

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2019

NET 1 UEPS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

000-31203
(Commission
File Number)

98-0171860
(IRS Employer
Identification No.)

**President Place, 4th Floor, Cnr. Jan Smuts Avenue and Bolton Road
Rosebank, Johannesburg, South Africa**

(Address of principal executive offices)

(ZIP Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition".

On October 25, 2019, we issued a press release setting forth our audited financial results for the fourth quarter and year ended June 30, 2019. A copy of the press release is attached as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

On October 1, 2019, we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") stating that Nasdaq has determined that the Company is not in compliance with Nasdaq Listing Rule 5250(c)(1) due to the Company's failure to timely file its Annual Report on Form 10-K (the "Form 10-K") for the fiscal year ended June 30, 2019 with the Securities and Exchange Commission (the "SEC"). We filed our Form 10-K on October 25, 2019, and this filing cures the Nasdaq delinquency. 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No.

Description

[99.1](#) [Press Release, dated October 25, 2019, issued by Net 1 UEPS Technologies, Inc.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 25, 2019

NET 1 UEPS TECHNOLOGIES, INC.

By: /s/ Alex M.R. Smith

Name: Alex M.R. Smith

Title: Chief Financial Officer

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 ⁽¹⁾ | (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 ⁽¹⁾ | (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 (\$) ⁽¹⁾ | (3.05) | (2.45) | (0.60) | (4.53) | (3.93) | (0.60) |
| Headline (loss) earnings per share (\$) ⁽¹⁾ | (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 As restated ⁽¹⁾ | % 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 ⁽²⁾ | (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 (\$) ⁽²⁾ | (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 | 6,429 | 1,052 | 494% | |
| Impairment of Cedar Cell note | 7,439 | - | nm | |

| | Fiscal year ended June 30, | | | |
|---|----------------------------|---------------------------------------|--------------------|--------------------|
| | 2019 | 2018 As restated ⁽¹⁾ | % change in USD | % change in ZAR |
| <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 ⁽²⁾ | (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 (\$) ⁽²⁾ | (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 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 June 30, | | Year ended June 30, | |
| | 2019 | 2018 (As restated) (R) | 2019 | 2018 (As restated) (R) |
| | (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 | | | | |
| Continuing | 10 | (1,783) | 2,349 | (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 |
| Net (loss) income per share, in U.S. dollars | | | | |
| 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

| | (A) June 30, 2019 | (A) ^(R) June 30, 2018 |
|--|-----------------------------------|--|
| | (In thousands, except share data) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| 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 |
| TOTAL ASSETS | 672,936 | 1,217,314 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| 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 |
| TOTAL LIABILITIES | 245,835 | 372,745 |
| COMMITMENTS AND CONTINGENCIES | | |
| REDEEMABLE COMMON STOCK | 107,672 | 107,672 |
| EQUITY | | |
| COMMON STOCK | | |
| 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 |
| PREFERRED STOCK | | |
| 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 |
| TOTAL EQUITY | 319,429 | 736,897 |
| TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND SHAREHOLDERS' EQUITY | \$ 672,936 | \$ 1,217,314 |

(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 June 30, Three months ended | | (A) Year ended June 30, | |
|--|---|---|-------------------------------|--------------------------------------|
| | 2019 | 2018 ^(R) (as restated) | 2019 | 2018 ^(R) (as restated) |
| | (In thousands) | | (In thousands) | |
| Cash flows from operating activities | | | | |
| 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 |
| Net cash (used in) provided by operating activities | <u>(1,547)</u> | <u>34,841</u> | <u>(4,460)</u> | <u>132,305</u> |
| Cash flows from investing activities | | | | |
| 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 |
| Net cash provided by investing activities | <u>1,355</u> | <u>210,411</u> | <u>64,476</u> | <u>180,748</u> |
| Cash flows from financing activities | | | | |
| 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) |
| Net cash used in financing activities | <u>(3,361)</u> | <u>(229,904)</u> | <u>(24,714)</u> | <u>(473,479)</u> |
| Effect of exchange rate changes on cash | 2,126 | (12,466) | (3,845) | (7,977) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | <u>(1,427)</u> | <u>2,882</u> | <u>31,457</u> | <u>(168,403)</u> |
| Cash, cash equivalents and restricted cash - beginning | <u>122,938</u> | <u>87,172</u> | <u>90,054</u> | <u>258,457</u> |
| Cash, cash equivalents and restricted cash - end of period ⁽¹⁾ | <u>\$ 121,511</u> | <u>\$ 90,054</u> | <u>\$ 121,511</u> | <u>\$ 90,054</u> |

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.

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 ⁽¹⁾ | |
|--|-----------------|----------------|-----------------|-----------------|--------------|--|--------------|
| | | | | Q4 '19 | Q4 '19 | Q4 '19 | Q4 '19 |
| | | | | vs Q4'18 | vs Q3 '19 | vs Q4'18 | vs Q3 '19 |
| Revenue: | | | | | | | |
| 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% |
| Consolidated revenue... | 51,472 | 149,194 | 86,484 | (65%) | (40%) | (57%) | (40%) |
| Continuing..... | 51,472 | 149,194 | 68,642 | (65%) | (25%) | (57%) | (24%) |
| Discontinued..... | \$- | \$- | \$17,842 | nm | nm | nm | nm |
| Operating (loss) income: | | | | | | | |
| 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 |
| Consolidated operating (loss) income | (49,646) | 10,072 | (21,683) | nm | 129% | nm | 131% |
| Continuing..... | (49,646) | 14,686 | (22,355) | nm | 122% | nm | 124% |
| Discontinued..... | \$- | (\$4,614) | \$672 | nm | nm | nm | nm |
| Operating (loss) income margin (%) | | | | | | | |
| 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 |
| Revenue: | | | F2019 | exchange |
| | | | vs | rate ⁽¹⁾ |
| | | | F2018 | F2019 |
| | | | | vs |
| | | | | F2018 |
| 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%) |
| Consolidated revenue..... | 360,990 | 612,889 | (41%) | (34%) |
| Continuing..... | 304,653 | 612,889 | (50%) | (44%) |
| Discontinued..... | \$56,337 | \$0 | nm | nm |
| Operating (loss) income: | | | | |
| 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% |
| Consolidated operating (loss) income..... | (113,508) | 58,949 | nm | nm |
| Continuing..... | (125,189) | 63,563 | nm | nm |
| Discontinued..... | \$11,681 | (\$4,614) | nm | nm |
| Operating (loss) income margin (%) | | | | |
| 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 ^(R) | % change | F2019 | F2018 ^(R) | % 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 ⁽¹⁾ | 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 ⁽²⁾ | 953 | 4,093 | (77%) | 2,828 | 5,194 | (46%) |
| Other..... | (351) | (107) | nm | (669) | 4 | nm |
| Earnings from equity-accounted investments | <u>\$1,820</u> | <u>\$4,208</u> | (57%) | <u>\$1,482</u> | <u>\$11,597</u> | (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.

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 |
| Operating (loss) income - GAAP | (49,646) | 10,072 | (113,508) | 58,949 |
| 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) |
| Adjusted (negative) EBITDA | (749) | 24,301 | (12,621) | 127,155 |

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 |
| GAAP | (183,694) | 2,766 | (3.23) | 0.05 | (2,624,695) | 31,660 | (46.21) | 0.55 |
| 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 | | |
| Fundamental | (173,128) | 12,584 | (3.05) | 0.22 | (2,473,648) | 156,960 | (43.55) | 2.76 |

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 |
| GAAP..... | (307,618) | 64,246 | (5.42) | 1.13 | (4,389,554) | 815,610 | (77.34) | 14.36 |
| 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) | | |
| Fundamental..... | (256,906) | 113,720 | (4.53) | 2.00 | (3,666,634) | 1,448,425 | (64.60) | 25.50 |

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.