taxes payable	1,286	(6,954)	3,428	1,137
(Decrease) Increase in deferred taxes	(482)	(2,316)	(11,705)	5,936
<b>Net cash (used in) provided by operating activities</b>	<b>(1,547)</b>	<b>34,841</b>	<b>(4,460)</b>	<b>132,305</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(2,136)	(1,848)	(9,416)	(9,649)
Proceeds from disposal of property, plant and equipment	264	83	1,045	658
Acquisition of intangible assets	-	-	(1,384)	-
Investment in equity of equity-accounted investments	-	(1,000)	(2,989)	(133,335)
Disposal of DNI	-	-	(2,114)	-
Investment in MobiKwik	-	-	(1,056)	-
Repayment of loans by equity-accounted investments	1,029	9,180	1,029	9,180
Proceeds on return of investment	-	-	284	-
Investment in Cell C	-	-	-	(151,003)
Loans to equity-accounted investments	-	-	-	(10,635)
Acquisition of held to maturity investment	-	-	-	(9,000)
Acquisitions, net of cash acquired	-	(6,202)	-	(6,202)
Other investing activities, net	-	(207)	-	(61)
Net change in settlement assets	2,198	210,405	79,077	490,795
<b>Net cash provided by investing activities</b>	<b>1,355</b>	<b>210,411</b>	<b>64,476</b>	<b>180,748</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank overdraft	238,229	2,528	822,754	44,900
Repayment of bank overdraft	(238,146)	(5,932)	(740,969)	(62,925)
Repayment of long-term borrowings	(1,047)	(16,095)	(37,357)	(77,062)
Long-term borrowings utilized	-	-	14,613	113,157
Dividends paid to non-controlling interest	(19)	-	(4,104)	-
Payment of guarantee fee	-	-	(394)	(754)
Acquisition of non-controlling interests	(180)	-	(180)	-
Net change in settlement obligations	(2,198)	(210,405)	(79,077)	(490,795)
<b>Net cash used in financing activities</b>	<b>(3,361)</b>	<b>(229,904)</b>	<b>(24,714)</b>	<b>(473,479)</b>
Effect of exchange rate changes on cash	2,126	(12,466)	(3,845)	(7,977)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(1,427)</b>	<b>2,882</b>	<b>31,457</b>	<b>(168,403)</b>
<b>Cash, cash equivalents and restricted cash – beginning</b>	<b>122,938</b>	<b>87,172</b>	<b>90,054</b>	<b>258,457</b>
<b>Cash, cash equivalents and restricted cash – end of period <sup>(1)</sup></b>	<b>\$ 121,511</b>	<b>\$ 90,054</b>	<b>\$ 121,511</b>	<b>\$ 90,054</b>

Cash, cash equivalents and restricted cash – end of year for the year ended June 30, 2018, includes \$2,979 related to DNI.

(R) Certain amounts have been restated to correct an insignificant misstatement.

(A) Derived from audited consolidated financial statements.

(1) Cash, cash equivalents and restricted cash as of June 30, 2019, includes restricted cash of approximately \$75.4 million related to cash withdrawn from our various debt facilities to fund ATMs. This cash may only be used to fund ATMs and is considered restricted as to use and therefore is classified as restricted cash.

Net 1 UEPS Technologies, Inc.

Attachment A

Operating segment revenue, operating income and operating margin:

Three months ended June 30, 2019 and 2018 and March 31, 2019

Key segmental data, in '000, except margins	Q4 '19	Q4 '18	Q3 '19	Change - actual		Change – constant exchange rate <sup>(1)</sup>	
				Q4 '19	Q4 '19	Q4 '19	Q4 '19
				vs Q4'18	vs Q3 '19	vs Q4'18	vs Q3 '19
<b>Revenue:</b>							
South African transaction processing	\$18,945	\$63,954	\$17,374	(70%)	9%	(63%)	10%
International transaction processing .	36,399	43,580	34,358	(16%)	6%	4%	7%
Financial inclusion and applied technologies.....	17,573	53,888	36,650	(67%)	(52%)	(59%)	(52%)
Continuing .....	17,573	53,888	18,808	(67%)	(7%)	(59%)	(6%)
Discontinued .....	-	-	17,842	nm	nm	nm	nm
Subtotal: Operating segments ..	72,917	161,422	88,382	(55%)	(17%)	(44%)	(17%)
Intersegment eliminations and revenue refund .....	(21,445)	(12,228)	(1,898)	75%	1,030%	119%	1,039%
<b>Consolidated revenue .....</b>	<b>51,472</b>	<b>149,194</b>	<b>86,484</b>	<b>(65%)</b>	<b>(40%)</b>	<b>(57%)</b>	<b>(40%)</b>
Continuing .....	51,472	149,194	68,642	(65%)	(25%)	(57%)	(24%)
Discontinued.....	\$-	\$-	\$17,842	nm	nm	nm	nm
<b>Operating (loss) income:</b>							
South African transaction processing	(\$2,474)	\$4,275	(\$12,954)	nm	(81%)	nm	(81%)
International transaction processing .	2,209	2,089	1,909	6%	16%	32%	17%
Financial inclusion and applied technologies.....	(10,749)	13,747	3,227	nm	nm	nm	nm
Continuing .....	(10,749)	13,747	(4,911)	nm	119%	nm	121%
Discontinued .....	-	-	8,138	nm	nm	nm	nm
Subtotal: Operating segments ..	(11,014)	20,111	(7,818)	nm	41%	nm	42%
Corporate/Eliminations .....	(38,632)	(10,039)	(13,865)	285%	179%	380%	181%
Continuing .....	(38,632)	(5,425)	(6,399)	612%	504%	789%	509%
Discontinued .....	-	(4,614)	(7,466)	nm	nm	nm	nm
<b>Consolidated operating (loss) income.....</b>	<b>(49,646)</b>	<b>10,072</b>	<b>(21,683)</b>	<b>nm</b>	<b>129%</b>	<b>nm</b>	<b>131%</b>
Continuing .....	(49,646)	14,686	(22,355)	nm	122%	nm	124%
Discontinued.....	\$-	(\$4,614)	\$672	nm	nm	nm	nm
<b>Operating (loss) income margin (%)</b>							
South African transaction processing	(13.1%)	6.7%	(74.6%)				
International transaction processing .	6.1%	4.8%	5.6%				
Financial inclusion and applied technologies.....	(61.2%)	25.5%	8.8%				
Continuing .....	(61.2%)	25.5%	(26.1%)				
Discontinued .....	nm	nm	45.6%				
Consolidated operating margin	(96.5%)	6.8%	(25.1%)				
Continuing .....	(96.5%)	9.8%	(32.6%)				
Discontinued.....	nm	nm	3.8%				

(1) – This information shows what the change in these items would have been if the USD/ ZAR exchange rate that prevailed during Q4 2019 also prevailed during Q4 2018 and Q3 2019.



Fiscal year ended June 30, 2019 and 2018

Key segmental data, in '000, except margins	F2019	F2018	Change -	Change -
			actual	constant
			F2019	exchange
			vs	rate <sup>(1)</sup>
			F2018	F2019
			vs	vs
			F2018	F2018
<b>Revenue:</b>				
South African transaction processing .....	\$96,038	\$268,047	(64%)	(60%)
International transaction processing .....	148,268	180,027	(18%)	(7%)
Financial inclusion and applied technologies .....	146,184	221,906	(34%)	(26%)
Continuing .....	89,847	221,906	(60%)	(54%)
Discontinued .....	56,337	-	nm	nm
Subtotal: Operating segments .....	390,490	669,980	(42%)	(34%)
Intersegment eliminations and revenue refund .....	(29,500)	(57,091)	(48%)	(42%)
<b>Consolidated revenue .....</b>	<b>360,990</b>	<b>612,889</b>	<b>(41%)</b>	<b>(34%)</b>
Continuing .....	304,653	612,889	(50%)	(44%)
Discontinued .....	\$56,337	\$0	nm	nm
<b>Operating (loss) income:</b>				
South African transaction processing .....	(\$30,771)	\$42,796	nm	nm
International transaction processing .....	2,837	(12,478)	nm	nm
Financial inclusion and applied technologies .....	(14,758)	55,372	nm	nm
Continuing .....	(39,158)	55,372	nm	nm
Discontinued .....	24,400	-	nm	nm
Subtotal: Operating segments .....	(42,692)	85,690	nm	nm
Corporate/Eliminations .....	(70,816)	(26,741)	165%	198%
Continuing .....	(58,097)	(22,127)	163%	195%
Discontinued .....	(12,719)	(4,614)	176%	210%
<b>Consolidated operating (loss) income .....</b>	<b>(113,508)</b>	<b>58,949</b>	<b>nm</b>	<b>nm</b>
Continuing .....	(125,189)	63,563	nm	nm
Discontinued .....	\$11,681	(\$4,614)	nm	nm
<b>Operating (loss) income margin (%)</b>				
South African transaction processing .....	(32.0%)	16.0%		
International transaction processing .....	1.9%	(6.9%)		
Financial inclusion and applied technologies .....	(10.1%)	25.0%		
Continuing .....	(43.6%)	25.0%		
Discontinued .....	43.3%	nm		
Consolidated operating margin .....	(31.4%)	9.6%		
Continuing .....	(41.1%)	9.6%		
Discontinued .....	20.7%	nm		

(1) – This information shows what the change in these items would have been if the USD/ ZAR exchange rate that prevailed during fiscal 2019 also prevailed during fiscal 2018.

**(Loss) Earnings from equity-accounted investments:**

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

	Q4 2019	Q4 2018 <sup>(R)</sup>	% change	F2019	F2018 <sup>(R)</sup>	% change
Bank Frick .....	\$353	(\$1,581)	nm	(\$1,542)	(\$606)	154%
Share of net income .....	493	(1,033)	nm	1,109	201	452%
Amortization of intangible assets, net of deferred tax .....	(140)	(144)	(3%)	(567)	(403)	41%
Other .....	-	(404)	nm	(2,084)	(404)	416%
DNI <sup>(1)</sup> .....	865	1,803	(52%)	865	7,005	(88%)
Share of net income .....	1,380	2,642	(48%)	1,380	9,510	(85%)
Amortization of intangible assets, net of deferred tax .....	(515)	(839)	(39%)	(515)	(2,505)	(79%)
Finbond <sup>(2)</sup> .....	953	4,093	(77%)	2,828	5,194	(46%)
Other .....	(351)	(107)	nm	(669)	4	nm
Earnings from equity-accounted investments .....	\$1,820	\$4,208	(57%)	\$1,482	\$11,597	(87%)

(R) Finbond results have been restated to correct a misstatement.

(1) DNI was included as an equity-accounted investment from August 1, 2017 until June 30, 2018, the date upon which we obtained control and commenced consolidation of DNI, and then again from March 31, 2019. DNI is included in our Financial inclusion and applied technologies operating segment from the acquisition date.

(2) Finbond is listed on the Johannesburg Stock Exchange and reports its six-month results during our first quarter and its annual results during our fourth quarter and we record those results in our results during those quarters.

Net 1 UEPS Technologies, Inc.

Attachment B

Reconciliation of GAAP operating (loss) income to negative EBITDA and adjusted negative EBITDA:

Three months and year ended June 30, 2019 and 2018

	Three months ended June 30,		Year ended June 30,	
	2019	2018	2019	2018
<b>Operating (loss) income - GAAP</b> .....	<b>(49,646)</b>	<b>10,072</b>	<b>(113,508)</b>	<b>58,949</b>
Depreciation and amortization.....	6,821	8,454	37,349	35,484
Impairment loss.....	6,249	1,052	19,745	20,917
(Negative) EBITDA.....	(36,576)	19,578	(56,414)	115,350
Impact of accrual of implementation costs to be refunded to SASSA.....	34,039	-	34,039	-
Retrenchment costs.....	1,026	-	6,269	-
Transaction costs.....	762	109	3,485	2,396
Refund of Korean indirect taxes.....	-	-	-	(2,545)
Loss resulting from acquisition of DNI.....	-	4,614	-	4,614
Non-recurring Mastertrading allowance for doubtful accounts.....	-	-	-	7,803
(Loss) Profit on disposal of subsidiary.....	-	-	-	(463)
<b>Adjusted (negative) EBITDA</b> .....	<b>(749)</b>	<b>24,301</b>	<b>(12,621)</b>	<b>127,155</b>

Reconciliation of GAAP net (loss) income and (loss) earnings per share, basic, to fundamental net (loss) income and (loss) earnings per share, basic:

Three months ended June 30, 2019 and 2018

	Net (loss) income (USD'000)		(L)EPS, basic (USD)		Net (loss) income (ZAR'000)		(L)EPS, basic (ZAR)	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>GAAP</b> .....	<b>(183,694)</b>	<b>2,766</b>	<b>(3.23)</b>	<b>0.05</b>	<b>(2,624,695)</b>	<b>31,660</b>	<b>(46.21)</b>	<b>0.55</b>
Impairment loss.....	6,249	1,052			89,288	14,442		
Loss on disposal of DNI.....	631	-			9,016	-		
Intangible asset amortization, net.....	2,785	2,261			39,807	25,883		
Retrenchment costs, net.....	739	-			10,621	-		
Stock-based compensation charge.....	(1,370)	597			(19,575)	6,833		
Transaction costs.....	762	189			10,888	2,163		
Intangible asset amortization, net related to equity accounted investments.....	655	983			9,359	11,251		
Facility fees for debt.....	115	122			1,643	1,396		
Loss on resulting from acquisition of DNI.....	-	4,614				63,332		
<b>Fundamental</b> .....	<b>(173,128)</b>	<b>12,584</b>	<b>(3.05)</b>	<b>0.22</b>	<b>(2,473,648)</b>	<b>156,960</b>	<b>(43.55)</b>	<b>2.76</b>

Fiscal year ended June 30, 2019 and 2018

	Net (loss) income (USD'000)		(L)EPS, basic (USD)		Net (loss) income (ZAR'000)		(L)EPS, basic (ZAR)	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>GAAP</b> .....	<b>(307,618)</b>	<b>64,246</b>	<b>(5.42)</b>	<b>1.13</b>	<b>(4,389,554)</b>	<b>815,610</b>	<b>(77.34)</b>	<b>14.36</b>
Intangible asset amortization, net .....	16,290	9,385			232,452	119,126		
Impairment loss.....	19,745	20,917			281,751	265,543		
Loss on disposal of DNI .....	5,771	-			82,349	-		
Retrenchment costs, net .....	4,514	-			63,708	-		
Intangible asset amortization, net related to non-controlling interest.....	(2,737)	-			(39,054)	-		
Transaction costs.....	3,485	2,239			49,727	28,424		
Accreted interest on DNI contingent consideration .....	1,848	-			26,360	-		
Stock-based compensation charge.....	393	2,607			5,608	33,096		
Intangible asset amortization, net related to equity accounted investments .....	1,082	2,908			15,439	36,917		
Facility fees for debt .....	321	589			4,580	7,477		
Non-recurring Mastertrading allowance for doubtful accounts .....	-	7,803			-	99,060		
Loss resulting from acquisition of DNI	-	4,614			-	63,332		
Refund related to litigation finalized in Korea, net.....	-	(1,985)			-	(25,200)		
Change in US tax rate .....	-	860			-	10,918		
Profit on disposal of subsidiary .....	-	(463)			-	(5,878)		
<b>Fundamental</b> .....	<b>(256,906)</b>	<b>113,720</b>	<b>(4.53)</b>	<b>2.00</b>	<b>(3,666,634)</b>	<b>1,448,425</b>	<b>(64.60)</b>	<b>25.50</b>

**Net 1 UEPS Technologies, Inc.**

**Attachment C**

**Reconciliation of net (loss) income used to calculate (loss) earnings per share basic and diluted and headline (loss) earnings per share basic and diluted:**

**Three months ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Net (loss) income (USD'000).....	(183,694)	2,766
Adjustments:.....		
Impairment loss.....	6,249	1,052
Loss resulting from acquisition of DNI	631	-
Loss on acquisition of DNI.....		4,614
Profit on sale of property, plant and equipment.....	(73)	(31)
Tax effects on above.....	20	9
Net (loss) income used to calculate headline earnings (USD'000) .....	<u>(176,867)</u>	<u>8,410</u>
Weighted average number of shares used to calculate net income per share basic (loss) earnings and headline (loss) earnings per share basic (loss) earnings ('000) .....	56,804	56,773
Weighted average number of shares used to calculate net income per share diluted (loss) earnings and headline (loss) earnings per share diluted (loss) earnings ('000) .....	56,804	56,816
Headline (loss) earnings per share:.....		
Basic, in USD .....	(3.11)	0.15
Diluted, in USD .....	(3.11)	0.15

**Fiscal year ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Net (loss) income (USD'000).....	(307,618)	64,246
Adjustments:.....		
Impairment loss.....	19,745	20,917
Loss (Profit) on sale of business .....	5,771	(463)
Loss resulting from acquisition of DNI	-	4,614
Profit on sale of property, plant and equipment.....	(486)	40
Tax effects on above.....	136	(11)
Net (loss) income used to calculate headline earnings (USD'000) .....	<u>(282,452)</u>	<u>89,343</u>
Weighted average number of shares used to calculate net income per share basic (loss) earnings and headline (loss) earnings per share basic (loss) earnings ('000) .....	56,760	56,807
Weighted average number of shares used to calculate net income per share diluted (loss) earnings and headline (loss) earnings per share diluted (loss) earnings ('000) .....	56,778	56,858
Headline (loss) earnings per share:.....		
Basic, in USD .....	(4.98)	1.57
Diluted, in USD .....	(4.97)	1.57

**Calculation of the denominator for headline diluted (loss) earnings per share**

	<u>Q4 '19</u>	<u>Q4 '18</u>	<u>F2019</u>	<u>F2018</u>
Basic weighted-average common shares outstanding and unvested restricted shares expected to vest under GAAP .....	56,804	56,773	56,760	56,807
Effect of dilutive securities under GAAP.....	-	43	18	51
Denominator for headline diluted (loss) earnings per share ..	<u>56,804</u>	<u>56,816</u>	<u>56,778</u>	<u>56,858</u>

Weighted average number of shares used to calculate headline (loss) earnings per share diluted represent the denominator for basic weighted-average common shares outstanding and unvested restricted shares expected to vest plus the effect of dilutive securities under GAAP. We use this number of fully-diluted shares outstanding to calculate headline (loss) earnings per share diluted because we do not use the two-class method to calculate headline (loss) earnings per share diluted.