

YEAR-ON-YEAR HIGHLIGHTS

Despite the limited capacity to install the in-vehicle IoT technology due to the imposed Covid-19 operating restrictions, Cartrack was still able to achieve a robust year-on-year subscriber growth of 13% to 1 175 173 (HY20: 1 038 970).

HALF-YEAR FINANCIAL HIGHLIGHTS

Subscription revenue of R1 068 million
(HY20: R897 million), up 19%

Subscription revenue is 98% of the total revenue
and growing (HY20: 96%)

Total revenue of R1 086 million
(HY20: R938 million), up 16%

Operating profit of R368 million
(HY20: R316 million), up 16%

Operating profit margin of 34%
(HY20: 34%)

EBITDA of R577 million
(HY20: R480 million), up 20%

EBITDA margin of 53% (HY20: 51%)

Basic earnings per share ('EPS') of 87.2 cents,
up 21%

Headline EPS ('HEPS') of 87.2 cents,
up 21%

Cash generated from operating activities of
R467 million (HY20: R414 million), up 13%

Half-year dividend per share of 87 cents
(HY20: 20 cents), up 335%

COMMENTARY

Zak Calisto, founder and Group Chief Executive Officer, commented, “This reporting period was materially affected by a substantial number of our loyal customers facing cash flow and operational difficulties due to the severe global lockdowns and travel restrictions. We stood by our customers and afforded them all reasonable assistance possible.

Despite this, the Group has continued to experience strong demand for our Software-as-a-Service “SaaS” platform. The latter months of the period have seen us record two of our best months of new subscriber additions.

Our predictable and resilient subscription based business model, combined with our strategic broad industry approach and low customer and industry concentration risk has resulted in Cartrack delivering consistently strong year-on-year subscriber, subscription revenue and operating profit growth.

Our customers, who operate across diverse industries and geographies, continue to derive significantly improved insights and value from our evolving and innovative SaaS platform. The subscriber churn during these difficult times has remained materially consistent with historical trends.

Collections improved significantly in Q2 vs Q1 and our balance sheet and prudent capital allocation remain key strengths.

I have been encouraged by our ability to innovate and adapt to new challenges as we continue to optimize the platform for the evolving future of mobility.”

OPERATIONAL HIGHLIGHTS

- » The newly introduced next generation technology and solutions on our platform continue to enhance the customer experience and retention
- » The upgraded proprietary internal platform improved our operational ability to acquire new customers and to service customers
- » Artificial Intelligence and data analytics continue to be a significant focus which is delivering tangible results
- » Innovative business practices continue to deliver industry leading results

FINANCIAL PERFORMANCE FOR THE HALF YEAR ENDED 31 AUGUST 2020

GROUP PERFORMANCE

Cartrack delivered a strong performance across its key-growth-metrics, with subscription revenue growing by 19%, from R897 million to R1,068 million. Subscription revenue now represents 98% (HY20: 96%) of total revenue as the trend of customers choosing the bundled SaaS platform contracts with no up-front fees continues. The number of total subscribers increased by 13% from 1,038,970 to 1,175,173 despite the distribution challenges that the Covid-19 pandemic posed.

Net cash generation from operating activities is up 13% to R467 million, reinforcing the Group’s highly cash generative business model and clean balance sheet. We now deduct capitalised sales commissions from net cash generation from operating activities as opposed to increasing the PPE in cash flows from investment activities.

Cartrack’s margin expansion is in line with management’s expectations. The Group continues to deliver an industry-leading EBITDA margin of 53% (HY20: 51%) and an operating profit margin of 34% (HY20: 34%).

Operating profit increased by 16% to R368 million from R316 million at HY20, with a basic EPS of 87.2 cents (HY20: 72.3cents), up 21% on the prior half year.

Cartrack’s competitive value proposition, platform expansion, customer acquisition and distribution methodology has created strong barriers to entry against its competitors in most of the territories in which it operates. These markets remain materially underpenetrated with significant growth potential.

The decision for ongoing investment in pursuit of focused growth, coupled with the realisation of economies of scale across business segments, is expected to generate robust results in the future. The capital allocation committee maintains a focus on ensuring a meaningful and sustainable return on capital invested for the company’s shareholders.

It is anticipated that demand for mobility solutions and actionable data will continue to increase and lucrative 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

Despite the operational restrictions and the Covid-19 associated costs, South Africa delivered solid subscription revenue growth of 17% from R655 million to R763 million and a subscriber growth of 13%.

The South Africa segment delivered EBITDA of R438 million (HY20: R386 million) with a year-on-year growth of 14%, at an EBITDA margin of 57% (HY20: 56%).

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 33% from R105 million to R140 million and a subscriber growth of 28%. The lockdown resulted in a number of new managerial and senior operational staff destined for deployment into our Asian territories being stranded in Singapore, unable to effectively drive the high growth plans on the ground in those territories. Had it not been for this unexpected situation, significantly higher growth would have been achieved.

Despite the operational restrictions and the Covid-19 associated costs, the segment delivered an EBITDA of R55 million with strong growth of 66%, from R33 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.

COMMENTARY (continued)

Europe

The European segment delivered subscription revenue growth of 34% from R81 million to R109 million with a subscriber growth of 11%.

Despite the operational restrictions and the Covid-19 associated costs, the segment recorded an EBITDA of R60 million (HY20: R42 million) with growth of 43%, at an EBITDA margin of 54% (HY20: 50%). This achievement is 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 grew by 2% and subscription revenue for the period was flat at R54 million (HY20: R54 million).

The region recorded an EBITDA of R23 million (HY20: R22 million) with growth of 6% and remains a positive cash generator and strategic to our operations in Southern Africa.

US

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

Capital allocation and cash management are particularly important in a high-growth phase with accelerated investment in customer acquisition. Prudent capital management remains a key focus area and is monitored and managed on an ongoing basis.

The new generation smart telematic devices have been engineered with enhanced features at a lower cost, allowing the Group to carry a higher device inventory at a lower real value. These new devices 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.

Cash generation from operating activities is up 13% to R467 million, reinforcing the Group's highly cash generative business model, and free cash flow is up 36% to R276 million compared to R203 million a year ago. The Group ended the period with R232 million in cash and cash equivalents, a 65% increase against the prior period.

The debtors' days (after prudent provisioning for expected credit losses due to Covid-19) stand at 35 days (HY20: 29 days), opposed to 40 days at the end of Q1 of this financial year. This is a key metric indicating the quality of sales, operational effectiveness, trading environment and credit management. We expect debtor's days to trend back to historical levels as we manage the improvement in the collection cycle with trading conditions continuing to improve during the pandemic.

The current ratio and quick ratios of 1.5 (HY20: 1.7) and 1.1 (HY20: 1.1) remain in a healthy range as a result of positive cash generation and a focussed 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 39% and return on assets of 26%. Cartrack's robust business model continues to deliver very 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 forecast for the foreseeable future.

OUTLOOK FOR FY21 with COVID-19

Cartrack's global operations are subject to risks associated with actions taken by governmental authorities as a result of the COVID-19 pandemic.

Although Cartrack operates with great resilience, 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, has impacted on the Group's HY21 results predominantly due to limited capacity to install the in-vehicle IoT technology and the inability to deploy talent currently in Singapore into the Asia Pacific region. Whilst difficult to quantify, Cartrack's current assumption is that the disruptions caused by COVID-19 will have less of an impact on Q3 and Q4 of FY21 and that new subscriber add-ons and subscription revenues will likely experience solid growth when compared to HY21.

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 98% of revenues being recurring in nature. Cartrack generates strong cash flows and operates with industry leading margins, giving it a level of operating safety and the Group has access to an unutilised R600 million term facility provided by RMB. The debtor collection is tightly managed and the Group remains highly liquid. A stress tested cash flow forecast for the ensuing year, based on the assumption that business activities start to normalise in the second half, shows that the Group will continue to be highly cash generative.

The Group has sufficient inventory on hand to last for 9 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 the opportunities that may present themselves when the pandemic passes.

So, whilst it is anticipated that the COVID-19 pandemic will impact Cartrack's performance for the year ending 28 February 2021, it is not responsible at this juncture, given all the uncertainties, to share a firm outlook for FY21.

COMMENTARY (continued)

MEDIUM TERM 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 outlook is that growth will be 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 SaaS platform is device agnostic and continuously enhanced to remain relevant. Cartrack will 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 SaaS platform expansion, improved device 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 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. Globally, markets 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 customers. As an ongoing commitment to meeting its customers' needs, the Group continues to invest significantly into the enhancement of the Cartrack platform with much needed solutions for smart-transportation for logistics and passengers.

GROUP PROFILE

Cartrack is a leading global SaaS platform provider for small, medium and large businesses and consumers needing a software platform for data analytics to optimise fleets, driver behaviour, insurance risk, safety and asset recovery. 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 1.175 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.

The information contained in this announcement has not been reviewed or reported on by the Group's external auditors.

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 inherently strong cash flow of the Group as well as the access to funding, shareholders are advised that the board of directors is satisfied with the solvency and liquidity of the Group and has declared an interim gross cash dividend of 87 cents per ordinary share (69.6 cents net of dividend withholding tax) for the six months ended 31 August 2020 (the cash dividend). The cash dividend will be paid out of retained earnings of the company.

¹ Any forecast information included in this section has not been reviewed 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.

COMMENTARY (continued)

The cash dividend is in line with the current dividend policy, which provides for a cover of between 1 and 10 times HEPS, effective for HY21.

Share code	CTK
ISIN	ZAE000198305
Company registration number	2005/036316/06
Company tax reference number	9108121162
Dividend number	13
Gross cash dividend per share	87 cents
Issued share capital as at declaration date	300 000 000
Declaration date	Wednesday, 25 October, 2020
Last date to trade cum dividend	Tuesday, 24 November, 2020
Shares commence trading ex-dividend	Wednesday, 25 November, 2020
Record date	Friday, 27 November, 2020
Dividend payment date	Monday, 30 November, 2020

Share certificates may not be dematerialised or re-materialised between Wednesday, 25 November, 2020, and Friday, 27 November, 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.

David Brown

Chairman

Johannesburg

14 October, 2020

Sponsor

The Standard Bank of South Africa Limited

Zak Calisto

Group Chief Executive Officer

SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2020

Figures in Rand thousands	Notes	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Assets				
Non-current assets				
Goodwill		138 172	134 396	131 503
Intangible assets	7	49 376	23 280	40 739
Property, plant and equipment	5	890 790	783 574	854 506
Capitalised commission assets	6	163 633	127 512	144 549
Deferred tax assets		106 563	55 364	106 482
Total non-current assets		1 348 534	1 124 126	1 277 779
Current assets				
Inventories	8	209 558	203 451	151 616
Trade and other receivables	9	286 489	205 031	251 747
Loans to related parties		11 000	520	11 013
Taxation		5 413	2 893	6 511
Cash and cash equivalents	10	232 397	141 069	145 787
Total current assets		744 857	552 964	566 674
Total assets		2 093 391	1 677 090	1 844 453
Equity and liabilities				
Equity				
Share capital		42 488	42 488	42 488
Treasury shares		(12 105)	(12 105)	(12 105)
Foreign currency translation reserve		56 671	13 869	16 124
Retained earnings		1 248 291	986 396	1 153 683
Equity attributable to equity holders of parent		1 335 345	1 030 648	1 200 190
Non-controlling interest		21 489	21 435	24 185
Total equity		1 356 834	1 052 083	1 224 375
Liabilities				
Non-current liabilities				
Term loans	12	17 274	184 982	17 815
Capitalised lease liabilities		58 118	64 925	54 148
Amounts received in advance	11	71 917	23 321	55 817
Deferred tax liabilities		100 844	20 695	85 392
Total non-current liabilities		248 153	293 923	213 172
Current liabilities				
Term loans	12	3 021	5 095	5 154
Trade and other payables		222 709	154 782	170 928
Loans from related parties		9 078	8 117	8 362
Capitalised lease liabilities		42 076	43 104	44 849
Taxation		43 868	19 453	22 969
Provision for warranties		645	3 255	1 679
Amounts received in advance	11	167 007	97 278	152 965
Total current liabilities		488 404	331 084	406 906
Total liabilities		736 557	625 007	620 078
Total equity and liabilities		2 093 391	1 677 090	1 844 453

SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the period ended 31 August 2020

Figures in Rand thousands	Notes	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Revenue	13	1 086 135	938 159	1 941 893
Cost of sales		(297 846)	(282 298)	(574 770)
Gross profit		788 289	655 861	1 367 123
Other income		518	1 327	1 867
Expected credit losses on financial assets		(38 064)	(25 353)	(54 872)
Operating expenses		(382 844)	(315 970)	(672 395)
Sales and marketing		(102 301)	(82 022)	(177 870)
Administration and other charges		(280 543)	(233 948)	(494 525)
Operating profit		367 899	315 865	641 723
Finance income		2 470	1 164	2 592
Finance costs		(3 337)	(11 009)	(16 831)
Profit before taxation		367 032	306 020	627 484
Taxation		(99 164)	(82 632)	(171 062)
Profit for the period		267 868	223 388	456 422
Profit attributable to:				
Owners of the parent		260 581	215 941	442 982
Non-controlling interest		7 287	7 447	13 440
		267 868	223 388	456 422
Earnings per share				
Basic and diluted earnings per share (cents)	18.1	87.2	72.3	148.3

SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 August 2020

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Profit for the period	267 868	223 388	456 422
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods:			
Exchange differences on translating foreign operations	37 483	35 309	35 052
Other comprehensive income for the period	37 483	35 309	35 052
Total comprehensive income for the period	305 351	258 697	491 474
Total comprehensive income attributable to:			
Owners of the parent	301 128	245 272	474 568
Non-controlling interest	4 223	13 425	16 906
	305 351	258 697	491 474

SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 August 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 at 1 March 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 – Audited	42 488	16 124	(12 105)	1 153 683	1 200 190	24 185	1 224 375
Profit for the interim period – 31 August 2020	–	–	–	260 581	260 581	7 287	267 868
Other comprehensive income for the interim period – 31 August 2020	–	40 547	–	–	40 547	(3 064)	37 483
Total comprehensive income for the period	–	40 547	–	260 581	301 128	4 223	305 351
Dividends for the interim period – 31 August 2020	–	–	–	(161 333)	(161 333)	–	(161 333)
Change in control*	–	–	–	(4 640)	(4 640)	(6 919)	(11 559)
Balance at 31 August 2020 – Unaudited	42 488	56 671	(12 105)	1 248 291	1 335 345	21 489	1 356 834

* Refer to note 21 for change in control in Cartrack Tanzania and Retriever Kenya.

SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 August 2020

Figures in Rand thousands	Notes	August 2020 Unaudited	August 2019 Restated*	February 2020 Audited
Cash flows from operating activities				
Cash generated from operations	15	526 337	499 245	1 065 355
Finance income received		2 470	1 164	2 592
Finance costs paid		(540)	(4 034)	(9 323)
Taxation paid		(61 045)	(82 697)	(144 504)
Net cash generated from operating activities		467 222	413 678	914 120
Cash flows from investing activities				
Purchase of property, plant and equipment		(173 652)	(199 753)	(388 723)
Proceeds on disposal of property, plant and equipment		4 711	1 738	6 532
Investment in intangible assets		(17 460)	(11 412)	(34 245)
Advances of loans to related parties		—	(307)	(11 000)
Proceeds of loans to related parties		14	—	—
Net cash utilised by investing activities		(186 387)	(209 734)	(427 436)
Cash flows from financing activities				
Repayment of term loans		(5 689)	(49 213)	(217 815)
Proceeds of loans from related parties		—	401	—
Payments of loans from related parties		(437)	—	—
Payments of capitalised lease liabilities		(27 125)	(12 399)	(58 417)
Dividends paid		(161 333)	(44 232)	(104 717)
Net cash utilised by financing activities		(194 584)	(105 443)	(380 949)
Total cash movements for the period		86 251	98 501	105 735
Cash and cash equivalents as at the beginning of the period	10	145 787	38 144	38 144
Translation differences on cash and cash equivalents		359	4 424	1 908
Total cash and cash equivalents at the end of the period	10	232 397	141 069	145 787

* Refer to note 2 for change in accounting policy between investing activities and operating activities.

ACCOUNTING POLICIES

for the period ended 31 August 2020

1. Presentation of summarised unaudited consolidated interim financial statements

Reporting entity

Cartrack Holdings Limited is a Company domiciled in the Republic of South Africa. These summarised unaudited consolidated interim financial statements for the half year ended 31 August 2020 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). Cartrack is a leading global Software-as-a-Service "SaaS" platform provider for small, medium and large businesses and consumers needing a software platform for data analytics to optimise fleets, driver behaviour, insurance risk, safety and asset recovery. Data analytics remain the Group's primary offering while growing its artificial intelligence, and value-added services to deliver a tangible return on investment to its subscribers. The Group is also renowned for its agility and speed in developing innovative, first-to-market solutions that are aimed at further enhancing customer experience.

Statement of compliance

The summarised unaudited consolidated interim financial statements for the half year ended 31 August 2020 have been prepared in accordance with International Financial Reporting Standard ("IFRS"), IAS 34: Interim financial reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE listings Requirements and the requirements of the South African Companies Act 71 of 2008, as amended. The summarised consolidated financial statements have not been audited nor reviewed by the Group's external auditors.

The summarised unaudited consolidated interim financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements as at 29 February 2020.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these summarised unaudited consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated annual financial statements for the year ended 29 February 2020.

The summarised unaudited consolidated interim financial statements were prepared under the supervision of the Group Chief Financial Officer, M Grundlingh CA(SA).

Functional presentation and currency

These summarised unaudited consolidated interim financial statements are presented in South African Rand (ZAR), which is the Company's functional currency and the Group's presentation currency.

All financial information presented has been rounded off to the nearest thousand ZAR, unless otherwise indicated.

Going concern

The summarised unaudited consolidated interim financial statements are prepared on the going-concern basis as the directors believe that the required funding will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

ACCOUNTING POLICIES (continued)

for the period ended 31 August 2020

2. Comparative disclosure

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 August 2019 interim 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 August 2019	Restatement*	As reported in August 2019
Cash flows from operating activities			
Cash generated from operations	499 245	(31 856)	531 101
Cash flows from investing activities			
Purchase of property, plant and equipment	(199 753)	31 856	(231 609)

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

3. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the summarised unaudited consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 29 February 2020.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period ended 31 August 2020

4. 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 the Group's hardware and software platform and provide technical support and distribution support to each of the operating segments. All inter-Group 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 interim period ended 31 August 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	Depreciation and amortisation	EBITDA
31 August 2020								
<i>Geographical business units</i>								
South Africa	763 372	126 024	(115 241)	(1 972)	8 811	772 183	145 134	437 963
Africa-Other	54 093	2 569	–	1 972	4 541	58 634	4 126	23 181
Europe	108 518	3 438	(475)	–	2 963	111 481	31 126	60 113
Asia-Pacific and Middle East	140 068	45 782	(43 827)	–	1 955	142 023	27 776	55 300
USA	1 801	753	(740)	–	13	1 814	499	3
Total	1 067 852	178 566	(160 283)	–	18 283	1 086 135	208 661	576 560
31 August 2019								
<i>Geographical business units</i>								
South Africa	655 137	177 052	(145 916)	(3 812)	27 324	682 461	125 467	385 520
Africa-Other	53 875	1 979	–	3 812	5 791	59 666	2 545	21 958
Europe	80 850	8 678	(5 810)	–	2 868	83 718	19 117	42 059
Asia-Pacific and Middle East	105 036	23 579	(18 218)	–	5 361	110 397	16 410	33 403
USA	1 862	55	–	–	55	1 917	418	(3 118)
Total	896 760	211 343	(169 944)	–	41 399	938 159	163 957	479 822
29 February 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

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

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

4. Segment reporting (continued)

Reconciliation of EBITDA to profit tax before taxation

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
EBITDA	576 560	479 822	968 747
Amortisation of capitalised commission assets	(20 715)	(14 529)	(31 262)
Depreciation of property, plant and equipment and amortisation of intangible assets	(187 946)	(149 428)	(295 762)
Operating profit	367 899	315 865	641 723
Finance income	2 470	1 164	2 592
Finance costs	(3 337)	(11 009)	(16 831)
Profit before taxation	367 032	306 020	627 484
Total assets by segment			
South Africa	1 271 721	959 442	1 145 039
Africa – Other	195 924	211 992	196 156
Europe	328 750	270 003	275 290
Asia-Pacific and Middle East	286 255	225 694	217 764
USA	10 741	9 959	10 204
Total	2 093 391	1 677 090	1 844 453
Total non-current assets by segment			
South Africa	836 340	690 729	820 658
Africa – Other	93 302	103 965	96 263
Europe	256 732	207 292	221 840
Asia-Pacific and Middle East	157 203	116 960	133 824
USA	4 957	5 180	5 194
Total	1 348 534	1 124 126	1 277 779
Capital expenditure*			
South Africa	138 798	154 235	308 936
Africa – Other	3 510	4 706	9 427
Europe	22 403	25 449	50 974
Asia-Pacific and Middle East	26 393	26 687	53 455
USA	8	88	176
Total	191 112	211 165	422 968
Total liabilities by segment			
South Africa	482 281	346 710	405 238
Africa – Other	44 686	85 680	56 088
Europe	101 494	95 710	90 547
Asia-Pacific and Middle East	107 984	96 467	68 025
USA	112	440	180
Total	736 557	625 007	620 078

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

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

5. Property, plant and equipment

Figures in Rand thousands	August 2020 – Unaudited			August 2019 – Unaudited			February 2020 – Audited		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>									
Buildings	2 048	–	2 048	2 215	–	2 215	2 115	–	2 115
Capitalised telematics devices	1 669 106	(921 989)	747 117	1 281 141	(657 438)	623 703	1 485 475	(776 594)	708 881
Computer software	–	–	–	9 390	(5 557)	3 833	–	–	–
Furniture, fixtures and equipment	22 138	(16 008)	6 130	17 784	(12 129)	5 655	19 253	(13 035)	6 218
Leasehold improvements	24 060	(16 952)	7 108	18 247	(12 804)	5 443	20 249	(14 893)	5 356
Plant and machinery	6 012	(4 194)	1 818	3 675	(3 011)	664	3 820	(3 107)	713
<i>Right-of-use assets</i>									
IT Equipment	67 799	(42 111)	25 688	63 050	(34 741)	28 309	63 793	(35 741)	28 052
Motor vehicles	116 258	(69 955)	46 303	112 441	(44 531)	67 910	124 893	(65 055)	59 838
Property	92 157	(37 579)	54 578	71 034	(25 192)	45 842	66 130	(22 797)	43 333
	1 999 578	(1 108 788)	890 790	1 578 977	(795 403)	783 574	1 785 728	(931 222)	854 506

Reconciliation of the carrying value of property, plant and equipment – August 2020 Unaudited

Figures in Rand thousands	Opening balance	Additions	Disposals	Translation adjustments	Depreciation	Closing balance
<i>Owned assets</i>						
Buildings	2 115	–	–	(67)	–	2 048
Capitalised telematics devices	708 881	164 131	(4 545)	25 142	(146 492)	747 117
Computer software	–	–	–	–	–	–
Furniture, fixtures and equipment	6 218	927	(503)	599	(1 111)	6 130
Leasehold improvements	5 356	3 183	–	305	(1 736)	7 108
Plant and machinery	713	–	–	1 225	(120)	1 818
<i>Right-of-use assets</i>						
IT Equipment	28 052	3 443	(7)	184	(5 984)	25 688
Motor vehicles	59 838	1 968	(3 953)	(793)	(10 757)	46 303
Property	43 333	20 406	(616)	2 055	(10 600)	54 578
	854 506	194 058	(9 624)	28 650	(176 800)	890 790

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

5. Property, plant and equipment (continued)

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

Figures in Rand thousands	Opening balance	Additions	Disposals	Disposal of subsidiary	Translation adjustments	Depreciation	Closing balance
<i>Owned assets</i>							
Buildings	1 962	–	–	–	253	–	2 215
Capitalised telematics devices	549 982	186 676	–	–	10 816	(123 771)	623 703
Computer software	4 822	806	–	–	(208)	(1 587)	3 833
Furniture, fixtures and equipment	5 453	974	(328)	–	471	(915)	5 655
Leasehold improvements	5 075	1 874	–	–	29	(1 535)	5 443
Plant and machinery	302	806	–	–	14	(458)	664
<i>Right-of-use assets</i>							
IT equipment	29 279	3 975	(53)	(34)	538	(5 396)	28 309
Motor vehicles	70 960	4 642	(2 153)	(3 623)	601	(2 517)	67 910
Property	38 139	14 876	(1 236)	–	4 037	(9 974)	45 842
	705 974	214 629	(3 770)	(3 657)	16 551	(146 153)	783 574

Reconciliation of the carrying value of property, plant and equipment – February 2020 Audited

Figures in Rand thousands	Opening balance	Additions	Disposals	Reclassification	Translation adjustments	Depreciation	Closing balance
<i>Owned assets</i>							
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, fixtures and equipment	5 453	2 622	(210)	–	323	(1 970)	6 218
Leasehold improvements	5 075	4 158	(257)	–	115	(3 735)	5 356
Plant and machinery	302	965	–	–	25	(579)	713
<i>Right-of-use assets</i>							
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
	705 974	421 716	(5 784)	(4 822)	20 398	(282 976)	854 506

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

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

6. Capitalised commission assets

Figures in Rand thousands	August 2020 – Unaudited			August 2019 – Unaudited			February 2020 – Audited		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Capitalised sales commissions	290 835	(127 202)	163 633	209 742	(82 230)	127 512	245 718	(101 169)	144 549

Reconciliation of the carrying value of capitalised sales commissions – August 2020 Unaudited

Figures in Rand thousands	Opening balance	Additions	Disposals	Translation adjustments	Amortisation	Closing balance
Capitalised sales commissions	144 549	35 481	(384)	4 702	(20 715)	163 633

Reconciliation of the carrying value of capitalised sales commissions – August 2019 Unaudited

Figures in Rand thousands	Opening balance	Additions	Translation adjustments	Amortisation	Total
Capitalised sales commissions	108 547	31 856	1 638	(14 529)	127 512

Reconciliation of the carrying value of capitalised sales commissions – February 2020 Audited

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

The Group capitalises sale commission costs arising from activated subscription contracts.

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

7. Intangible assets

Figures in Rand thousands	August 2020 – Unaudited			August 2019 – Unaudited			February 2020 – Audited		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Product development costs	63 569	(18 000)	45 569	26 714	(3 434)	23 280	46 452	(9 385)	37 067
Computer software	12 416	(8 609)	3 807	–	–	–	11 029	(7 357)	3 672
	75 985	(26 609)	49 376	26 714	(3 434)	23 280	57 481	(16 742)	40 739

Reconciliation of the carrying value of intangible assets – August 2020 Unaudited

Figures in Rand thousands	Opening balance	Additions	Translation adjustments	Amortisation	Closing balance
Product development costs	37 067	16 214	2 028	(9 740)	45 569
Computer software	3 672	1 246	295	(1 406)	3 807
	40 739	17 460	2 323	(11 146)	49 376

Reconciliation of the carrying value of intangible assets – August 2019 Unaudited

Figures in Rand thousands	Opening balance	Additions	Translation adjustments	Amortisation	Total
Product development costs	13 636	11 412	1 507	(3 275)	23 280

Reconciliation of the carrying value of intangible assets – February 2020 Audited

Figures in Rand thousands	Opening balance	Reclassification	Additions	Translation adjustments	Amortisation	Disposal	Total
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
	13 636	4 822	34 245	1 189	(12 786)	(367)	40 739

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

8. Inventories

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Uninstalled tracking units	50 730	109 996	46 203
In vehicle inventory	18 255	–	15 980
Components	93 874	56 117	69 816
Work in progress	28 995	15 674	2 009
Consumables	21 616	22 468	19 658
	213 470	204 255	153 666
Allowance for obsolete inventory	(3 912)	(804)	(2 050)
	209 558	203 451	151 616

During the period, no inventory (February 2020: R7 622 897) was recognised as an expense for inventories carried at net realisable value.

9. Trade and other receivables

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Trade receivables	318 336	223 128	268 749
Expected credit loss provision	(78 108)	(50 344)	(51 657)
Total	240 228	172 784	217 092
Other receivables			
Prepayments	29 091	18 645	21 170
Deposits	7 608	4 501	6 044
Sundry debtors	7 648	8 496	7 176
Value added tax	1 914	605	265
	286 489	205 031	251 747

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

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Opening balance	(51 657)	(43 670)	(43 670)
Increase in allowance for expected credit losses	(44 069)	(31 557)	(63 623)
Amounts utilised	18 595	25 972	57 825
Translation differences	(977)	(1 089)	(2 189)
Closing balance	(78 108)	(50 344)	(51 657)

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

10. Cash and cash equivalents

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Cash and cash equivalents consist of:			
Cash on hand	362	258	313
Bank Balances	200 095	140 811	122 346
Short-term deposits	31 940	–	23 128
	232 397	141 069	145 787

11. Amounts received in advance

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Opening balance	208 782	80 377	80 377
Amounts deferred in current period	170 610	109 506	275 584
Amounts released to revenue in current period	(142 273)	(74 066)	(152 420)
Translation adjustments	1 805	4 782	5 241
Closing balance	238 924	120 599	208 782
Non-current liabilities	71 917	23 321	55 817
Current liabilities	167 007	97 278	152 965
	238 924	120 599	208 782

12. Term loans

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Rand Merchant Bank Limited	–	167 400	2 760
Caixa Geral de Depositos S.A	20 295	22 677	20 209
Total	20 295	190 077	22 969
Less: Short term portion	(3 021)	(5 095)	(5 154)
Long-term portion	17 274	184 982	17 815

13. 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 tracking and recovery of stolen vehicles.

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Revenue from contracts with customers			
<i>Subscription revenue</i>	1 067 852	896 760	1 887 717
Hardware revenue	9 355	33 264	36 852
Installation revenue	2 276	679	752
	1 079 483	930 703	1 925 321
Other revenue			
Miscellaneous rental contract fees	6 652	7 456	16 572
Total revenue	1 086 135	938 159	1 941 893

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

13. 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 revenue		
	August 2020	August 2019	February 2020	August 2020	August 2019	February 2020
Figures in Rand thousands	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
Primary geographical markets						
South Africa	763 372	655 137	1 383 980	2 394	20 326	17 429
Africa-Other	54 093	53 875	106 977	4 027	5 425	8 343
Europe	108 518	80 850	168 314	1 678	2 811	4 670
Asia-Pacific and Middle East	140 068	105 036	224 715	1 256	4 671	6 332
USA	1 801	1 862	3 731	–	31	78
	1 067 852	896 760	1 887 717	9 355	33 264	36 852
Timing of revenue recognition						
Products transferred at a point in time	–	–	–	9 355	33 264	36 852
Services transferred over time	1 067 852	896 760	1 887 717	–	–	–
Total revenue	1 067 852	896 760	1 887 717	9 355	33 264	36 852

Installation revenue				Miscellaneous rental contract fees		
	August 2020	August 2019	February 2020	August 2020	August 2019	February 2020
Figures in Rand thousands	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
Primary geographical markets						
South Africa	1 028	415	356	5 389	6 583	15 700
Africa-Other	514	111	170	–	255	484
Europe	420	57	95	865	–	187
Asia-Pacific and Middle East	314	95	129	385	595	159
USA	–	1	2	13	23	42
	2 276	679	752	6 652	7 456	16 572
Timing of revenue recognition						
Products transferred at a point in time	2 276	679	752	6 652	7 456	16 572
Services transferred over time	–	–	–	–	–	–
Total revenue	2 276	679	752	6 652	7 456	16 572

Total			
	August 2020	August 2019	February 2020
Figures in Rand thousands	Unaudited	Unaudited	Audited
Primary geographical markets			
South Africa	772 183	682 461	1 417 465
Africa-Other	58 634	59 666	115 974
Europe	111 481	83 718	173 266
Asia-Pacific and Middle East	142 023	110 397	231 335
USA	1 814	1 917	3 853
	1 086 135	938 159	1 941 893
Timing of revenue recognition			
Products transferred at a point in time	18 283	41 399	54 176
Services transferred over time	1 067 852	896 760	1 887 717
Total revenue	1 086 135	938 159	1 941 893

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

14. Operating profit

Operating profit is stated after accounting for the following charges:

Figures in Rand thousands	Notes	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Operating profit is stated after accounting for the following charges:				
Auditor remuneration		3 454	3 556	6 282
– Current period (Audit services)		3 454	3 075	6 207
– Current period (Other services)		–	481	75
Depreciation of property, plant and equipment	5	176 800	146 153	282 976
Amortisation of capitalised commission assets	6	20 715	14 529	31 262
Amortisation of intangible assets	7	11 146	3 275	12 786
Write down of inventory to net realisable value	8	–	–	7 623
Research and development		39 933	22 980	44 924
Employee costs		177 708	168 607	343 417

15. Cash generated from operations

Figures in Rand thousands	Notes	August 2020 Unaudited	August 2019 Restated*	February 2020 Audited
Profit before taxation		367 032	306 020	627 484
Adjustments		208 246	173 998	339 630
Depreciation on property, plant and equipment	5	176 800	146 153	282 976
Amortisation of capitalised commission assets	6	20 715	14 529	31 262
Amortisation of intangible asset	7	11 146	3 275	12 786
Profit on disposal of property, plant and equipment		(248)	(495)	(748)
Finance income		(2 470)	(1 164)	(2 592)
Finance costs		3 337	11 009	16 831
Provision for warranties charge		(1 034)	691	(885)
Cash generated from operations before working capital changes		575 278	480 018	967 114
Changes in working capital				
(Increase)/decrease in Inventories		(54 730)	2 575	55 380
(Increase)/decrease in Trade and other receivables		(49 040)	7 631	(36 778)
Increase in Trade and other payables		57 510	2 239	15 671
Increase in Amounts received in advance		32 800	38 638	128 405
Increase in Capitalised commission assets under IFRS 15	6	(35 481)	(31 856)	(64 437)
Cash generated from operations		526 337	499 245	1 065 355

* Refer to note 2 for change in accounting policy between investing activities and operating activities.

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

16. 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 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
Onecell Proprietary Limited	IJ Calisto has a beneficial interest in this company
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
Brick Capital Lda	IJ Calisto has a beneficial interest in this company
F Calisto	IJ Calisto Family
Cartrack Mozambique LDA	IJ Calisto has a beneficial interest in this company
Marcus and Brands	IJ Calisto has a beneficial interest in this company
Mula Mobile Proprietary Limited	IJ Calisto has a beneficial interest in this company
Prime Business	B. Debski is a director
Karoo Pte Limited	IJ Calisto has a beneficial interest in this company
Gerogem Holdings Proprietary Limited	J Marais has beneficial interest in this company

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

16. Related parties (continued)

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
Related party balances			
Loan accounts – owing (to)/by related parties			
Bumbene House Proprietary Limited	11 000	–	11 000
AH Nyimbo	–	307	–
Cartrack Education Fund (NPO)	–	200	–
J Marais	–	13	13
J De Wet	(5 943)	(5 645)	(5 679)
P Lim	(3 135)	(2 472)	(2 683)
	1 922	(7 597)	2 651
Amounts included in trade receivables/(trade payables) regarding related parties			
Trade receivables			
Onecell Proprietary Limited	–	5 485	–
J Marais	–	–	7
Onecell Holdings Proprietary Limited	–	3	–
Trade payables			
Purple Rain Properties No. 444 Proprietary Limited	–	(1 397)	–
Brick Capital LDA	–	(2 364)	–
Prime Business	(213)	–	(399)
	(213)	1 727	(392)
Related party transactions			
Sales to related parties			
Onecell Proprietary Limited	–	(412)	(407)
	–	(412)	(407)
Purchases from related parties			
Onecell Holdings Proprietary Limited	39	130	240
Onecell Proprietary Limited	273	38	437
Onecell Community Services Proprietary Limited	3 104	726	2 796
Onecell Community Phones Proprietary Limited	–	309	–
Cartrack Mozambique LDA	–	–	4 464
Mula Mobile Proprietary Limited	219	–	–
Marcus and Brands	3 009	1 758	2 075
	6 644	2 961	10 012
Rent paid to related parties			
Purple Rain Properties No. 444 Proprietary Limited	8 511	8 588	16 449
Prime Business	816	488	895
Brick Capital Lda	1 016	–	–
Brick Capital Polska Sp.Zo.o	1 071	833	1 663
F Calisto	531	420	880
	11 945	10 329	19 887

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

17. Analysis of assets and liabilities by financial instrument classification

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

Figures in Rand thousands	Loans and receivables at amortised cost
At 31 August 2020 Unaudited	
Financial assets	
Loans to related parties	11 000
Trade and other receivables	255 484
Cash and cash equivalents	232 397
	498 881
Financial liabilities	
Loans from related parties	9 078
Capitalised lease liabilities	100 194
Trade and other payables	196 875
Term loans	20 295
Amounts received in advance	238 924
	565 366
At 31 August 2019 Unaudited	
Financial assets	
Loans to related parties	520
Trade and other receivables	185 781
Cash and cash equivalents	141 069
	327 370
Financial liabilities	
Term loans	190 077
Loans from related parties	8 117
Capitalised lease liabilities	108 029
Trade and other payables	133 083
Amounts received in advance	120 599
	559 905
At 29 February 2020 Audited	
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

18. Earnings per share information

18.1 Basic earnings per share

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
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			
Basic earnings per share (cents)	87.2	72.3	148.3
Weighted average number of ordinary shares ('000)			
Issued at the beginning of the period	300 000	300 000	300 000
Effect of treasury shares held	(1 234)	(1 234)	(1 234)
	298 766	298 766	298 766
Basic earnings			
Profit attributable to ordinary shareholders	260 581	215 941	442 982

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 31 August 2020

18. Earnings per share information (continued)

Figures in Rand thousands	August 2020 Unaudited	August 2019 Unaudited	February 2020 Audited
18.2 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.			
Headline earnings per share (cents)	87.2	72.2	148.1
Reconciliation between basic earnings and headline earnings			
Basic earnings	260 581	215 941	442 982
Adjusted for			
Profit on disposal of property, plant and equipment net of tax	(178)	(356)	(544)
	260 403	215 585	442 438

18.3 Diluted earnings per share

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

19. Commitments

There are no capital commitments after period-end.

20. 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 with at half 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 31 August 2020 Cartrack Proprietary Limited has not utilised this facility.

The loan from Caixa Geral de Depósitos 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.

21. Acquisitions

In August 2020 the Group acquired the remaining 40% share in Cartrack Tanzania and 15% share in Retriever Kenya from AHNyimbo for a value of \$538 507 and \$158 503 respectively. The new shareholding is 100% owned by the Group. The Group acquired these shares in order to achieve economies of scale, standardisation, integration and operational simplification to stimulate future growth. At August 2020 these amounts were not yet paid to AH Nyimbo.

The company has either incorporated or is in the process of incorporating the following companies for potential strategic expansion: Cartrack France SAS, Cartrack Vietnam Limited Liability Company, Cartrack (Mauritius) Limited and Cartrack Zambia Limited.

Veraspan Proprietary Limited (Veraspan) disposed of its interest in Found Proprietary Limited for R100 to Bumbene House Proprietary Limited (Bumbene) as part of a restructuring of the Group. Cartrack Proprietary Limited acquired the 51% interest in Veraspan not already owned from Bumbene for R100. Veraspan is a dormant company.

22. Events after reporting date

Dividends

Dividends of 87 cents per share will be declared on 25 October 2020 and will be paid 30 November 2020.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report for the Company.

CORPORATE INFORMATION

Registered office

Cartrack Corner
11 Keyes Road
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Johannesburg
2196
(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)

** There has been no changes to the Board during the period.*

Company Secretary

Annamè de Villiers
Cartrack Corner
11 Keyes Road
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2196
(PO Box 4709, Rivonia, 2128)

Sponsor

The Standard Bank of South Africa Limited
30 Baker Street
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2109
(PO Box 61344, Marshalltown, 2109)

Transfer Secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
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2001
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