



## **MERGER DECISION NO 01: 2022**

### **Notice in Terms of Section 53(4) (a) (ii) of the Competition Act of 2018**

#### **DECISION ON THE PROPOSED ACQUISITION OF 100% SHARES IN OVOBIX (RF) (PTY) LTD AND LUXANIO 227 (PTY) LTD, AND ULTIMATELY THEIR RESPECTIVE SHAREHOLDING IN CASH MANAGEMENT SOLUTIONS (PTY) LTD AND K20211477132 (SOUTH AFRICA) (PTY) LTD BY NET1 APPLIED TECHNOLOGIES SOUTH AFRICA (PTY) LTD**

##### **Introduction of the Merging Parties**

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("The Authority") in respect of the proposed acquisition of 100% shares in Ovobix (RF) (Pty) Ltd ["Ovobix"] and Luxanio 227 (Pty) Ltd ["Luxanio"], and ultimately their respective shareholding in Cash Management Solutions (Pty) Ltd ["CCMS"] and K20211477132 (South Africa) (Pty) Ltd ["K2021"] by Net1 Applied Technologies South Africa (Pty) Ltd ["Net1 SA"]. The transaction was notified to the Authority on 25<sup>th</sup> November 2021, and the merger assessment was completed on 11<sup>th</sup> January 2022.
- ii. The Acquiring Enterprise, Net1 SA, is a company incorporated in accordance with the Laws of the Republic of South Africa. It is a 100% subsidiary of Net1 UEPS Technologies, Inc. ("Net1 Inc."), a public company listed on the NASDAQ, United States. In Botswana, Net1 Inc., operates through its 100% subsidiary SmartSwitch Botswana (Pty) Ltd ["SmartSwitch"].
- iii. SmartSwitch, is involved in the distribution of benefits to social grant recipients for the Government of Botswana. These grants are not paid in cash to the recipients, but are paid into an account which is linked to a card issued to the recipient. The recipient is then able to use the card to purchase goods and services at the participating merchants, without ever access to cash.
- iv. The Primary Target Enterprises are Ovobix and Luxanio. Ovobix is ultimately controlled by Lirast (Mauritius) Company Ltd, a company registered in British Virgin Islands. Luxanio is a 100% subsidiary of Vista Capital Investments (Pty) Ltd, a company registered in Namibia. Ovobix controls CCMS and K2021, South African based companies. In Botswana, CCMS, provide products and services in the field of VAS, such as prepaid airtime, electricity, Mukuru and DSTV through Kazang Prepaid (Pty)

Ltd (Botswana). Luxanio has non-controlling shareholding in CCMS and K2021. Apart from the current stake in CCMS and K2021, Luxanio and Ovobix have no other activities.

### **Relevant Markets**

- v. In terms of the relevant markets, the assessment of the Proposed Transaction revealed that there is product overlap in the activities of the Merging Parties in the *provision of VAS products and services via merchants and retailers in prepaid airtime and electricity*. However, the overlap is negligible and therefore it is not expected to substantially lessen competition due to the fact that there will be insignificant change in the market post implementation. The Authority also took cognisance of the fact that there are multiple competitors and suppliers, therefore consumers have multiple alternative channels through which they can access these services. Moreover, in case of prepaid electricity and airtime, the prices paid by consumers will generally be the same regardless of the channel through which they purchase it.

### **Competitive Analysis and Public Interest**

- vi. The Authority's assessment did not reveal any substantial lessening of competition concerns that would arise as a result of the Proposed Transaction due to the minimal product overlap in the activities of the Merging Parties in Botswana. Accordingly, it can be deduced that the Proposed Transaction is expected to insignificantly change the competition landscape in the market under consideration post implementation; and as such, the Authority does not anticipate any competition concerns and public interests concerns to arise in the relevant market in Botswana post-merger.

### **The Determination**

- vii. The Authority determined through the analysis of the facts of the merger, that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service, in the relevant market in Botswana. Furthermore, there is no acquisition of market dominance post-merger; nor any negative effect on public interest in Botswana identified, in relation to the provisions of the section 52 of the Competition Act of 2018.
- viii. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to *unconditionally approve* the proposed acquisition of 100% shares in Ovobix (RF) (Pty) Ltd and Luxanio 227 (Pty) Ltd, and ultimately their respective shareholding in Cash Management Solutions (Pty) Ltd and K20211477132 (South Africa) (Pty) Ltd by Net1 Applied Technologies South Africa (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 12<sup>th</sup> day of January 2022.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013