



SUMMARISED CONSOLIDATED
AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED
29 FEBRUARY 2020 AND
CASH DIVIDEND DECLARATION

YEAR-ON-YEAR HIGHLIGHTS

Robust year-on-year subscriber growth of 17%
to 1 126 515 (FY19: 960 798)

FINANCIAL HIGHLIGHTS

Subscription revenue of R1 888 million
(FY19: R1 521 million), up 24%

Subscription revenue is 97%
of the total revenue and growing (FY19: 90%)

Total revenue of R1 942 million
(FY19: R1 693 million), up 15%

Operating profit of R642 million
(FY19: R500 million), up 28%

Operating profit margin of 33% (FY19: 30%)

EBITDA of R969 million
(FY19: R761 million), up 27%

EBITDA margin of 50% (FY19: 45%)

Basic earnings per share ('EPS')
of 148.3 cents, up 27%

Headline EPS ('HEPS') of 148.1 cents, up 28%

Cash generated from operating activities
of R914 million (FY19: R472 million), up 94%

Final cash dividend per share of 54 cents
(FY19: 12 cents), with full year dividend
of 74 cents (FY19: 30 cents)

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COMMENTARY

Zak Calisto, founder and Group Chief Executive Officer, commented, “We are extremely pleased with our performance which shows a continued demand for and trust in our technology platform. During the financial year, we surpassed 1.1 million subscribers, a significant milestone which we believe places us among a select group of global leaders in our industry. Since listing in 2014, we have consistently delivered double-digit subscription revenue growth, which now makes up 97% of total revenue. This growth is driven by our vibrant customer-centric service culture, technological advancement and the increased adoption of our platform. Asia and Europe continue to perform as significant growth regions whilst the South African business remains an important contributor to our growth. Regions outside Africa grew subscription revenue of 30% year-on-year, showing increased appetite for sophisticated data and business mobility solutions. We remain firmly committed to long-term profitability by diversifying our customer base, innovating our technology platform, and scaling international operations.

Our vision remains to achieve leadership in smart mobility as a technology frontrunner by maintaining our innovative culture and start-up mindset.”

OPERATIONAL HIGHLIGHTS

- » Newly introduced customer-facing solutions continue to enhance the customer experience and retention
- » Strengthened back office proprietary platform have decreased operational costs and increased staff productivity
- » Efficiencies in distribution and the adoption of next generation technology has driven the cost of acquisition lower, while improving customer experience
- » Upgraded intelligent credit management proprietary platform are yielding significant results
- » Artificial Intelligence and data analytics continue to be a significant focus which is delivering tangible results

FINANCIAL PERFORMANCE FOR YEAR ENDED 29 FEBRUARY 2020

GROUP PERFORMANCE

Cartrack delivered a strong performance across its key-growth-metrics, with subscription revenue growing by 24%, from R1,521 million to R1,888 million. Subscription revenue now represents 97% (FY19: 90%) of total revenue and may increase further with continued growth and scale. The number of total subscribers increased by 17% from 960,798 to 1,126,515.

Cash generation from operating activities is up 94% to R914 million, reinforcing the Group’s cash generative business model.

Cartrack’s margin expansion is in line with management’s expectations and strategy. The Group delivered EBITDA margin of 50% (FY19: 45%) and an operating profit margin of 33% (FY19: 30%).

Operating profit increased by 28% to R642 million from R500 million at FY19, with a basic EPS of 148.3 cents (FY19: 116.4 cents)

The decision for ongoing investment in pursuit of focused growth, coupled with the realisation of economies of scale across business segments, will continue to generate robust results in the future.

The Capital Allocation Committee maintains a focus on ensuring a meaningful return on capital invested for its shareholders.

It is anticipated that demand for mobility solutions and actionable data will continue to increase and growth opportunities across all operating regions and distribution channels will continue to emerge. In addition, Cartrack continues to invest in data analytics and behavioural science to ensure that its customers reap the full benefits of the Cartrack platform and data driven solutions.

SEGMENT OVERVIEW

South Africa

The South African segment remains the largest revenue contributor and, in line with management expectations, delivered solid revenue growth of 14% from R1,246 million to R1,418 million with a subscriber growth of 17%.

Operating expenses reduced by 0.4% year-on-year as the South African business effectively realised the efficiency of the recently deployed proprietary back-office systems. These proprietary systems will enable Cartrack to continue to effectively service an economy with many untapped opportunities despite significant economic headwinds.

Asia Pacific and Middle East

Asia Pacific is the second largest revenue contributor and the fastest growing segment in the Group, with subscription revenue up by 40% from R160 million to R225 million and a subscriber growth of 30%.

This region delivered an EBITDA of R74 million and strong EBITDA growth of 94%, from R38 million in the prior period and presents the greatest potential in the medium to long term as markets remain considerably underpenetrated due to fragmented market participants delivering entry-level offerings.

Europe

The European segment delivered subscription revenue growth of 18% from R142 million to R168 million with a subscriber growth of 20%.

The region recorded an EBITDA of R87 million (FY19: R60 million) with growth of 44%, at an EBITDA margin of 50% (FY19: 47%). This achievement is as a result of Cartrack’s proprietary systems which have increased productivity and reduced operational costs.

Cartrack continues to evaluate its strategy to expand into the rest of Europe.

Africa (excluding South Africa)

The subscriber base in Africa increased by 7% and subscription revenue grew by 10% from R98 million to R107 million driven by an improvement in sales.

The African segment (excluding South Africa) delivered a consistent performance after a restructuring process which led to increased operational efficiencies and an improvement in the costs of acquiring subscribers. EBITDA was flat at R42 million (FY19: R42 million) with an EBITDA margin of 36%. This segment continues to generate positive cash flows.

Africa continues to play a critical role in ensuring a high level of service to South African customers that are increasingly doing cross-border business.

USA

Cartrack's investment in the US continues to yield many key insights that have positively contributed to the Group and remains strategic in nature.

MANAGING OUR BALANCE SHEET

Strong operating cash flows, lower cost of acquisition and tighter working capital management has resulted in a clean and net debt free balance sheet at year end. Capital allocation and cash management are particularly important in a high-growth phase. Prudent capital management remains a key focus area and is monitored and managed on an ongoing basis and overseen by the Capital Allocation Committee.

The new generation smart telematics devices have been engineered with enhanced features at a lower cost allowing the Group to carry a higher device inventory at a significantly lower value than at year-end 2019. These new devices will capture richer data allowing for a further expansion of Cartrack's data offerings as it continues to position itself at the forefront of smart transportation. The inventory levels are prudently optimised to meet distribution and production lead times.

Despite the significant headwinds in South Africa and other African countries, the debtors' days (after prudent provisions for bad debt) are marginally above that of last year at 34 days (FY19: 33 days). This is a key metric indicating the consistency and quality of sales, operational effectiveness and strong credit management.

The consistent improvement in the current and quick ratios of 1.4 (FY19: 1.3) and 1.0 (FY19: 0.7) respectively is a result of positive cash generation and a focused drive on working capital management.

Capital is continuously being deployed efficiently across Cartrack's business as evidenced by the Group's high return on equity of 44% and return on assets of 27%. Cartrack's business model continues to deliver attractive returns on capital employed for shareholders.

Notwithstanding the significant and continuing investment in research, operations and distribution, Cartrack remains highly cash generative with a strong cash flow for the foreseeable future.

SUBSEQUENT EVENTS

COVID-19

COVID-19 is considered to be a non-adjusting post balance sheet event as none of the countries in which the Group operates were in a 'lockdown' state at the year-end. As a result, the possible impacts of COVID-19 have not resulted in an adjustment to the carrying values of the Group's assets being recognised at the year end, but consideration has been given by the directors to going concern and the subsequent event disclosure in their preparation of the consolidated financial statements for the year ended 29 February 2020.

The global spread of the COVID-19 pandemic, which originated in late 2019 and was declared a pandemic by the World Health Organization in March 2020, has negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets. Cartrack's global operations are subject to risks associated with actions taken by governmental authorities to impose changes in laws or regulations to restrict certain business operations and trade as well as domestic and regional travel.

Although Cartrack operates as an essential service in South Africa, Singapore and certain other countries, the pandemic could result in extended work stoppages and has already resulted in restrictions at different levels in the countries in which the Group operates. These restrictions have led to a 35% decline in new contracts since the lockdowns were implemented. Whilst cash collections were unaffected in March, a decline of 9% in collections was evident in April, predominantly as a result of accommodating corporate customers to ease their current cash flow difficulties and the inability to contact small and medium enterprises due to closure under the COVID-19 regulations. Conversely, there has been no significant increase in subscriber cancellations during this period with subscriber numbers being 1 141 154 as at the end of April.

These events, together with a number of evolving factors, including the duration and spread of the pandemic, the severity of the impact of the pandemic on economic activity and the changing actions of governmental authorities across the globe, will impact the Group's FY21 results in keeping with that of many global organisations. Whilst difficult to quantify, the disruptions caused by COVID-19 will impact Q1 and Q2 FY21 new subscriber growth resulting in flat subscription revenues for the first half of FY21.

Cartrack is actively monitoring these ongoing and potential impacts of COVID-19 in order to mitigate and minimise the impact on its business.

The Group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. Its vertically integrated business model is well positioned to weather the COVID-19 storm with an unleveraged balance sheet and 97% of current revenues being recurring in nature. Cartrack generates strong cash flows and operates with industry leading margins, giving it a level of operating safety and has access to an unutilised R600 million term facility provided by RMB, of which R50 million is committed and R550 million is currently uncommitted. The debtor collection cycle is tightly managed and the Group remains highly liquid.

COMMENTARY (continued)

The Group has sufficient inventory on hand to last for 6 months at budgeted volumes (pre COVID-19 budget) and, at present, supply chains are not affected. In addition to this, Cartrack is prudently balancing its costs, with actions such as a temporary freeze on headcount.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the economic effects arising from the COVID-19 outbreak and the effect on the results of the Company for the full year of 2021 remains uncertain. The directors still consider it to be appropriate to prepare the financial statements on a going concern basis.

External interest

The Company received an expression of interest from a foreign investor, proposing a transaction that could ultimately result in the restructure of the Company such that shareholders would hold shares, pursuant to a scheme of arrangement, in a Singapore entity which would hold a primary listing on a major global stock exchange with a secondary listing on the JSE. The Board constituted an independent sub-committee to assess and consider the terms of the proposal. Any proposed restructure of the Company would be subject to various conditions precedent including regulatory approvals (both locally and abroad) and approval by Cartrack shareholders to the extent required.

A cautionary announcement was published in this regard on SENS on 2 March 2020 and renewed on 15 April 2020.

Dividends

Dividends of 54 cents per share was declared on 13 May 2020 and will be paid on 8 June 2020.

OUTLOOK¹

Cartrack remains focused on innovation for smart mobility, actionable business intelligence and the expansion of the Internet of Things while benefiting from the megatrend of connectivity and digital transformation. Management's medium- and long-term target is that growth is in keeping with the Group's well-established track record.

The Group's long-term growth is driven by four key factors:

- » **Connected Vehicles:** The Group will continue to capitalise on the growth in connected vehicles globally in what is assessed to be a materially underpenetrated global market. Cartrack's transformative platform is device agnostic and continuously enhanced to remain relevant. Cartrack aims to capitalise on present and future opportunities such as leveraging both Original Equipment Manufacturers (OEM) and third-party data sources.
- » **Technology Investment:** Favourable industry dynamics are driving the Group's position in the marketplace as customers become increasingly reliant on intelligent data. As a result, Cartrack continues to invest in technology, information management and human resources, as well as in distribution and operating capacity.
- » **Increased Demand for Data Analytics:** The Group has seen a notable rise in demand for data analytics across the globe. Even the largest markets in which Cartrack operates remain underpenetrated and there are many opportunities available to provide customer-centric solutions to enterprise customers and individuals. The markets across the globe have a strong need for these services and demand is anticipated to increase for the foreseeable future.
- » **Exciting New Applications:** Cartrack's MiFleet, an easy-to-use fleet cost accounting software solution and Live Vision, a live video streaming management tool, are rapidly being adopted by its customers. As an ongoing commitment to meeting its customers' needs, the Group continues to invest significantly into the enhancement with much needed solutions for smart-transportation.

GROUP PROFILE

Cartrack is a leading global Software-as-a-Service provider of mobility solutions for small, medium and large fleets and an insurance analytics, security and safety provider for both businesses and consumers. Data analytics remain Cartrack's primary offering while growing its artificial intelligence and value-added services to deliver a tangible return on investment to its subscribers. Cartrack is also renowned for its agility and speed in developing innovative, first-to-market solutions that are aimed at further enhancing customer experience.

Cartrack's impressive organic growth since being launched in 2004 has resulted in an extensive footprint in 23 countries across Africa, Europe, North America, Asia Pacific, and the Middle East. With an active subscriber base now in excess of 1.1 million, the Group ranks among the largest of its peer companies globally.

Cartrack is a vertically integrated service-centric organisation owning all its unique intellectual property and business processes ranging from in-house design, device and software development, mobile-technical-workshops and sales. Hence, Cartrack is in full control of delivering a superior service while also protecting its industry-leading margins and clean balance sheet.

BASIS OF PREPARATION FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The statutory auditors, Deloitte & Touche, have issued an unmodified audit opinion on the consolidated financial statements for the year ended 29 February, 2020. The audit was conducted in accordance with the International Standards on Auditing (ISA). The abridged

¹ Any forecast information included in this section has not been audited and reported on by Cartrack's auditor in accordance with 8.40(a) of the JSE listing requirements. The directors take sole responsibility for the statements.

consolidated financial statements were prepared under the supervision of Morne Grundlingh (CA) SA and present a summary of the complete set of audited consolidated financial statements of Cartrack as approved on 13 May, 2020. Fatima Hassim (CA) SA prepared the consolidated financial statements. The complete set of consolidated financial statements is available at <https://www.cartrack.co.za/investor-relations> and at Cartrack's registered office for inspection. The directors take full responsibility and confirm that the abridged information has been correctly extracted from the consolidated financial statements. This abridged report is extracted from audited information, but is not itself audited. The summarised consolidated financial statements were prepared in accordance with the provisions of the Listings Requirements of the JSE Limited for financial reports, and the requirements of the Companies Act, 71 of 2008, applicable to summarised financial statements. The Listings Requirements require financial reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards and at at minimum IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

DIVIDEND DECLARATION

With the actions in place to mitigate the impact of COVID-19 on the financial performance of Cartrack for the year ahead, coupled with the strong cash flow of the Group as well as the access to funding, as described above, shareholders are advised that the board of directors is satisfied with the solvency and liquidity of the Group and has declared a final gross cash dividend of 54 cents per ordinary share (43.2 cents net of dividend withholding tax) for the year ended 29 February 2020 (the cash dividend). The cash dividend will be paid out of profits of the company.

The cash dividend is in line with the current dividend policy, which provides for a cover of between 2 and 6 times HEPS, effective for FY20. Although the COVID-19 pandemic has resulted in significant uncertainties in the market, the Group remains strongly cash generative notwithstanding the decline in new contracts since lockdowns were implemented. Hence, in keeping with the Group's philosophy to either invest cash generated from operations in growth opportunities as its first priority and thereafter optimise dividend payments, the Group has decided to provide for more flexibility in its dividend policy. The policy has accordingly been amended to provide for cover of between 1 and 8 times HEPS for FY21.

Share code	CTK
ISIN	ZAE000198305
Company registration number	2005/036316/06
Company tax reference number	9108121162
Dividend number	12
Gross cash dividend per share	54 cents
Issued share capital as at declaration date	300 000 000
Declaration date	Wednesday, 13 May, 2020
Last date to trade cum dividend	Tuesday, 2 June, 2020
Shares commence trading ex-dividend	Wednesday, 3 June, 2020
Record date	Friday, 5 June, 2020
Dividend payment date	Monday, 8 June, 2020

Share certificates may not be dematerialised or re-materialised between Wednesday, 3 June, 2020, and Friday, 5 June, 2020, both days inclusive.

TAX IMPLICATIONS

The cash dividend is likely to have tax implications for both resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional tax advisers should they be in any doubt as to the appropriate action to take.

In terms of the Income Tax Act, the cash dividend will, unless exempt, be subject to dividend withholding tax ('DWT'). South African resident shareholders that are liable for DWT, will be subject to DWT at a rate of 20% of the cash dividend and this amount will be withheld from the cash dividend. Non-resident shareholders may be subject to DWT at a rate of less than 20% depending on their country of residence and the applicability of any double tax treaty between South Africa and their country of residence.

On behalf of the board

David Brown
Chairman

Johannesburg
13 May 2020

Sponsor

The Standard Bank of South Africa Limited

Zak Calisto
Group Chief Executive Officer

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

Figures in Rand thousands	Notes	2020	2019
ASSETS			
Non-current assets			
Goodwill		131 503	122 098
Intangible assets	6	40 739	13 636
Property, plant and equipment	4	854 506	705 974
Capitalised commission assets	5	144 549	108 547
Deferred tax assets		106 482	98 055
Total non-current assets		1 277 779	1 048 310
Current assets			
Inventories		151 616	206 026
Trade and other receivables	7	251 747	215 589
Loans to related parties		11 013	213
Taxation		6 511	7 054
Cash and cash equivalents		145 787	51 906
Total current assets		566 674	480 788
Total assets		1 844 453	1 529 098
EQUITY AND LIABILITIES			
Equity			
Share capital		42 488	42 488
Treasury shares		(12 105)	(12 105)
Foreign currency translation reserve		16 124	(15 462)
Retained earnings		1 153 683	806 306
Equity attributable to equity holders of parent		1 200 190	821 227
Non-controlling interest		24 185	16 391
Total equity		1 224 375	837 618
Liabilities			
Non-current liabilities			
Term loans	8	17 815	218 765
Capitalised lease liabilities		54 148	69 256
Amounts received in advance		55 817	–
Deferred tax liabilities		85 392	33 197
Total non-current liabilities		213 172	321 218
Current liabilities			
Term loans	8	5 154	20 525
Trade and other payables		170 928	155 530
Loans from related parties		8 362	7 716
Capitalised lease liabilities		44 849	47 656
Taxation		22 969	42 132
Provision for warranties		1 679	2 564
Amounts received in advance		152 965	80 377
Bank overdraft		–	13 762
Total current liabilities		406 906	370 262
Total liabilities		620 078	691 480
Total equity and liabilities		1 844 453	1 529 098

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 29 February 2020

Figures in Rand thousands	Notes	2020	2019
Revenue	9	1 941 893	1 692 708
Cost of sales		(574 770)	(484 700)
Gross profit		1 367 123	1 208 008
Other income		1 867	6 279
Expected credit losses on financial assets		(54 872)	(45 171)
Operating expenses*		(672 395)	(669 197)
Sales and marketing		(177 870)	(177 351)
Administration and other charges		(494 525)	(491 846)
Operating profit	10	641 723	499 919
Finance income		2 592	2 749
Finance costs		(16 831)	(31 438)
Profit before taxation		627 484	471 230
Taxation		(171 062)	(110 182)
Profit for the year		456 422	361 048
Profit attributable to:			
Owners of the parent		442 982	347 806
Non-controlling interest		13 440	13 242
		456 422	361 048
Earnings per share			
Basic and diluted earnings per share (cents)	13.1	148,3	116,4

* Refer to note 2 regarding comparative disclosure.

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2020

Figures in Rand thousands	2020	2019
Profit for the year	456 422	361 048
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in future periods:		
Exchange differences on translating foreign operations	35 052	29 928
Other comprehensive income for the year	35 052	29 928
Total comprehensive income for the year net of income tax	491 474	390 976
Total comprehensive income attributable to:		
Owners of the parent	474 568	373 655
Non-controlling interest	16 906	17 321
	491 474	390 976

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

Figures in Rand thousands	Share capital	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to equity holders of the group	Non-controlling interest	Total equity
Balance as at 1 March 2018	42 488	(41 311)	(12 105)	595 997	585 069	10 088	595 157
Profit for the year	–	–	–	347 806	347 806	13 242	361 048
Other comprehensive income	–	25 849	–	–	25 849	4 079	29 928
Total comprehensive income for the year	–	25 849	–	347 806	373 655	17 321	390 976
Dividends	–	–	–	(137 497)	(137 497)	(11 018)	(148 515)
Balance at 28 February 2019	42 488	(15 462)	(12 105)	806 306	821 227	16 391	837 618
Profit for the year	–	–	–	442 982	442 982	13 440	456 422
Other comprehensive income	–	31 586	–	–	31 586	3 466	35 052
Total comprehensive income for the year	–	31 586	–	442 982	474 568	16 906	491 474
Dividends	–	–	–	(95 605)	(95 605)	(9 112)	(104 717)
Balance at 29 February 2020	42 488	16 124	(12 105)	1 153 683	1 200 190	24 185	1 224 375

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

Figures in Rand thousands	2020	2019 restated*
Cash flows from operating activities		
Cash generated from operations	1 065 355	635 754
Finance income received	2 592	2 749
Finance costs paid	(9 323)	(23 350)
Taxation paid	(144 504)	(142 895)
Net cash generated from operating activities	914 120	472 258
Cash flows from investing activities		
Purchase of property, plant and equipment	(388 723)	(422 061)
Proceeds on disposal of property, plant and equipment	6 532	4 423
Investment in intangible assets	(34 245)	(13 636)
Advances of loans to related parties	(11 000)	–
Repayment of loans to related parties	–	2 059
Net cash utilised by investing activities	(427 436)	(429 515)
Cash flows from financing activities		
Proceeds from loans from related parties	–	2 230
Repayment of term loans	(217 815)	–
Proceeds from term loans obtained	–	239 290
Payments of capitalised lease liabilities	(58 417)	(9 599)
Dividends paid	(104 717)	(148 515)
Net cash (utilised by)/generated financing activities	(380 949)	83 406
Total cash movements for year	105 735	126 449
Cash and cash equivalents as at the beginning of the year	38 144	(95 454)
Translation differences on cash and cash equivalents	1 908	7 149
Total cash and cash equivalents at the end of the year	145 787	38 144

*Refer to note 2 regarding the restatement

ACCOUNTING POLICIES

for the year ended 29 February 2020

1. Presentation of summarised consolidated financial statements

Basis of measurement

The summarised consolidated financial statements have been prepared on the historical cost basis with the exception of certain financial instruments which have been fair valued.

2. Comparative disclosure

Presentation of sales and marketing and administration and other charges

The split between the "Sales and marketing" and "Administration and other charges" elements of operating expenses is considered to be relevant information to the users of the financial statements. Accordingly, this information which was previously disclosed in the operating profit note has been represented on the face of the statement of profit or loss.

Change in accounting policy in the consolidated statement of cash flows

As part of an annual review of the group's accounting policies, the directors have assessed the treatment of capitalised commission costs in the statement of cash flows. The group has capitalised incremental sales commissions arising from activated contracts with customers. This contract asset is amortised over the useful life of customer contracts in accordance with IFRS 15. Based on our assessment, the application of IFRS could result in the associated cash flow being recognised as either an investing cash flow, as the cost is capitalised as a non-current asset and will result in the future generation of income, or as an operating cash flow as the nature of the cost is a commission paid to suppliers and employees which is recognised in cost of sales in the income statement, and relates to the principle revenue producing activities. The cash flows arising from the payment of capitalised commissions were recognised as investing cash flows in the 2019 annual financial statements. Based on our review of various global capital markets, the predominant treatment is to classify such cash flows as operating cash flows. As this will improve comparability with peer companies, and is therefore more relevant to users of the financial statements, we have elected to voluntarily change the accounting policy. There is no impact on profits, earnings per share, headline earnings per share and financial position of the group. The impact on the affected line items in the statement of cash flows is disclosed below:

Figures in Rand thousands	Restated 2019	Restatement*	As reported in 2019
Cash flows from operating activities			
Cash generated from operations	635 754	(71 454)	707 208
Cash flows from investing activities			
Purchase of property, plant and equipment	(422 061)	71 454	(493 515)

* Reallocation of capitalised commission assets under IFRS 15 from cash flows from investing activities to cash flows from operating activities

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS

for the year ended 29 February 2020

3. Segment reporting

The group is organised into geographical business units and has five reportable segments. The operating segments are based on geographical locations. The Chief Operating Decision Maker (CODM) monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets and liabilities are not split between long term and current as this segment information is not reviewed on such basis by CODM.

The group's manufacturing entity manufactures products and distributes them to each of the operating segments. Support entities in South Africa and Asia are responsible for development of our hardware and software platforms and provide technical support and distribution support to each of the operating segments. All intergroup transactions are eliminated in the "Eliminations" and "Inter-segment revenue" columns and the margin generated by the support entities, net of any unrealised profit, is allocated to the geographic region where the external revenue is recorded by support entities. Franchise fees charged between South Africa and Africa-Other which are included in inter-segment revenue are done on a basis which takes into account the extent of services undertaken by each of the parties.

Segment results were fundamentally evaluated in the current and prior year based on subscription revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) as the profit or loss measures.

The segment's revenue, depreciation and EBITDA information provided to the group CEO, for the reportable segments for the year ended 29 February 2020 is as follows:

Figures in Rand thousands	Subscription revenue	Hardware and other revenue before eliminations	Eliminations	Inter-segment revenue	Hardware and other revenue after eliminations and inter-segment	Total revenue	De-preciation and amortisation	EBITDA
2020								
<i>Geographical business units</i>								
South Africa	1 383 980	335 692	(294 723)	(7 484)	33 485	1 417 465	243 989	770 256
Africa-Other	106 977	1 513	—	7 484	8 997	115 974	6 152	42 165
Europe	168 314	14 092	(9 140)	—	4 952	173 266	40 193	87 079
Asia-Pacific and Middle East	224 715	67 262	(60 642)	—	6 620	231 335	35 839	74 401
USA	3 731	2 631	(2 509)	—	122	3 853	851	(5 154)
Total	1 887 717	421 190	(367 014)	—	54 176	1 941 893	327 024	968 747
2019								
<i>Geographical business units</i>								
South Africa	1 116 829	623 382	(486 604)	(7 861)	128 917	1 245 746	201 988	626 164
Africa-Other	97 605	10 171	—	7 861	18 032	115 637	3 372	41 650
Europe	142 204	11 463	(6 075)	—	5 388	147 592	33 488	60 418
Asia-Pacific and Middle East	159 997	42 896	(23 150)	—	19 746	179 743	22 088	38 404
USA	3 905	6 493	(6 408)	—	85	3 990	575	(5 206)
Total	1 520 540	694 405	(522 237)	—	172 168	1 692 708	261 511	761 430

There are no customers which contribute in excess of 10% of group revenue.

3. Segment reporting (continued)

Reconciliation of EBITDA to profit before taxation

Figures in Rand thousands	2020	2019
EBITDA	968 747	761 430
Amortisation of capitalised commission assets	(31 262)	(22 996)
Depreciation of property plant and equipment and amortisation of intangible assets	(295 762)	(238 515)
Operating profit	641 723	499 919
Finance income	2 592	2 749
Finance costs	(16 831)	(31 438)
Profit before taxation	627 484	471 230

Total assets by segment

Figures in Rand thousands	2020	2019
Total assets		
South Africa	1 145 039	975 638
Africa-Other	196 156	162 373
Europe	275 290	217 623
Asia-Pacific and Middle East	217 764	165 256
USA	10 204	8 208
Total	1 844 453	1 529 098

Total non current assets by segment

Figures in Rand thousands	2020	2019
South Africa	820 658	681 799
Africa-Other	96 263	88 522
Europe	221 840	182 478
Asia Pacific and Middle East	133 824	90 377
USA	5 194	5 134
	1 277 779	1 048 310

Capital expenditure*

Figures in Rand thousands	2020	2019
South Africa	308 936	360 935
Africa-Other	9 427	8 360
Europe	50 974	32 448
Asia-Pacific and Middle East	53 455	33 110
USA	176	844
Total	422 968	435 697

* Capital expenditure includes additions of property, plant and equipment and intangible assets.

Total liabilities by segment

Figures in Rand thousands	2020	2019
Total liabilities		
South Africa	405 238	493 751
Africa-Other	56 088	46 923
Europe	90 547	87 286
Asia-Pacific and Middle East	68 025	63 364
USA	180	156
Total	620 078	691 480

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

4. Property, plant and equipment

Figures in Rand thousands	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Buildings	2 115	–	2 115	1 962	–	1 962
Capitalised telematics devices	1 485 475	(776 594)	708 881	1 091 014	(541 032)	549 982
Computer software	–	–	–	8 542	(3 720)	4 822
Furniture and fixtures	11 609	(7 493)	4 116	9 864	(5 855)	4 009
Leasehold improvements	20 249	(14 893)	5 356	15 430	(10 355)	5 075
Office equipment	5 900	(4 633)	1 267	4 926	(4 063)	863
Plant and machinery	3 820	(3 107)	713	2 783	(2 481)	302
Security equipment	1 744	(909)	835	1 235	(654)	581
Right-of-use assets						
IT equipment	63 793	(35 741)	28 052	58 770	(29 491)	29 279
Motor vehicles	124 893	(65 055)	59 838	116 693	(45 733)	70 960
Property	66 130	(22 797)	43 333	53 365	(15 226)	38 139
Total	1 785 728	(931 222)	854 506	1 364 584	(658 610)	705 974

Reconciliation of the carrying value of property, plant and equipment - 2020

Figures in Rand thousands	Opening balance	Additions	Disposals	Reclassifications	Translation adjustments	Depreciation	Closing balance
Owned assets							
Buildings	1 962	–	–	–	153	–	2 115
Capitalised telematics devices	549 982	369 156	–	–	16 554	(226 811)	708 881
Computer software*	4 822	–	–	(4 822)	–	–	–
Furniture and fixtures	4 009	1 594	(210)	–	185	(1 462)	4 116
Leasehold improvements	5 075	4 158	(257)	–	115	(3 735)	5 356
Office equipment	863	547	–	–	130	(273)	1 267
Plant and machinery	302	965	–	–	25	(579)	713
Security equipment	581	481	–	–	8	(235)	835
Right-of-use assets							
IT equipment	29 279	11 822	(2 436)	–	506	(11 119)	28 052
Motor vehicles	70 960	10 708	(2 097)	–	553	(20 286)	59 838
Property	38 139	22 285	(784)	–	2 169	(18 476)	43 333
Total	705 974	421 716	(5 784)	(4 822)	20 398	(282 976)	854 506

* In the current year, computer software has been reclassified to intangible assets.

4. Property, plant and equipment (continued)

Reconciliation of the carrying value of property, plant and equipment – 2019

Figures in Rand thousands	Opening balance as previously reported	IFRS 15	IFRS 16	Opening balance restated	Additions	Disposals	Reclassifications	Translation adjustments	De-preciation	Closing balance
<i>Owned assets</i>										
Buildings	4 287	–	–	4 287	–	–	(2 560)	235	–	1 962
Capitalised telematics devices (previously Capital rental units)	427 373	(58 796)	–	368 577	353 655	(116)	581	11 063	(183 778)	549 982
Computer software	4 520	–	–	4 520	2 103	–	438	(234)	(2 005)	4 822
Furniture and fixtures	2 933	–	–	2 933	1 930	–	178	366	(1 398)	4 009
Leasehold improvements	1 125	–	–	1 125	3 357	–	4 042	(659)	(2 790)	5 075
Office equipment	498	–	–	498	927	–	(41)	55	(576)	863
Plant and machinery	697	–	–	697	490	(94)	(39)	(70)	(682)	302
Security equipment	299	–	–	299	132	–	312	(1)	(161)	581
<i>Right-of-use assets</i>										
IT equipment	13 452	–	–	13 452	27 636	(33)	(2 603)	2 528	(11 701)	29 279
Motor vehicles	60 861	–	–	60 861	31 831	(1 823)	(331)	1 018	(20 596)	70 960
Property	–	–	34 128	34 128	14 897	–	23	3 919	(14 828)	38 139
Total	516 045	(58 796)	34 128	491 377	436 958	(2 066)	–	18 220	(238 515)	705 974

5. Capitalised commission assets

Figures in Rand thousands	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Capitalised sales commissions	245 718	(101 169)	144 549	178 330	(69 783)	108 547
Total	245 718	(101 169)	144 549	178 330	(69 783)	108 547

Reconciliation of the carrying value of capitalised sales commissions – 2020

Figures in Rand thousands	Opening balance	Additions	Translation adjustments	Depreciation	Closing balance
2020					
Capitalised sales commissions	108 547	64 437	2 827	(31 262)	144 549

Reconciliation of the carrying value of capitalised sales commissions – 2019

Figures in Rand thousands	Opening balance as previously reported	IFRS 15	Opening balance restated	Additions	Translation adjustments	Depreciation	Closing balance
2019							
Capitalised sales commissions	–	58 796	58 796	71 454	1 293	(22 996)	108 547

The group capitalises sales commission costs arising from activated subscription contracts.

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

6. Intangible assets

	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Product development costs	46 452	(9 385)	37 067	13 636	–	13 636
Computer software*	11 029	(7 357)	3 672	–	–	–
	57 481	(16 742)	40 739	13 636	–	13 636

Staff costs of R31 178 000 (2019: R13 636 000) have been capitalised to product development costs with regard to the development of new generation telematics hardware and platform software which deployed in the current year.

Reconciliation of the carrying value of intangible assets – 2020

Figures in Rand thousands	Opening balance	Reclassification	Additions	Translation adjustments	Amortisation	Disposal	Closing balance
Product development costs	13 636	–	31 178	1 403	(9 150)	–	37 067
Computer software*	–	4 822	3 067	(214)	(3 636)	(367)	3 672
Product development costs	13 636	4 822	34 245	1 189	(12 786)	(367)	40 739

* In the current year, computer software has been reclassified from property, plant and equipment.

Reconciliation of the carrying value of intangible assets – 2019

Figures in Rand thousands	Opening balance	Additions	Translation adjustments	Amortisation	Closing balance
Product development costs	–	13 636	–	–	13 636

7. Trade and other receivables

Figures in Rand thousands	2020	2019
Trade receivables	268 749	221 956
Expected credit loss provision	(51 657)	(43 670)
Total	217 092	178 286
Other receivables		
Prepayments	21 170	21 420
Deposits	6 044	3 964
Sundry debtors	7 176	9 218
Value added tax	265	2 701
	251 747	215 589

Reconciliation of the expected credit loss provision recognised with regard to trade and other receivables

Figures in Rand thousands	2020	2019
Opening balance	(43 670)	(30 382)
Adjustment on adoption of IFRS 9	–	5 323
Increase in allowance for expected credit losses	(63 623)	(71 682)
Amounts utilised	57 825	55 803
Translation differences	(2 189)	(2 732)
Closing balance	(51 657)	(43 670)

8. Term loans

Figures in Rand thousands	2020	2019
Rand Merchant Bank Limited	2 760	215 421
Caixa Geral de Depositos S.A	20 209	23 869
Total	22 969	239 290
Less: Short term portion	(5 154)	(20 525)
Long term portion	17 815	218 765

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilisation date.

Interest is levied at a rate of prime less 1,7% per annum. The covenants in respect of this loan have been complied at year-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favour of the lender for this loan, including shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds. At 29 February 2020 Cartrack Proprietary Limited had utilised R2,76 million of the committed term facility.

The loan from Caixa Geral de Depositos S.A. is a euro-denominated loan payable in equal monthly instalments over a five-year period and bears interest of 3% p.a. No security has been provided on this loan.

9. Revenue

A. Revenue streams

The group generates revenue from providing Fleet management ('Fleet'), Stolen Vehicle Recovery ('SVR') and insurance telematics services. It provides fleet, mobile asset and workforce management solutions, underpinned by real-time actionable business intelligence, delivered as Software-as-a-Service (SaaS), as well as the tracking and recovery of stolen vehicles.

Figures in Rand thousands	2020	2019
Revenue from contracts with customers		
Subscription revenue	1 887 717	1 520 540
Hardware sales	36 852	126 299
Installation revenue	752	2 578
	1 925 321	1 649 417
Other revenue		
Miscellaneous contract fees	16 572	43 291
Total revenue	1 941 893	1 692 708

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

9. Revenue (continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	Subscription revenue		Hardware sales	
Figures in Rand thousands	2020	2019	2020	2019
Primary geographical markets				
South Africa	1 383 980	1 116 829	17 429	84 351
Africa-Other	106 977	97 605	8 343	17 459
Europe	168 314	142 204	4 670	5 207
Asia-Pacific and Middle East	224 715	159 997	6 332	19 282
USA	3 731	3 905	78	–
	1 887 717	1 520 540	36 852	126 299
Timing of revenue recognition				
Products transferred at a point in time	–	–	36 852	126 299
Services transferred over time	1 887 717	1 520 540	–	–
Total revenue	1 887 717	1 520 540	36 852	126 299

	Installation revenue		Miscellaneous contract fees		Total	
Figures in Rand thousands	2020	2019	2020	2019	2020	2019
Primary geographical markets						
South Africa	356	1 721	15 700	42 845	1 417 465	1 245 746
Africa-Other	170	356	484	217	115 974	115 637
Europe	95	107	187	74	173 266	147 592
Asia-Pacific and Middle East	129	394	159	70	231 335	179 743
USA	2	–	42	85	3 853	3 990
	752	2 578	16 572	43 291	1 941 893	1 692 708
Timing of revenue recognition						
Products transferred at a point in time	752	2 578	16 572	43 291	54 176	172 168
Services transferred over time	–	–	–	–	1 887 717	1 520 540
Total revenue	752	2 578	16 572	43 291	1 941 893	1 692 708

10. Operating profit

Figures in Rand thousands	Notes	2020	2019
Operating profit is stated after accounting for the following charges:			
Auditor remuneration		6 282	4 841
– Current year (audit services)		6 207	4 841
– Current year (other services)		75	–
Depreciation of property, plant and equipment	4	282 976	238 515
Amortisation of capitalised commission assets	5	31 262	22 996
Amortisation of intangible assets	6	12 786	–
Write down of inventory to net realisable value		7 623	10 230
Research and development		44 924	48 284
Employee costs		343 417	356 910

11. Related parties

		Relationships
Related parties		
Onecell Community Phones Proprietary Limited		IJ Calisto has a beneficial interest in this company
Onecell Community Services Proprietary Limited		IJ Calisto has a beneficial interest in this company
Onecell Data Solutions Proprietary Limited		IJ Calisto has a beneficial interest in this company
Onecell Namibia Proprietary Limited		IJ Calisto has a beneficial interest in this company
Onecell Holdings Proprietary Limited		IJ Calisto has a beneficial interest in this company
Purple Rain Properties No. 444 Proprietary Limited		IJ Calisto has a beneficial interest in this company
Cartrack Education Fund (NPO)		Bursary funding – South Africa entities
J Marais		Shareholder – Cartrack Holdings Limited
P Lim		Shareholder – Cartrack Technologies PHL INC
Bumbene House Proprietary Limited		BEE funded company – Cartrack Holdings Limited
J De Wet		Shareholder – Cartrack New Zealand Limited
Brick Capital Polska Sp.Zo.O		IJ Calisto has a beneficial interest in this company
Georgem Proprietary Limited		J Marais has a beneficial interest in this company
F Calisto		IJ Calisto family
Cartrack Mozambique LDA		IJ Calisto has a beneficial interest in this company
CFC Sp.Zo.O		B Debski is a director
Prime Business		B Debski is a director
Karoo Pte Limited		IJ Calisto has a beneficial interest in this company

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

11. Related parties (continued)

Loan accounts – owing (to)/by related parties

Figures in Rand thousands	2020	2019
Related party balances		
Bumbene House Proprietary Limited	11 000	–
Cartrack Education Fund (NPO)	–	200
J Marais	13	13
J De Wet	(5 679)	(5 551)
P Lim	(2 683)	(2 151)
Onecell Proprietary Limited	–	(14)
	2 651	(7 503)
Amounts included in trade receivables/(trade payables) regarding related parties		
<i>Trade receivables</i>		
Onecell Proprietary Limited	–	6 664
J Marais	7	–
Onecell Holdings Proprietary Limited	–	3
<i>Trade payables</i>		
Onecell Proprietary Limited	–	(52)
Onecell Community Services Proprietary Limited	–	(339)
Onecell Holdings Proprietary Limited	–	(21)
Prime Business	(399)	–
	(392)	6 255
Related party transactions		
<i>Sales to related parties</i>		
Onecell Proprietary Limited	(407)	(4 042)
CFC.Sp.Zo.O	–	(1 14)
Brick Capital Polska SP. ZO.O	–	(1)
Prime Business	–	(44)
	(407)	(4 201)
<i>Purchases from related parties</i>		
Onecell Holdings Proprietary Limited	240	208
Onecell Proprietary Limited	437	467
CFC.Sp.Zo.O	–	7 601
Prime Business	–	148
Onecell Community Services Proprietary Limited	2 796	1 819
Cartrack Mozambique LDA	4 464	5 280
	7 937	15 523
<i>Rent paid to related parties</i>		
Purple Rain Properties No. 444 Proprietary Limited	16 449	17 613
Prime Business	895	836
Brick Capital Lda	–	3 921
Brick Capital Polska Sp.Zo.o	1 663	1 694
F Calisto	880	–
	19 887	24 064

12. Analysis of assets and liabilities by financial instrument classification

The following table shows the carrying amounts and classification of financial assets and financial liabilities. The carrying amounts are considered to approximate their fair values.

Figures in Rand thousands	Loans and receivables at amortised cost
At 29 February 2020	
Financial assets	
Loans to related parties	11 013
Trade and other receivables	230 312
Cash and cash equivalents	145 787
	387 112
Financial liabilities	
Loans from related parties	8 362
Capitalised lease liabilities	98 997
Trade and other payables	148 767
Term loans	22 969
Amounts received in advance	208 782
	487 877
Figures in Rand thousands	Loans and receivables at amortised cost
At 28 February 2019	
Financial assets	
Loans to related parties	213
Trade and other receivables	191 468
Cash and cash equivalents	51 906
	243 587
Financial liabilities	
Term loans	239 290
Loans from related parties	7 716
Instalment sale obligation	116 912
Trade and other payables	136 832
Bank overdraft	13 762
Amounts received in advance	80 377
	594 889

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

13. Earnings per share information

	2020	2019
13.1 Basic earnings per share		
The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue.		
Basic earnings per share		
<i>Basic earnings per share (cents)</i>	148,3	116,4
Weighted average number of ordinary shares ('000)		
Issued at the beginning of the year	300 000	300 000
Effect of treasury shares held	(1 234)	(1 234)
	298 766	298 766
Basic earnings		
Profit attributable to ordinary shareholders	442 982	347 806
13.2 Headline earnings per share		
The calculation of headline earnings per share has been based on the profit attributable to ordinary shareholders computed in terms of SAICA circular 1/2019 and the weighted average number of ordinary shares in issue as determined above in basic earnings per share section.		
<i>Headline earnings per share (cents)</i>	148,1	115,8
Reconciliation between basic earnings and headline earnings		
Basic earnings	442 982	347 806
Adjusted for		
Profit on disposal of property, plant and equipment net of tax	(544)	(1 697)
	442 438	346 109

13.3 Diluted earnings per share

There are no dilutive instruments and therefore diluted earnings per share is the same as basic earnings per share.

14. Funding facilities

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is repayable in five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilisation date.

Interest is levied at a rate of prime less 1,7% per annum. The covenants in respect of this loan have been complied at year-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favour of the lender for this loan, including shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds. At 29 February 2020 Cartrack Proprietary Limited had utilised R2,76 million of the committed term facility.

The loan from Caixa Geral de Depositos S.A. is a euro-denominated loan payable in equal monthly instalments over a five-year period and bears interest of 3% p.a. No security has been provided on this loan.

Mercantile Bank Limited has provided Found Proprietary Limited (previously Plexique Proprietary Limited) with an instalment credit agreement facility of R15 million (2019: R15 million). Cartrack Proprietary Limited has provided limited suretyship in favour of Mercantile Bank Limited for this facility. At the end of the year, R3,7 million (2019: R3 million) was utilised.

15. Commitments

There are no capital commitments at the year-end.

16. Subsequent events

COVID-19

COVID-19 is considered to be a non-adjusting post balance sheet event as none of the countries in which the Group operates were in a 'lockdown' state at the year-end. As a result, the possible impacts of COVID-19 have not resulted in an adjustment to the carrying values of the Group's assets being recognised at the year end, but consideration has been given by the directors to going concern and the subsequent event disclosure in their preparation of the consolidated financial statements for the year ended 29 February 2020.

The global spread of the COVID-19 pandemic, which originated in late 2019 and was declared a pandemic by the World Health Organization in March 2020, has negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets. Cartrack's global operations are subject to risks associated with actions taken by governmental authorities to impose changes in laws or regulations to restrict certain business operations and trade as well as domestic and regional travel.

Although Cartrack operates as an essential service in South Africa, Singapore and certain other countries, the pandemic could result in extended work stoppages and has already resulted in restrictions at different levels in the countries in which the Group operates. These restrictions have led to a 35% decline in new contracts since the lockdowns were implemented. Whilst cash collections were unaffected in March, a decline of 9% in collections was evident in April, predominantly as a result of accommodating corporate customers to ease their current cash flow difficulties and the inability to contact small and medium enterprises due to closure under the COVID-19 regulations. Conversely, there has been no significant increase in subscriber cancellations during this period with subscriber numbers being 1 141 154 as at the end of April.

These events, together with a number of evolving factors, including the duration and spread of the pandemic, the severity of the impact of the pandemic on economic activity and the changing actions of governmental authorities across the globe, will impact the Group's FY21 results in keeping with that of many global organisations. Whilst difficult to quantify, the disruptions caused by COVID-19 will impact Q1 and Q2 FY21 new subscriber growth resulting in flat subscription revenues for the first half of FY21.

Cartrack is actively monitoring these ongoing and potential impacts of COVID-19 in order to mitigate and minimise the impact on its business.

The Group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. Its vertically integrated business model is well positioned to weather the COVID-19 storm with an unleveraged balance sheet and 97% of current revenues being recurring in nature. Cartrack generates strong cash flows and operates with industry leading margins, giving it a level of operating safety and has access to an unutilised R600 million term facility provided by RMB, of which R50 million is committed and R550 million is currently uncommitted. The debtor collection cycle is tightly managed and the Group remains highly liquid.

The Group has sufficient inventory on hand to last for 6 months at budgeted volumes (pre COVID-19 budget) and, at present, supply chains are not affected. In addition to this, Cartrack is prudently balancing its costs, with actions such as a temporary freeze on headcount.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the economic effects arising from the COVID-19 outbreak and the effect on the results of the Company for the full year of 2021 remains uncertain. The directors still consider it to be appropriate to prepare the financial statements on a going concern basis.

External interest

The Company received an expression of interest from a foreign investor, proposing a transaction that could ultimately result in the restructure of the Company such that shareholders would hold shares, pursuant to a scheme of arrangement, in a Singapore entity which would hold a primary listing on a major global stock exchange with a secondary listing on the JSE. The Board constituted an independent sub-committee to assess and consider the terms of the proposal. Any proposed restructure of the Company would be subject to various conditions precedent including regulatory approvals (both locally and abroad) and approval by Cartrack shareholders to the extent required.

A cautionary announcement was published in this regard on SENS on 2 March 2020 and renewed on 15 April 2020.

Dividends

Dividends of 54 cents per share was declared on 13 May 2020 and will be paid on 8 June 2020.

CORPORATE INFORMATION

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(PO Box 4709, Rivonia, 2128)

Directors**Independent Non-Executive Directors**

David Brown (Independent Chairman)
Thebe Ikalafeng
Kim White
Sharoda Rapeti

Executive Directors

Isaias Jose Calisto (Group Chief Executive Officer)
Morne Grundlingh (Group Chief Financial Officer)

Company Secretary

Anname de Villiers
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