

**[CONFIDENTIAL]**

**ANNEXURE B – DESIGN PRINCIPLES**

**DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION**

**NOTICE 3075 OF 2025**

**COMPETITION COMMISSION**

**NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:**

**LESAKA TECHNOLOGIES PROPRIETARY LIMITED**

**AND**

**RECHARGER PROPRIETARY LIMITED**

**CASE NUMBER: 2024NOV0057**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

**Background and merging parties**

1. The primary acquiring firm, Lesaka Technologies Proprietary Limited ("Lesaka SA") intends to acquire control in Recharger Proprietary Limited ("Recharger").
2. Lesaka SA is controlled by Lesaka Technologies Inc. ("Lesaka USA") which is listed on the Nasdaq and Johannesburg Stock Exchange and is not controlled by any single shareholder. In South Africa, Lesaka USA directly and indirectly controls numerous firms.
3. Lesaka SA is in the process of establishing an employee share ownership scheme ("ESOP") wherein employees will participate in a trust that will own shares in Lesaka USA. The ESOP is as a result of a remedy from a previous merger transaction, involving *Net1 Applied Technologies South Africa Proprietary Limited* (now known as Lesaka SA, the primary acquiring firm in the instant transaction) acquiring *Ovobix (RF) Proprietary Limited* and *Luxanio 227 Proprietary Limited*, approved by the **Competition Tribunal ("Tribunal") under case no LM121Nov21**.
4. All the firms directly and indirectly controlled by Lesaka USA in South Africa are collectively referred to as the "Lesaka Group".
5. The Lesaka Group provides value-added-services (which includes bill payments, prepaid electricity, and airtime) through multiple channels, including large retailers' Point of Sale (PoS) devices; their website; banking applications; and self-service kiosks. The Lesaka

Group's bill payment services involve the processing of monthly account payment transactions for a number of bill issuers including municipalities, telephone companies, utilities, medical service providers, traffic departments, mail order companies, banks, and insurance companies. It facilitates these transactional flows and undertakes the reconciliation from consumer, via collector, to the biller.

6. The primary target firm is Recharger.
7. Recharger is controlled by historically disadvantaged persons ("HDPs").
8. Recharger is a prepaid electricity vending and sub-metering business that provides prepaid electricity solutions to landlords across South Africa. Specifically, Recharger sells sub-meter hardware to landlords, and charges landlords fees and/or monthly admin fees that are paid by landlords each time they are settled by Recharger.

#### **Areas of overlap**

9. Lesaka Group is active in prepaid electricity token generation on behalf of private utilities. In addition, Lesaka Group reconciles, and on-remits bill payments received from end customers through distributors, to municipalities and private utilities. On the other hand, Recharger is active in the distribution of prepaid electricity tokens to tenants who use its sub-meters.
10. The Commission found that there is no horizontal overlap between the activities of the merging parties but that they operate at different levels of the value chain. Specifically, the Lesaka Group is active in the upstream generation of prepaid electricity tokens and associated bill payment revenue enhancement services to municipalities and private utilities whilst Recharger is active in the downstream distribution of prepaid electricity tokens to tenants.

#### **Competition assessment**

11. The Commission received a concern from a competitor who submits that in order for any entity to operate in the downstream market for the distribution of prepaid electricity tokens, they are required to purchase or pay license fees for a security module for the purpose of generating a token that enables electricity be sold. According to the competitor, this security module is solely distributed in South Africa by Prism Payment Technologies, a wholly-owned subsidiary of the Lesaka Group. The concern is that post-merger, Lesaka SA may charge competitors of Recharger higher rates for the security module, giving Recharger an unfair competitive advantage over its rivals.

12. To address this concern, the Lesaka Group has agreed that it will provide hardware security modules and services to downstream third party customers at the same fees that it charges to its own vertically integrated subsidiaries, for a period of 5 years.

#### **Public interest analysis**

13. To address public interest, the merging parties have agreed to the Conditions attached hereto.

#### **Conclusion**

14. The Commission approves the proposed transaction subject to conditions attached as Annexure A.

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**ANNEXURE A**  
**LESAKA TECHNOLOGIES PROPRIETARY LIMITED**  
**AND**  
**RECHARGER PROPRIETARY LIMITED**  
**CASE NUMBER: 2024NOV0057**

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**CONDITIONS**

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**1. DEFINITIONS**

In this document, the expressions used above will have the appropriate meanings assigned to them and the following and related expressions will bear the following meanings:

- 1.1 **“Acquiring Firm”** means Lesaka Technologies Proprietary Limited;
- 1.2 **“Acquiring Group”** means the group of which the Acquiring Firm forms part, including the firms exercising control over the Acquiring Firm and the firms over which the Acquiring Firm exercises control;
- 1.3 **“Act”** means the Competition Act, No. 89 of 1998, as amended;
- 1.4 **“Commission”** means the Competition Commission of South Africa;
- 1.5 **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.6 **“Conditions”** means the merger conditions included in this Annexure A;
- 1.7 **“Day”** means any day that is not a Saturday, Sunday or public holiday in South Africa;
- 1.8 **“ESOP”** means the Employee Share Ownership Programme contemplated in the Tribunal's conditional merger approval in the large merger involving Net1 Applied Technologies South Africa (Pty) Ltd and Ovobix (RF) (Pty) Ltd and Luxiano 227 (Pty) Ltd (Case No: LM121Nov21);

- 1.9 **"Hardware Security Modules and Services"** means the hardware and software utilised in order to secure prepaid electricity tokens;
- 1.10 **"HDP"** means historically disadvantaged person, as contemplated in section 3(2) of the Act;
- 1.11 **"Implementation Date"** means the date on which the Merger is implemented by the Merger Parties;
- 1.12 **"Merged Entity"** means the combination of the Acquiring Firm and the Target Firm, subject to the control of the Acquiring Firm;
- 1.13 **"Merger"** means the proposed acquisition by the Acquiring Firm of the Target Firm as notified to the Commission under Case No. 2024NOV0057;
- 1.14 **"Merger Parties"** means, collectively, the Acquiring Firm and the Target Firm;
- 1.15 **"Qualifying Workers"** means Workers employed at the Target Firm who meet the ESOP qualifying criteria;
- 1.16 **"South Africa"** means the Republic of South Africa;
- 1.17 **"Target Firm"** means Recharger Proprietary Limited;
- 1.18 **"Tribunal"** means the Competition Tribunal of South Africa; and
- 1.19 **"Worker"** means an employee as defined in the Labour Relations Act, No. 66 of 1995, as amended, and, in the context of ownership, refers to ownership by a broad base of Workers.

**1. ESOP**

- 1.1. Following a period of no more than 18 months after the Implementation Date, the Qualifying Workers will be included as beneficiaries of the ESOP.

**2. NON-DISCRIMINATORY PRICING**

- 2.1. The Acquiring Group supplies Hardware Security Modules and Services to a subsidiary within the Acquiring Group and to third party customers. The Acquiring Group shall provide Hardware Security Modules and Services to third party customers at the same fees that it charges to its own vertically integrated subsidiaries for a period of 5 years from Implementation Date.

**3. MONITORING**

- 3.1. Within 10 (ten) Days of the Implementation Date, the Merger Parties shall circulate a non-confidential copy of the Conditions to the Target Firm's employees, their employee representatives and trade unions.
- 3.2. As proof of compliance herewith, the Acquiring Group shall within 5 (five) Days of circulating the Conditions, submit to the Commission an affidavit by a senior official of the Acquiring Group attesting to such compliance.
- 3.3. The Merger Parties shall inform the Commission in writing of the Implementation Date within 5 (five) days of the Implementation Date.
- 3.4. The Acquiring Group shall, within 1 (one) month of the first anniversary of the Implementation Date and for a period of 5 years thereafter, provide the Commission a report confirming its compliance with the Conditions. This report shall be accompanied by an affidavit from a senior official of the Acquiring Group attesting to the correctness of the report.
- 3.5. The Commission may request any additional information from the Merger Parties, which the Commission may, from time to time, deem necessary for purposes of monitoring the extent of compliance with these Conditions.

**4. APPARENT BREACH**

- 4.1. Should the Commission receive a complaint in relation to an apparent breach by the Merger Parties of the Conditions or otherwise determine that there has been an apparent breach by the Merger Parties of these Conditions, the apparent breach shall be dealt with in terms of Rule 39 of the Commission Rules.

**5. VARIATION**

- 5.1. The Merger Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified, and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified, and/or substituted.

**6. GENERAL**

- 6.1. All correspondence in relation to the Conditions must be submitted to the following e-mail addresses: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za) and [minstry@thedtic.gov.za](mailto:minstry@thedtic.gov.za).
- 6.2. Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3200.