MiX Telematics reports first half of fiscal 2022 IFRS financial results

2022

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MiX Telematics Reports First Half of Fiscal 2022 IFRS Financial Results

MiX Telematics changed from being a foreign private issuer to a U.S. domestic issuer, with effect from April 1, 2020. As a result of the change in status, the Company is required to comply with and report its financial results in accordance with generally accepted accounting principles in the United States ("GAAP") in U.S. Dollars from a Securities and Exchange Commission ("SEC") perspective as well as International Financial Reporting Standards ("IFRS") in Rands from a South African Companies Act 71 of 2008 and JSE Listings Requirements perspective. Therefore, this press release is being distributed in South Africa and the Company is also releasing a press release in the United States in order to meet the above requirements.

An explanation of non-IFRS measures used in this press release is set out in the ***Non-IFRS financial measures*** *section of this press release. A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is provided in the financial tables that accompany this release.*

First Half of Fiscal 2022 Highlights:

- **Subscription revenue of R891 million, representing 87% of revenue**
- **Net subscriber additions of 25,500, bringing the total base to over 770,000 subscribers**
- **Net income of R74 million**
- **Adjusted EBITDA of R255 million, representing a 24.9% Adjusted EBITDA margin**
- **Net cash and cash equivalents of R570 million at period end**

Midrand, South Africa and Boca Raton, October 28, 2021 - MiX Telematics Limited (NYSE: MIXT, JSE: MIX), a leading global Software-as-a-Service ("SaaS") provider of connected fleet management solutions, today announced financial results for its first half of fiscal 2022, which ended on September 30, 2021.

"MiX is back on a growth trajectory, highlighted by our second consecutive quarter of year-over-year revenue expansion. In Q2, we almost doubled the number of net subscriber adds compared to the first quarter, contributing to Annualized Recurring Revenue growth of 5% since the beginning of the year. We are seeing positive trends in both our light- and premium- fleet portfolios, and the business environment in many of our key end markets has strengthened," said Stefan Joselowitz, Chief Executive Officer of MiX Telematics.

Joselowitz continued, "We are committed to investing in our growth initiatives while continuing to deliver high levels of profitability. Our performance in the first half of the year positions the company well to achieve our financial and operational objectives for fiscal 2022."

Financial performance for the first half of fiscal 2022

Subscription revenue: Subscription revenue decreased to R891.2 million, a decrease of 4.5% compared to R933.1 million for the first half of fiscal 2021. Subscription revenue represented 87.3% of total revenue during the first half of fiscal 2022. On a constant currency basis, subscription revenue increased by 3.1%, year over year. During the first half of fiscal 2022, the Company's subscriber base grew by a net 25,500 subscribers.

Total revenue: Total revenue was R1,020.5 million, an increase of 0.1% compared to R1,019.4 million for the first half of fiscal 2021. Total revenue increased by 8.5% on a constant currency basis, year over year. Hardware and other revenue was R129.4 million, an increase of 49.9%, compared to R86.3 million for the first half of fiscal 2021.

Gross margin: Gross profit was R651.8 million, compared to R682.5 million for the first half of fiscal 2021. Gross profit margin was 63.9%, compared to 67.0% for the first half of fiscal 2021. The decline in the gross profit margin was due to the increase in hardware and other revenues which carry lower margins than subscription revenue. The subscription revenue margin during the first half of fiscal year 2022 was 70.0%.

Operating margin: Operating profit was R122.7 million, compared to R127.7 million in the first half of fiscal 2021. The operating margin was 12.0%, compared to 12.5% in the first half of fiscal 2021. Operating expenses represented 52.0% of revenue compared to 54.4% in the first half of fiscal 2021.

Adjusted EBITDA: Adjusted EBITDA was R254.6 million compared to R307.5 million for the first half of fiscal 2021. Adjusted EBITDA margin was 24.9%, compared to 30.2% in the first half of fiscal 2021.

Profit for the period and earnings per share: Profit for the period was R74.2 million, compared to R98.2 million in the first half of fiscal 2021. Profit for the period included a net foreign exchange loss of R0.2 million before tax, as well as a R3.9 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Telematics Investments Proprietary Limited ("MiX Investments"), a wholly-owned subsidiary of the Company. During the first half of fiscal 2021, a net foreign exchange loss of R3.2 million was recognized while the Company incurred a R17.3 million deferred tax credit on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments.

Earnings per diluted ordinary share were 13 South African cents, compared to 18 South African cents in the first half of fiscal 2021. For the first half of fiscal 2022, the calculation was based on diluted weighted average ordinary shares in issue of 565.5 million, compared to 558.2 million diluted weighted average ordinary shares in issue during the first half of fiscal 2021.

The Company's effective tax rate was 36.1%, compared to 16.8% for the first half of fiscal 2021. Ignoring the impact of net foreign exchange gains and losses net of tax and share-based compensation costs related to performance share awards, net of tax, the effective tax rate, which is used in calculating adjusted earnings, was 32.1% compared to 30.0% in the first half of fiscal 2021.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period were R78.9 million, compared to R86.9 million in the first half of fiscal 2021. Adjusted earnings per diluted ordinary share were 14 South African cents, compared to 16 South African cents for the first half of fiscal 2021.

Cash and Cash Equivalents and Cash Flow: At September 30, 2021, the Company had R570.1 million of net cash and cash equivalents, compared to R653.6 million at March 31, 2021.

The Company generated R170.6 million in net cash from operating activities for the first half of fiscal 2022 and invested R203.1 million in capital expenditures during the period (including investments in in-vehicle devices of R140.1 million), leading to a negative free cash flow of R32.5 million, compared to free cash flow of R287.3 million for the first half of fiscal 2021. Capital expenditures in the first half of fiscal 2021 were R91.3 million and included in-vehicle devices of R45.2 million.

The Company utilized R51.2 million in financing activities, compared to R36.9 million utilized during the first half of fiscal 2021. The cash utilized in financing activities during the first half of fiscal 2022 mainly consisted of dividends paid of R44.0 million and the payment of lease liabilities of R7.2 million. The cash utilized during the first half of fiscal 2021 consisted primarily of dividends paid of R43.7 million and the payment of lease liabilities of R7.6 million, offset by the proceeds from the issuance of ordinary shares related to the exercise of share options of R14.4 million.

Segment commentary for the first half of fiscal 2022

The segment results below are presented on an integral margin basis. In respect of revenue, this method of measurement entails reviewing the segmental results based on external revenue only. In respect of Adjusted EBITDA (the non-IFRS profit measure identified by the Group), the margin generated by our Central Services Organization ("CSO"), net of any unrealized inter-company profit, is allocated to the geographic region where the external revenue is recorded by our Regional Sales Offices ("RSOs").

CSO continues as a central services organization that wholesales our products and services to our RSOs who, in turn, interface with our end-customers and distributors. CSO is also responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments. CSO's operating expenses are not allocated to each RSO.

Each RSO's results reflect the external revenue earned, as well as the Adjusted EBITDA earned (or loss incurred) by each operating segment before the CSO and corporate cost allocations.

Segment	Subscription Revenue Half-year 2022 R'000	Total Revenue Half-year 2022 R'000	Adjusted EBITDA Half-year 2022 R'000	Adjusted EBITDA Half-year % change on prior period	Adjusted EBITDA Margin Half-year 2022
Africa	**537,733**	**578,148**	**255,634**	**1.1%**	**44.2%**
	Subscription revenue increased by 9.1% on a constant currency basis, despite a 0.6% decrease in subscribers since October 1, 2020. The subscription revenue increase is attributable to growth in higher ARPU premium subscribers which offset the contraction in the lower ARPU asset tracking subscribers. Total revenue increased by 9.2% on a constant currency basis. The region reported an Adjusted EBITDA margin of 44.2%, down from the 46.7% Adjusted EBITDA margin reported in the first half of fiscal 2021.				
Americas	**101,622**	**111,159**	**8,230**	**(86.8%)**	**7.4%**
	Subscription revenue decreased by 21.1% on a constant currency basis in the segment as a result of a 17.3% decrease in subscribers since October 1, 2020. Energy customer fleet sizes contracted during the second half of fiscal 2021 and the first quarter of the 2022 fiscal year as a result of economic conditions in the oil and gas vertical following the COVID-19 pandemic. Following recent improvements in the oil price, this vertical returned to growth during the second quarter of the current fiscal year. Total revenue decreased by 17.4% on a constant currency basis. The region reported an Adjusted EBITDA margin of 7.4%, down from the 38.2% Adjusted EBITDA margin reported in the first half of fiscal 2021.				
Middle East and Australasia	**123,024**	**164,079**	**74,887**	**(0.7%)**	**45.6%**
	Subscription revenue increased by 1.3% on a constant currency basis in the segment as a result of a 3.8% increase in subscribers since October 1, 2020. Total revenue increased by 11.1% on a constant currency basis. The region reported an Adjusted EBITDA margin of 45.6%, up from the 44.8% Adjusted EBITDA margin reported in the first half of fiscal 2021.				
Europe	**97,577**	**134,935**	**49,359**	**(0.3%)**	**36.6%**
	Subscription revenue increased by 12.0% on a constant currency basis in the segment as a result of a 14.6% increase in subscribers since October 1, 2020. Total revenue increased by 40.0% on a constant currency basis as hardware and other revenue increased by 305.7%. The region reported an Adjusted EBITDA margin of 36.6%, down from the 44.5% Adjusted EBITDA margin reported in the first half of fiscal 2021.				
Brazil	**30,787**	**31,471**	**8,702**	**(35.4%)**	**27.7%**
	Subscription revenue increased by 7.2% on a constant currency basis in the segment as a result of an increase in subscribers of 5.4% since October 1, 2020. Total revenue increased by 6.8% on a constant currency basis. The segment reported an Adjusted EBITDA margin of 27.7%, down from the 38.4% Adjusted EBITDA margin reported in the first half of fiscal 2021.				
Central Services Organization	**407**	**725**	**(72,521)**	**(17.5%)**	**—**
	CSO is responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments. The negative Adjusted EBITDA reported arises as a result of operating expenses carried by the segment.				

Global COVID-19 pandemic could harm our business and impact operations and the results

The global impact of the COVID-19 pandemic and measures taken to reduce the spread of the virus have had an adverse effect on the global macroeconomic environment and have significantly increased economic uncertainty and reduced economic activity. Governments globally, including the foreign jurisdictions in which we have offices, have declared a state of emergency related to the spread of COVID-19. The pandemic has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or total lock-down orders, and business limitations and shutdowns. Although governments around the globe have taken steps to mitigate some of the more severe economic effects of the virus and the impact of the pandemic on the economic activity globally is unfolding, there can be no assurance that such steps will be effective or achieve their desired results in a timely and sustainable manner or at all.

Nearly all of our employees were required to work remotely, with the exception of our staff working in our monitoring centers, which were classified as an essential service. Some employees have subsequently returned to our offices; however, a number of employees continue to work from home. In addition, we have modified certain business and workforce practices (including suspension of the majority of business travel and cancellation of physical participation in meetings, events and conferences) and implemented new protocols to promote social distancing and enhance sanitary measures in our offices and facilities to conform to government restrictions and best practices encouraged by governmental and regulatory authorities. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, in which case our employees or other individuals may become sick, our ability to perform critical functions could be harmed, and we may be unable to respond to some of the needs of our global business. Further, our increased reliance on remote access to our information systems increases our exposure to potential cybersecurity breaches. We continue to monitor the design and effectiveness of internal controls, taking into account that employees may be working remotely. We may take further actions as government authorities require or recommend or as we determine to be in the best interests of our employees, customers, suppliers and other business counterparties.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition in the longer term will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration, spread and severity of the pandemic, the actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions broadly resume.

There are no comparable recent events that provide guidance as to the effect the spread of COVID-19 and the measures taken in response thereto may have on our business, and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change. We do not yet know the full extent of the impact on our business on a go forward basis, the countries in which we operate and in which our customers do business, or the global economy as a whole. The nature of the crisis, the public health measures to contain it, and the economic impact are all developing rapidly, and they vary among the different jurisdictions where we and our customers operate. We continue to monitor the effects of the pandemic on our business, results of operations, financial condition and liquidity as well as on our risk factors and the effectiveness of the control environment.

The effects of the COVID-19 pandemic and measures taken in response thereto are detailed in Item 1A. *Risk Factors* of our Quarterly Report on Form 10-Q for Quarter 1 of fiscal 2022 filed with the SEC.

Business Outlook

Due to the uncertainty surrounding the level of business disruption as a result of the spread of COVID-19, the Company has suspended its practice of issuing financial guidance and as a consequence no guidance has been issued for the full 2022 fiscal year.

Conference Call Information

MiX Telematics management will host a conference call and audio webcast at 8:00 a.m. (Eastern Daylight Time) and 2:00 p.m. (South African Time) on Thursday, October 28, 2021 to discuss the Group’s financial results and current business outlook:

- The live webcast of the call will be available at the “Investor Information” page of the Group’s website, http://investor.mixtelematics.com.
- To access the call, dial 1-877-451-6152 (within the United States) or 0 800 983 831 (within South Africa) or 1-201-389-0879 (outside of the United States). The conference ID is 13723894.
- A replay of this conference call will be available for a limited time at +1-844-512-2921 (within the United States) or 1-412-317-6671 (within South Africa or outside of the United States). The replay conference ID is 13723894.
- A replay of the webcast will also be available for a limited time at http://investor.mixtelematics.com.

About MiX Telematics Limited

MiX Telematics is a leading global provider of connected fleet and mobile asset solutions delivered as SaaS to three quarters of a million subscribers in over 120 countries. The Company’s products and services provide enterprise fleets, small fleets and consumers with solutions for safety, efficiency, risk and security. MiX Telematics was founded in 1996 and has offices in South Africa, the United Kingdom, the United States, Uganda, Brazil, Mexico, Australia and the United Arab Emirates as well as a network of more than 130 fleet partners worldwide. MiX Telematics shares are publicly traded on the Johannesburg Stock Exchange (JSE: MIX) and MiX Telematics American Depositary Shares are listed on the New York Stock Exchange (NYSE: MIXT). For more information, visit www.mixtelematics.com.

Forward-Looking Statements

This press release includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements concerning our position to execute on our growth strategy, and our ability to expand our leadership position. These forward-looking statements include, but are not limited to, Company’s beliefs, plans, goals, objectives, expectations, assumptions, estimates, intentions, future performance, other statements that are not historical facts and statements identified by words such as “expects”, “ anticipates”, “ intends”, “ plans”, “ believes”, “ seeks”, “estimates” or words of similar meaning. Forward-looking statements also include statements regarding the projected impact of the recent global coronavirus pandemic on our business activities, operating results, cash flows and financial position. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, those described under the caption “Risk Factors” in the Group’s Annual Report on Form 10-K filed with the SEC for the fiscal year ended March 31, 2021, as updated by other reports that the Group files with or furnishes to the SEC. The Group assumes no obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

Non-IFRS financial measures

Adjusted EBITDA

To provide investors with additional information regarding its financial results, the Group has disclosed within this press release, Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures, and they do not represent cash flows from operations for the periods indicated, and should not be considered an alternative to net income as an indicator of the Group’s results of operations, or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA is defined as the profit for the period before income taxes, net finance income/(costs) including foreign exchange gains/(losses), depreciation of property, plant and equipment including capitalized customer in-vehicle devices and right-of-use assets, amortization of intangible assets including capitalized in-house development costs and intangible assets identified as part of a business combination, share-based compensation costs, restructuring costs and profits/(losses) on the disposal or impairments of assets or subsidiaries. We define Adjusted EBITDA margin as Adjusted EBITDA divided by total revenue.

The Group has included Adjusted EBITDA and Adjusted EBITDA margin in this press release because they are key measures that the Group’s management and Board of Directors use to understand and evaluate its core operating performance and trends; to prepare and approve its annual budget; and to develop short and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA and Adjusted EBITDA margin can provide a useful measure for period-to-period comparisons of the Group’s core business. Accordingly, the Group believes that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating its operating results.

The Group’s use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider this performance measure in isolation from or as a substitute for analysis of our results as reported under IFRS. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Group's working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- Adjusted EBITDA does not reflect tax payments or the payment of lease liabilities that may represent a reduction in cash available to the Group;
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure; and
- certain of the adjustments (such as restructuring costs, impairment of long-lived assets and others) made in calculating Adjusted EBITDA are those that management believes are not representative of our underlying operations and, therefore, are subjective in nature.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, including operating profit, profit for the year and our other results.

Headline Earnings
Headline earnings is a profit measure required for JSE-listed companies and is calculated in accordance with circular 1/2021 issued by the South African Institute of Chartered Accountants. The profit measure is determined by taking the profit for the period prior to certain separately identifiable re-measurements of the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability net of related tax (both current and deferred) and related non-controlling interest.

Adjusted Earnings and Adjusted Earnings Per Share
Adjusted earnings per share is defined as profit attributable to owners of the parent, MiX Telematics Limited, excluding net foreign exchange gains/(losses) net of tax and share based compensation costs related to Performance Share Awards net of tax, divided by the weighted average number of ordinary shares in issue during the period.

We have included Adjusted earnings per share in this press release because it provides a useful measure for period-to-period comparisons of the Group's core business by excluding net foreign exchange gains/(losses) from earnings, as well as share based compensation costs related to performance share awards. Performance share awards were awarded under the MiX Telematics Long-Term Incentive Plan for the first time in November 2018 and are aimed at incentivising management to achieve cumulative subscription revenue and Adjusted EBITDA targets for the 2019 and 2020 fiscal years.

Accordingly, we believe that Adjusted earnings per share provides useful information to investors and others in understanding and evaluating the Group's operating results.

Free cash flow
Free cash flow is determined as net cash generated from operating activities less capital expenditure for investing activities. We believe that free cash flow provides useful information to investors and others in understanding and evaluating the Group's cash flows as it provides detail of the amount of cash the Group generates or utilizes after accounting for all capital expenditures including investments in in-vehicle devices and development expenditure.

Constant currency financial information
Constant currency financial information presented as part of the commentary constitutes pro-forma financial information under the JSE Listings Requirements.

Constant currency information has been presented to illustrate the impact of changes in currency rates on the Group's results. The constant currency information has been determined by adjusting the current financial reporting period results to the prior period average exchange rates, determined as the average of the monthly exchange rates applicable to the period. The measurement has been performed for each of the Group's currencies, including the U.S. Dollar and British Pound. The constant currency growth percentage has been calculated by utilizing the constant currency results compared to the prior period results.

This pro-forma financial information is the responsibility of the Group's Board of Directors and is presented for illustrative purposes. Because of its nature, the pro-forma financial information may not fairly present MiX Telematics' financial position, changes in equity, results of operations or cash flows. The pro-forma financial information does not constitute pro-forma information in accordance with the requirements of Regulation S-X of the SEC or generally accepted accounting principles in the United States. In addition, the rules and regulations related to the preparation of pro-forma financial information in other jurisdictions may also vary significantly from the requirements applicable in South Africa. The pro-forma financial information contained in this results announcement has not been reviewed by our auditors.

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JSE Sponsor
Java Capital

October 28, 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

South African Rand Figures are in thousands unless otherwise stated	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Revenue	**1,020,517**	1,019,408
Cost of sales	**(368,736)**	(336,875)
Gross profit	**651,781**	682,533
Other income/(expenses) - net	**1,162**	131
Operating expenses	**(530,254)**	(554,966)
-Sales and marketing	**(106,182)**	(90,584)
-Administration and other charges[1]	**(424,072)**	(464,382)
Operating profit	**122,689**	127,698
Finance (costs)/income - net	**(6,656)**	(9,668)
-Finance income	**3,485**	3,729
-Finance costs	**(10,141)**	(13,397)
Profit before taxation	**116,033**	118,030
Taxation	**(41,840)**	(19,827)
Profit for the period	**74,193**	98,203
Attributable to:		
Owners of the parent	**74,195**	98,207
Non-controlling interest	**(2)**	(4)
	74,193	98,203
Earnings per share		
-basic (R)	**0.13**	0.18
-diluted (R)	**0.13**	0.18
Earnings per American Depositary Share		
-basic (R)	**3.36**	4.48
-diluted (R)	**3.28**	4.40
Ordinary shares ('000)[2]		
-in issue at September 30	**552,618**	551,064
-weighted average	**552,124**	547,569
-diluted weighted average	**565,465**	558,216
Weighted average American Depositary Shares ('000)[2]		
-in issue at September 30	**22,105**	22,043
-weighted average	**22,085**	21,903
-diluted weighted average	**22,619**	22,329

[1] *Includes R22.5 million (September 30, 2020: R39.6 million) relating to IFRS 9 expected credit losses on trade receivables.*

[2] *September 30, 2021 figure excludes 53,816,750 (September 30, 2020: 53,816,750) treasury shares held by MiX Telematics Investments Proprietary Limited ("MiX Investments"), a wholly owned subsidiary of the Group.*

MIX TELEMATICS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	South African Rand	
Figures are in thousands unless otherwise stated	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Profit for the period	**74,193**	98,203
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	**3,700**	(30,760)
- Attributable to owners of the parent	**3,700**	(30,760)
- Attributable to non-controlling interest	**—**	—
Taxation relating to components of other comprehensive income	**(231)**	40
Other comprehensive income for the period, net of tax	**3,469**	(30,720)
Total comprehensive income for the period	**77,662**	67,483
Attributable to:		
Owners of the parent	**77,664**	67,487
Non-controlling interest	**(2)**	(4)
Total comprehensive income for the period	**77,662**	67,483

HEADLINE EARNINGS

Reconciliation of headline earnings

South African Rand Figures are in thousands unless otherwise stated	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Profit for the period attributable to owners of the parent	**74,195**	98,207
Adjusted for:		
Loss/(profit) on disposal of property, plant and equipment and intangible assets	**(617)**	138
Impairment of intangible assets	**398**	125
Income tax effect on the above adjustments	**61**	(36)
Headline earnings attributable to owners of the parent	**74,037**	98,434
Headline earnings		
Headline earnings per share		
-basic (R)	**0.13**	0.18
-diluted (R)	**0.13**	0.18
Headline earnings per American Depositary Share		
-basic (R)	**3.35**	4.49
-diluted (R)	**3.27**	4.41

ADJUSTED EARNINGS

Reconciliation of adjusted earnings

South African Rand Figures are in thousands unless otherwise stated	Six months ended September 30, 2021 Unaudited	Six months ended September 30, 2020 Unaudited
Profit for the period attributable to owners of the parent	**74,195**	98,207
Net foreign exchange losses	**234**	3,198
IFRS 2 charge on performance share awards	**—**	3,024
Income tax effect on the above components	**4,462**	(17,486)
Adjusted earnings attributable to owners of the parent	**78,891**	86,943
Reconciliation of earnings per share to adjusted earnings per share		
Basic earnings per share (R)	**0.13**	0.18
Net foreign exchange losses	**#**	0.01
IFRS 2 charge on performance share awards	**—**	0.01
Income tax effect on the above components	**0.01**	(0.04)
Basic adjusted earnings per share (R)	**0.14**	0.16
Adjusted earnings per share		
-basic (R)	**0.14**	0.16
-diluted (R)	**0.14**	0.16
Adjusted earnings per American Depositary Share		
-basic (R)	**3.57**	3.97
-diluted (R)	**3.49**	3.89

 # Amounts less than R0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	South African Rand	
Figures are in thousands unless otherwise stated	September 30, 2021 Unaudited	March 31, 2021 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	410,595	341,027
Intangible assets	1,019,019	1,004,197
Capitalized commission assets	54,581	54,991
Loans to external parties	9,371	9,298
Deferred tax assets	70,166	60,607
Total non-current assets	1,563,732	1,470,120
Current assets		
Inventory	47,054	46,370
Trade and other receivables	437,633	389,260
Taxation	24,102	22,548
Restricted cash	13,348	12,732
Cash and cash equivalents	602,438	678,546
Total current assets	1,124,574	1,149,456
Total assets	2,688,307	2,619,576
EQUITY		
Stated capital	656,747	656,747
Other reserves	159,354	146,287
Retained earnings	1,119,151	1,089,136
Equity attributable to owners of the parent	1,935,252	1,892,170
Non-controlling interest	6	8
Total equity	1,935,258	1,892,178
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	151,581	152,274
Provisions	10,780	10,188
Recurring commission liability	4,343	4,182
Capitalized lease liability	67,692	72,962
Total non-current liabilities	234,396	239,606
Current liabilities		
Trade and other payables	408,853	390,179
Capitalized lease liability	19,062	20,868
Taxation	23,312	20,063
Provisions	35,081	31,707
Bank overdraft	32,345	24,975
Total current liabilities	518,653	487,792
Total liabilities	753,049	727,398
Total equity and liabilities	2,688,307	2,619,576

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	South African Rand	
Figures are in thousands unless otherwise stated	Six months ended September 30, 2021 Unaudited	Six months ended September 30, 2020 Unaudited
Cash flows from operating activities		
Cash generated from operations	225,283	410,071
Net financing income	(3,163)	(3,676)
Taxation paid	(51,508)	(27,724)
Net cash generated from operating activities	170,612	378,671
Cash flows from investing activities		
Capital expenditure payments	(203,069)	(91,330)
Proceeds on sale of property, plant and equipment and intangible assets	773	—
Decrease in restricted cash	3,309	4,657
Increase in restricted cash	(4,016)	(2,071)
Net cash used in investing activities	(203,003)	(88,744)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	—	14,385
Repayment of capitalized lease liability	(7,225)	(7,618)
Dividends paid to Company's owners	(43,965)	(43,705)
Net cash used in financing activities	(51,190)	(36,938)
Net (decrease)/increase in cash and cash equivalents	(83,581)	252,989
Net cash and cash equivalents at the beginning of the period	653,571	275,655
Exchange gains/(losses) on cash and cash equivalents	103	(7,499)
Net cash and cash equivalents at the end of the period	570,093	521,145

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

South African Rand Figures are in thousands unless otherwise stated	Attributable to owners of the parent Stated capital	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at April 1, 2020 (Audited)	642,362	237,201	937,971	1,817,534	11	1,817,545
Total comprehensive income	—	(30,720)	98,207	67,487	(4)	67,483
Profit for the period	—	—	98,207	98,207	(4)	98,203
Other comprehensive income	—	(30,720)	—	(30,720)	—	(30,720)
Transactions with owners	14,385	13,383	(43,778)	(16,010)	—	(16,010)
Shares issued in relation to share options exercised	14,385	—	—	14,385	—	14,385
Share-based payment transaction	—	13,406	—	13,406	—	13,406
Share-based payment - change in excess tax benefit	—	(23)	—	(23)	—	(23)
Dividends declared (note 8)	—	—	(43,778)	(43,778)	—	(43,778)
Balance at September 30, 2020 (Unaudited)	656,747	219,864	992,400	1,869,011	7	1,869,018
Total comprehensive income	—	(88,011)	140,836	52,825	1	52,826
Profit for the period	—	—	140,836	140,836	3	140,839
Other comprehensive income	—	(88,011)	—	(88,011)	(2)	(88,013)
Transactions with owners	—	14,434	(44,100)	(29,666)	—	(29,666)
Share-based payment transaction	—	10,452	—	10,452	—	10,452
Share-based payment - excess tax benefit	—	3,982	—	3,982	—	3,982
Dividends declared (note 8)	—	—	(44,100)	(44,100)	—	(44,100)
Balance at March 31, 2021 (Audited)	656,747	146,287	1,089,136	1,892,170	8	1,892,178
Total comprehensive income	**—**	**3,469**	**74,195**	**77,664**	**(2)**	**77,662**
Profit for the period	**—**	**—**	**74,195**	**74,195**	**(2)**	**74,193**
Other comprehensive income	**—**	**3,469**	**—**	**3,469**	**—**	**3,469**
Transactions with owners	**—**	**9,598**	**(44,180)**	**(34,582)**	**—**	**(34,582)**
Share-based payment transaction	**—**	**10,001**	**—**	**10,001**	**—**	**10,001**
Share-based payment - change in excess tax benefit	**—**	**(403)**	**—**	**(403)**	**—**	**(403)**
Dividends declared (note 8)	**—**	**—**	**(44,180)**	**(44,180)**	**—**	**(44,180)**
Balance at September 30, 2021 (Unaudited)	**656,747**	**159,354**	**1,119,151**	**1,935,252**	**6**	**1,935,258**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. Basis of preparation and accounting policies

Condensed unaudited Group interim financial results for the half year ended September 30, 2021

These condensed unaudited Group interim financial results for the half year ended September 30, 2021 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, No. 71 of 2008. The interim financial results have not been audited or reviewed by the Group's external auditors.

The condensed unaudited Group interim financial results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended March 31, 2021, which have been prepared in accordance with IFRS.

The preparation of interim financial results 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 condensed interim financial results, 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 financial statements for the year ended March 31, 2021.

The condensed unaudited Group interim financial results were prepared under the supervision of the Chief Financial Officer, John Granara. These results were made available on October 28, 2021.

Presentation currency

The Group's presentation currency is South African Rand.

2. Accounting policies

The accounting policies used in preparing these financial results are in terms of IFRS and are consistent in all material respects with those applied in the preparation of the Group's annual financial statements for the year ended March 31, 2021.

3. Segment information

Our operating segments are based on the geographical location of our Regional Sales Offices ("RSOs") and also include our Central Services Organization ("CSO"). CSO is our central services organization that wholesales our products and services to our RSOs who, in turn, interface with our end-customers, distributors and dealers. CSO is also responsible for the development of our hardware and software platforms and provides common marketing, product management, technical and distribution support to each of our other operating segments.

The chief operating decision maker ("CODM") reviews the segment results on an integral margin basis as defined by management. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who make strategic decisions. In respect of revenue, this method of measurement entails reviewing the segmental results based on external revenue only. In respect of Adjusted EBITDA (the profit measure identified by the CODM), the margin generated by CSO, net of any unrealized intercompany profit, is allocated to the geographic region where the external revenue is recorded by our RSOs. The costs remaining in CSO relate mainly to research and development of hardware and software platforms, common marketing, product management and technical and distribution support to each of the RSOs. CSO is a reportable segment of the Group because it produces discrete financial information which is reviewed by the CODM and has the ability to generate external revenues.

Each RSO's results therefore reflect the external revenue earned, as well as the Adjusted EBITDA earned (or loss incurred) by each operating segment before the remaining CSO and corporate costs allocations. Segment assets are not disclosed as segment information is not reviewed on such a basis by the CODM.

South African Rand Figures are in thousands unless otherwise stated	**Subscription revenue**	**Hardware and other revenue**	**Total revenue**	**Adjusted EBITDA**
Six months ended September 30, 2021 (Unaudited)				
Africa	**537,733**	**40,415**	**578,148**	**255,634**
Europe	**97,577**	**37,358**	**134,935**	**49,359**
Americas	**101,622**	**9,537**	**111,159**	**8,230**
Middle East and Australasia	**123,024**	**41,055**	**164,079**	**74,887**
Brazil	**30,787**	**684**	**31,471**	**8,702**
Total Regional Sales Offices	**890,743**	**129,049**	**1,019,792**	**396,812**
Central Services Organization	**407**	**318**	**725**	**(72,521)**
Total Segment Results	**891,150**	**129,367**	**1,020,517**	**324,291**
Corporate and consolidation entries	**—**	**—**	**—**	**(69,710)**
Total	**891,150**	**129,367**	**1,020,517**	**254,581**

Six months ended September 30, 2020 (Unaudited)	Subscription revenue	Hardware and other revenue	Total revenue	Adjusted EBITDA
Africa	501,954	38,996	540,950	252,817
Europe	100,616	10,596	111,212	49,502
Americas	156,298	6,897	163,195	62,412
Middle East and Australasia	139,520	28,909	168,429	75,399
Brazil	34,175	883	35,058	13,479
Total Regional Sales Offices	932,563	86,281	1,018,844	453,609
Central Services Organization	559	5	564	(61,701)
Total Segment Results	933,122	86,286	1,019,408	391,908
Corporate and consolidation entries	—	—	—	(84,361)
Total	933,122	86,286	1,019,408	307,547

4. Reconciliation of Adjusted EBITDA to Profit for the Period

South African Rand Figures are in thousands unless otherwise stated	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Adjusted EBITDA	**254,581**	307,547
Add:		
Net profit/(loss) on sale of property, plant and equipment and intangible assets	**617**	(138)
Less:		
Depreciation [1]	**(85,228)**	(111,549)
Amortization [2]	**(36,137)**	(37,242)
Impairment of intangible assets	**(398)**	(125)
Equity-settled share-based compensation costs	**(10,001)**	(13,406)
Increase in restructuring cost provision	**(745)**	(17,389)
Operating profit	**122,689**	127,698
Add: Finance (costs)/income - net	**(6,656)**	(9,668)
Less: Taxation	**(41,840)**	(19,827)
Profit for the period	**74,193**	98,203

(1) *Includes depreciation of property, plant and equipment (including in-vehicle devices).*
(2) *Includes amortization of intangible assets (including product development costs and intangible assets identified as part of a business combination).*

5. Reconciliation of Adjusted EBITDA margin to Profit for the Period margin

	Six months ended September 30, 2021 Unaudited	Six months ended September 30, 2020 Unaudited
Adjusted EBITDA margin	**24.9%**	30.2%
Add:		
Net profit/(loss) on sale of property, plant and equipment and intangible assets	**(0.1%)**	(0.0%)
Less:		
Depreciation	**(8.3%)**	(10.9%)
Amortization	**(3.4%)**	(3.8%)
Impairment of product development costs capitalized	**(0.0%)**	(0.0%)
Equity-settled share-based compensation costs	**(1.0%)**	(1.3%)
Increase in restructuring cost provision	**(0.1%)**	(1.7%)
Operating profit margin	**12.0%**	12.5%
Add: Finance (costs)/income - net	**(0.7%)**	(0.9%)
Less: Taxation	**(4.0%)**	(2.0%)
Profit for the period margin	**7.3%**	9.6%

6. Reconciliation of Free Cash Flow to Net Cash generated from Operating Activities

South African Rand Figures are in thousands unless otherwise stated	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Net cash generated from operating activities	**170,612**	378,671
Capital expenditure payments	**(203,069)**	(91,330)
Free cash flow	**(32,457)**	287,341

7. Share Repurchase

On May 23, 2017, the MiX Telematics Board of Directors approved a share repurchase program of up to R270 million under which the Company may repurchase its ordinary shares, including American Depositary Shares ("ADSs"). The Company may repurchase its shares from time to time at its discretion through open market transactions and block trades, based on ongoing assessments of the capital needs of the Company, the market price of its securities and general market conditions. This share repurchase program may be discontinued at any time by the Board of Directors, and the Company has no obligation to repurchase any amount of its securities under the program. The repurchase program will be funded out of existing cash resources.

No repurchases were made under the share repurchase program during the first half of fiscal 2022.

No repurchases were made in fiscal 2021. Refer below for purchases made in fiscal 2020. Further information is detailed in item 5, *Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities* of the Form 10-K filed for fiscal 2021. This is also included in the Group's published annual financial statements for fiscal 2021.

South African Rand	Total number of shares repurchased	Average price paid per share (R) [1]	Shares canceled under the share repurchase program	Value of shares purchased as part of publicly announced program (R'000)	Maximum value of shares that may yet be purchased under the program (R'000)
Opening balance April 1, 2019	14,173,355	6.51	14,173,355	92,214	177,786
Transactions per quarter	16,856,001	8.54	3,039,251	144,271	33,515
ended June 30, 2019	—	—	—	—	177,786
ended September 30, 2019	13,816,750	8.62	—	119,125	58,661
ended December 31, 2019	166,615	7.25	—	1,207	57,454
ended March 31, 2020	2,872,636	8.33	3,039,251	23,939	33,515
Closing balance March 31, 2020	31,029,356	7.61	17,212,606	236,485	33,515

8. Dividends Paid

The following dividends were declared by the Company during the six months ended September 30, 2021 (excluding dividends paid on treasury shares):

- In respect of the fourth quarter of fiscal year 2021, a dividend of 4 South African cents per ordinary share was paid on June 21, 2021. Using shares in issue of 552,212,726 (excluding 53,816,750 treasury shares), this equated to a dividend of R22.1 million; and
- In respect of the first quarter of fiscal 2022, a dividend of 4 South African cents per ordinary share was paid on August 23, 2021. Using shares in issue of 552,263,053 (excluding 53,816,750 treasury shares), this equated to a dividend of R22.1 million.

9. Contingent Liabilities

Service agreement

In terms of an amended network services agreement with Mobile Telephone Networks Proprietary Limited ("MTN"), MTN is entitled to claw back payments from MiX Telematics Africa Proprietary Limited in the event of early cancellation of the agreement or certain base connections not being maintained over the term of the agreement. No connection incentives will be received in terms of the amended network services agreement. The maximum potential liability under the arrangement is R27.5 million. No loss is considered probable under this arrangement.

Competition Commission of South Africa matter

On April 15, 2019 the Competition Commission of South Africa ("Commission") referred a matter to the Competition Tribunal of South Africa ("Tribunal"). The Commission contends that the Group and a number of our channel partners have engaged in market division. Should the Tribunal rule against MiX Telematics, the Group may be liable to an administrative penalty in terms of the Competition Act, No. 89 of 1998. The Group had cooperated fully with the Commission during its preliminary investigation. We cannot predict the timing of a resolution or the ultimate outcome of the matter, however, the Group and our external legal advisers continue to believe that we have consistently adhered to all applicable laws and regulations and that the referral from the Commission is without merit. We have therefore not made any provisions for this matter as yet as we do not believe that an outflow of economic resources is probable.

10. Other Operating and Financial Data

South African Rand Figures are in thousands except for subscribers	**Six months ended September 30, 2021 Unaudited**	Six months ended September 30, 2020 Unaudited
Total revenue	**1,020,517**	1,019,408
Subscription revenue	**891,150**	933,122
Hardware revenue	**106,351**	70,714
Driver training, installation and other revenue	**23,016**	15,572
Adjusted EBITDA	**254,581**	307,547
Cash and cash equivalents	**602,438**	575,303
Net cash [(1)]	**570,093**	521,145
Capital expenditure incurred	**203,681**	89,457
Property, plant and equipment expenditure [(2)]	**152,901**	46,408
Intangible asset expenditure	**50,780**	43,049
Capital expenditure authorized but not spent	**157,367**	49,889
Total development cost incurred	**67,682**	59,711
Development cost capitalized	**38,159**	33,092
Development cost expensed within administration and other charges	**29,523**	26,619
Subscribers	**770,159**	767,749

South African Rand	**September 30, 2021 Unaudited**	March 31, 2021 Audited
Net asset value per share	**3.50**	3.43
Net tangible asset value per share	**1.56**	1.51

(1) *Net cash is calculated as being net cash and cash equivalents, excluding restricted cash.*
(2) *Excludes non-cash additions related to the right-of-use assets arising from IFRS 16 Leases.*

	Six months ended September 30, 2021 Unaudited	Six months ended September 30, 2020 Unaudited
Exchange Rates		
The following major rates of exchange were used:		
South African Rand: United States Dollar		
-closing	**15.12**	17.00
-average	**14.38**	17.44
South African Rand: British Pound		
-closing	**20.39**	21.86
-average	**19.96**	22.07

11. Fair Value of Financial Assets and Liabilities Measured at Amortized Cost

The fair values of trade and other receivables, restricted cash, cash and cash equivalents, trade payables, accruals, bank overdraft and other payables approximate their book values as the impact of discounting is not considered material due to the short-term nature of both the receivables and payables.

12. Taxation

Impact of foreign exchange movements

The impact of foreign exchange movements and the related tax effects on the Group's effective tax rate is shown below:

South African Rand	Six months ended September 2021 Unaudited				Six months ended September 2020 Unaudited			
	Profit for the period	Foreign exchange losses	Share-based compensation costs	Adjusted earnings	Profit for the period	Foreign exchange losses	Share-based compensation costs	Adjusted earnings
Profit before tax	**116,033**	**234**	**—**	**116,267**	118,030	3,198	3,024	124,252
Taxation	**(41,840)**	**4,462**	**—**	**(37,378)**	(19,827)	(17,486)	—	(37,313)
Profit after tax	**74,193**	**4,696**	**—**	**78,889**	98,203	(14,288)	3,024	86,939
Attributable to:								
Owners of the parent	**74,195**	**4,696**	**—**	**78,891**	98,207	(14,288)	3,024	86,943
Non-controlling interest	**(2)**	**—**	**—**	**(2)**	(4)	—	—	(4)
	74,193	**4,696**	**—**	**78,889**	98,203	(14,288)	3,024	86,939
Effective tax rate	**36.1 %**	**—**	**—**	**32.1 %**	16.8 %	—	— %	30.0 %

Excluding the impact of foreign exchange gains and losses and its related tax consequences, the effective tax rate is 2.1% higher than the first six months of fiscal 2021.

13. Events after the reporting period

The directors are not aware of any matter material or otherwise arising since September 30, 2021 and up to the date of this report, not otherwise dealt with herein.

Dividend Declared

The Board of Directors declared in respect of the second quarter of fiscal year 2022, which ended on September 30, 2021, a dividend of 4 South African cents per ordinary share to be paid on Monday, November 22, 2021.

The details with respect to the dividends declared for ordinary shareholders are as follows:

Last day to trade *cum* dividend	Tuesday, November 16, 2021
Securities trade *ex* dividend	Wednesday, November 17, 2021
Record date	Friday, November 19, 2021
Payment date	Monday, November 22, 2021

Share certificates may not be dematerialized or rematerialized between Wednesday, November 17, 2021 and Friday, November 19, 2021, both days inclusive.

Shareholders are advised of the following additional information:

- the dividend has been declared out of income reserves;
- the local dividends tax rate is 20%;
- the gross local dividend amounts to 4 South African cents per ordinary share;
- the net local dividend amount is 3.2 South African cents per ordinary share for shareholders liable to pay dividends tax;
- the issued ordinary share capital of MiX Telematics is 606,434,616 ordinary shares of no par value; and
- the Company's tax reference number is 9155/661/84/7.

The details with respect to the dividends declared for holders of our ADSs are as follows:

Ex dividend on New York Stock Exchange (NYSE)	Thursday, November 18, 2021
Record date	Friday, November 19, 2021
Approximate date of currency conversion	Monday, November 22, 2021
Approximate dividend payment date	Thursday, December 2, 2021

14. Change to the Board of Directors

Shareholders are advised that Ms Fundiswa Roji-Maplanka has tendered her resignation as an independent non-executive director of the Company and as chairperson of the Audit and Risk Committee and member of the Social and Ethics Committee.

Fundiswa remained on the board of directors until October 28, 2021 to oversee the release of these financial results for the second quarter and first half of fiscal 2022. The Company has commenced the process to appoint a suitable replacement and an announcement in this respect will be made in due course.

For and on behalf of the Board of Directors:

RA Frew **SB Joselowitz**

Midrand

October 28, 2021

For more information, please visit our website at: **www.mixtelematics.com**

MiX Telematics Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1995/013858/06)
JSE share code: MIX   NYSE code: MIXT   ISIN: ZAE000125316
("MiX Telematics" or "the Company" or "the Group")

Registered office
Matrix Corner, Howick Close, Waterfall Park, Midrand

Directors
RA Frew* (Chairman), SB Joselowitz (CEO), SR Bruyns*#(Lead Independent Director), JR Granara (CFO), F Futwa*#, IV Jacobs*#, F Roji-Maplanka*#, CWR Tasker
* Non-executive
# Independent

Company secretary
Statucor Proprietary Limited

Auditors
Deloitte & Touche

Sponsor
Java Capital

October 28, 2021