

Net 1 UEPS Technologies, Inc.  
Registered in the state of Florida, USA  
(IRS Employer Identification No. 98-0171860)  
Nasdaq share code: UEPS  
JSE share code: NT1  
ISIN: US64107N2062  
("Net1" or "the Company")

## Short-Form Announcement: Net 1 UEPS Technologies, Inc. Reports First Quarter 2022 Results

### Financial Metrics:

- Continued momentum in EPE account openings;
- At September 30, 2021, unrestricted cash of \$188 million and no debt;
- Revenue of \$34.5 million, a decrease of 2% from Q1 2021;
- Operating loss of \$(11.2) million in Q1 2022;
- GAAP EPS of \$(0.23) and Fundamental EPS of \$(0.22); and
- Adjusted EBITDA loss of \$(10.1) million.

"While the South African economy continued to be challenging in the first quarter, I am pleased that the Net1 team continued to stay focused on executing our transformational plans and the long-term commitment to unlock value for all of our stakeholders. Our strategic imperative is to return the Financial Services business to break-even and into profitability as soon as possible." said Chris Meyer, Group CEO of Net1. "We also continued to deliver on our strategic priorities with the announcement earlier this month to acquire Connect Group, one of the fastest growing fintech companies in South Africa. This compelling acquisition is an important milestone at the beginning of our transformative journey as it significantly enhances our scale, propels our growth trajectory and positions us well to become the leading South African fintech platform."

### Summary Financial Metrics

	Q1 2022	Q1 2021	Q4 2021	Q1 '22 vs Q1 '21	Q1 '22 vs Q4 '21	Q1 '22 vs Q1 '21	Q1 '22 vs Q4 '21
	(as restated) <sup>(1)</sup>						
(All figures in USD '000s except per share data)	USD '000's (except per share data)			% change in USD		% change in ZAR	
Revenue	34,504	35,136	34,517	(2%)	(0%)	(14%)	3%
GAAP operating loss	(11,225)	(10,775)	(13,600)	4%	(17%)	(9%)	(15%)
Adjusted EBITDA (loss) <sup>(2)</sup>	(10,087)	(9,744)	(8,208)	4%	23%	(10%)	27%
GAAP (loss) earnings per share (\$)	(0.23)	(0.51)	0.03	(55%)	nm	(61%)	nm
Continuing	(0.23)	(0.51)	0.03	(55%)	nm	(61%)	nm
Fundamental loss per share (\$) <sup>(2)</sup>	(0.22)	(0.23)	-	(4%)	nm	(17%)	nm
Fully-diluted shares outstanding ('000's)	56,809	57,119	56,937	(1%)	(0%)	nm	nm
Average period USD/ ZAR exchange rate	14.61	16.77	14.17	(13%)	3%	nm	nm

(1) Q1 2021 has been restated to correct an error with respect to the recognition of certain revenue and related cost of goods sold, IT processing, servicing and support. The financial information for the three months ended September 30, 2020, has been restated with the effect of decreasing revenue by \$2.0 million. Refer to Note 1 to our unaudited condensed consolidated financial statements.

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

### Factors impacting comparability of our Q1 2022 and Q1 2021 results

- **Lower revenue:** Our revenues decreased 14% in ZAR primarily due to fewer prepaid airtime and hardware sales and lower transaction fee revenue;
- **Lower operating losses:** Operating losses have reduced by 9% in ZAR compared with the prior period primarily due to the closure of IPG and lower legal and consulting fees (excluding those related to the Connect Group transaction). We continue to experience operating losses because of depressed revenues and have embarked on a plan to reduce operating expenses, including closing our mobile payment infrastructure;
- **Foreign exchange movements:** The U.S. dollar was 13% weaker against the ZAR during Q1, 2021, which impacted our

reported results.

## Results of Operations by Segment and Liquidity

### *Processing*

Segment revenue, excluding IPG, was \$21.4 million in Q1 2022, down 13% compared with Q1 2021, but up 4% compared with Q4 2021 on a constant currency basis. Excluding IPG, segment revenue decreased primarily due to fewer prepaid airtime sales and a reduction in volume-driven transaction fees, including as a result of the South African banking industry's decision to waive fees charged to customers for utilizing other banks' ATMs in August and September 2021. Excluding IPG, Processing's operating loss has been impacted by the lower revenue. Our operating loss margin (calculated as operating (loss) income divided by revenue) for Q1 2022 and 2021 was (33.4%) and (32.4%), respectively. Excluding IPG, our operating loss margin for the Processing segment was (21.3%) during the Q1 2021.

### *Financial services*

Segment revenue was \$10.6 million in Q1 2022, up 12% compared with Q1 2021 and marginally higher compared to Q4 2021 on a constant currency basis. Segment revenue increased due to higher account fee revenue following an increase in the number of EPE accounts, an increase in lending revenue as a result of improved lending activity, and an increase in insurance revenues from an increase in business written. The increase in operating loss is primarily due to the increase in insurance-related claims experienced this quarter attributed to the COVID-19 pandemic as well as higher employee costs compared with the prior period. Our operating loss margin for Q1 2022 and 2021 was (28.2%) and (28.7%), respectively.

### *Technology*

Segment revenue was \$4.8 million in Q1 2022, down 32%, compared with Q1 2021, but up 1% compared with Q4 2021 on a constant currency basis. Segment revenue decreased due to fewer hardware sales compared to the prior period. Operating income for Q1, 2021 was directly impacted by the lower revenue compared with fiscal 2021. Our operating income margin for the Technology segment was 12.5% and 28.6% during Q1 2022 and 2021, respectively.

### *Corporate/eliminations*

Our corporate expenses for fiscal 2022 decreased compared with fiscal 2021 due to lower legal and consulting fees incurred. We expect to incur additional expenses related to the Connect Group transaction in the second quarter of fiscal 2022.

### *Cash flow and liquidity*

At September 30, 2021, our cash and cash equivalents were \$188.5 million and comprised of U.S. dollar-denominated balances of \$162.5 million, ZAR-denominated balances of ZAR 0.4 billion (\$23.7 million), and other currency deposits, primarily Botswana pula, of \$2.3 million, all amounts translated at exchange rates applicable as of September 30, 2021. The decrease in our unrestricted cash balances from June 30, 2021, was primarily due to weak trading activities and utilization of cash reserves to fund our operations. We believe we have sufficient cash reserves to support us through the next twelve months. Together with our existing cash reserves, we also believe that our credit facilities are sufficient to fund our ATM network.

Excluding the impact of income taxes, cash used in operating activities during Q1 2022 was impacted by the cash losses incurred by the majority of our continuing operations. Capital expenditures for Q1 2022 and 2021 were \$0.7 million and \$0.3 million, respectively.

### *Headline earnings (loss) per share ("HEPS")*

The inclusion of HEPS in this press release is a requirement of our listing on the JSE. HEPS basic and diluted is calculated using net loss 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.

The table below presents our HEPS for Q1 2022 and 2021:

	<u>2021</u>	<u>2020</u>
Net loss used to calculate headline earnings (USD'000)	(13,012)	(13,474)
.....		
Headline loss per share:		
.....		
Basic, in USD	(0.23)	(0.24)
.....		
Diluted, in USD	(0.23)	(0.24)
.....		

## Short-form announcement

This short-form announcement is the responsibility of the Net1 Board of Directors (“Board”) and the contents have been approved by the Board on November 8, 2021. This short-form announcement released on SENS is a summary of the full announcement which is available at <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/NT1/Q1Res2022.pdf> and has been published on Net1’s website at [www.net1.com](http://www.net1.com). This short-form announcement does not contain the complete or full announcement details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. The short-form announcement has not been audited or reviewed by Net1’s external auditors. The full announcement is available upon request through enquiries directed to either Dara Dierks, Net1’s investor relations contact, at [net1IR@icrinc.com](mailto:net1IR@icrinc.com) or Net1’s media relations contact at [Bridget.vonholdt@bcw-global.com](mailto:Bridget.vonholdt@bcw-global.com).

## Conference Call

We will host a conference call to review these results on November 9, 2021, at 8:00 a.m. Eastern Time. To participate in the call, dial 1-508-924-4326 (US and Canada), 0333-300-1418 (U.K. only) or 010-201-6800 (South Africa only) ten minutes prior to the start of the call. Callers should request “Net1 call” upon dial-in. The call will also be webcast on the Net1 homepage, [www.net1.com](http://www.net1.com). Please click on the webcast link at least ten minutes prior to the call. A webcast of the call will be available for replay on the Net1 website.

**Participants can pre-register for the November 9, 2021, conference call by navigating to <https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=2110832&linkSecurityString=3a7b066b0>. Participants utilizing this pre-registration service will receive their dial-in number upon registration.**

## About Net1

Net1 is a leading financial technology company that utilizes its proprietary banking and payment technology to deliver on its mission of financial inclusion through the distribution of low-cost financial and value-added services to underserved consumers and small businesses in Southern Africa, which represents a significant segment of these economies. The Company also provides transaction processing services, including being a payment processor and bill payment platform in South Africa. Net1 leverages its strategic investments to further expand its product offerings or to enter new markets.

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 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.

### Investor Relations Contact:

Dara Dierks  
Managing Director – ICR  
Email: [net1IR@icrinc.com](mailto:net1IR@icrinc.com)

### Media Relations Contact:

Bridget von Holdt  
Co-Market Leader | MD – BCW  
Phone: +27-82-610-0650  
Email: [Bridget.vonholdt@bcw-global.com](mailto:Bridget.vonholdt@bcw-global.com)

Johannesburg  
November 9, 2021

Sponsor:  
Rand Merchant Bank, a division of FirstRand Bank Limited