

MiX TELEMATICS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/013858/06)

JSE share code: MIX ISIN: ZAE000125316

NYSE share code: MIXT

(“MiX Telematics” or “the Company” or “the Group”)



SHORT-FORM ANNOUNCEMENT: MiX TELEMATICS REPORTS FIRST HALF OF FISCAL 2021 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 short-form announcement 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.

First Half of Fiscal 2021 Highlights:

- **Subscription revenue of R933 million, representing 91.5% of revenue**
- **Net subscriber base of over 767,000 subscribers**
- **Net income of R98 million**
- **Adjusted EBITDA of R308 million, representing a 30.2% adjusted EBITDA margin**
- **Net cash generated from operating activities of R379 million leading to positive free cash flow of R287 million**
- **Cash and cash equivalents of R575 million at period end**

“MiX Telematics’ results were highlighted by profitability and cash generation that was significantly ahead of expectations. We experienced modest signs of improvement within some customer verticals and fleet segments due to increases in usage activity from the COVID-related shutdowns seen in the first quarter,” said Stefan Joselowitz, Chief Executive Officer of MiX Telematics.

Joselowitz continued, “Our sharp focus on customer success and the tangible ROI our comprehensive telematics platform can provide to fleet operators has reinforced MiX’s strategic value in the market. We are confident this will generate a return to meaningful subscription revenue growth once economic conditions normalize.”

Financial performance for the first half of fiscal 2021

Subscription revenue: Subscription revenue increased to R933.1 million, an increase of 0.7% compared to R926.2 million for the first half of fiscal 2020. Subscription revenue represented 91.5% of total revenue during the first half of fiscal 2021. On a constant currency basis, subscription revenue decreased by 6.6%, year over year. The decline in constant currency subscription revenue was primarily due to the contraction in the Company’s subscriber base as a result of economic conditions attributable to the COVID-19 pandemic. During the first half of fiscal 2021, the Company’s subscriber base contracted by a net 50,700 subscribers.

Total revenue: Total revenue was R1,019.4 million, a decrease of 3.8% compared to R1,060.0 million for the first half of fiscal 2020. Total revenue decreased by 11.2% on a constant currency basis, year over year. Hardware and other revenue was R86.3 million, a decrease of 35.5%, compared to R133.8 million for the first half of fiscal 2020 as a result of a global economic slowdown following the disruption caused by the COVID-19 pandemic.

Gross margin: Gross profit was R682.5 million, a decrease of 1.8% compared to R695.2 million for the first half of fiscal 2020. Gross profit margin was 67.0%, compared to 65.6% for the first half of fiscal 2020.

Operating margin: Operating profit was R127.7 million, compared to R173.4 million in the first half of fiscal 2020. The operating margin was 12.5%, compared to 16.4% in the first half of fiscal 2020. Operating expenses represented 54.4% of revenue compared to 49.2% in the first half of fiscal 2020.

Adjusted EBITDA: Adjusted EBITDA was R307.5 million compared to R326.3 million for the first half of fiscal 2020. Adjusted EBITDA margin was 30.2%, compared to 30.8% in the first half of fiscal 2020.

Profit for the period and earnings per share: Profit for the period was R98.2 million, compared to R111.2 million in the first half of fiscal 2020. Profit for the period included a net foreign exchange loss of R3.2 million before tax, as well as a R17.3 million deferred tax credit 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 2020, a net foreign exchange gain of R0.2 million was recognized while the Company incurred a R11.0 million deferred tax charge on a U.S. Dollar intercompany loan between MiX Telematics and MiX Investments.

Earnings per diluted ordinary share were 18 South African cents, compared to 19 South African cents in the first half of fiscal 2020. For the first half of fiscal 2021, the calculation was based on diluted weighted average ordinary shares in issue of 558.2 million, compared to 574.5 million diluted weighted average ordinary shares in issue during the first half of fiscal 2020.

The Company’s effective tax rate was 16.8%, compared to 35.5% for the first half of fiscal 2020. 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 30.0% compared to 29.5% in the first half of fiscal 2020.

Adjusted earnings for the period and adjusted earnings per share: Adjusted earnings for the period were R86.9 million, compared to R127.5 million in the first half of fiscal 2020. Adjusted earnings per diluted ordinary share were 16 South African cents, compared to 22 South African cents for the first half of fiscal 2020.

Cash and Cash Equivalents and Cash Flow: At September 30, 2020, the Company had R521.1 million of net cash and cash equivalents, compared to R275.7 million at March 31, 2020.

The Company generated R378.7 million in net cash from operating activities for the first half of fiscal 2021 and invested R91.3 million in capital expenditures during the period (including investments in in-vehicle devices of R45.2 million), leading to free cash flow of R287.3 million, compared to free cash flow of R50.4 million for the first half of fiscal 2020. Capital expenditures in the first half of fiscal 2020 were R178.3 million and included in-vehicle devices of R122.4 million.

The Company utilized R36.9 million in financing activities, compared to R171.3 million utilized during the first half of fiscal 2020. The cash utilized in financing activities during the first half of fiscal 2021 mainly consisted 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. The cash utilized during the first half of fiscal 2020 consisted primarily of dividends paid of R44.8 million, share repurchases of R119.5 million and the payment of lease liabilities of R7.0 million.

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

The effects of the COVID-19 outbreak 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 2021 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 2021 fiscal year.

SUMMARIZED CONSOLIDATED INCOME STATEMENT

	Six months September 30, 2020	Six months ended September 30, 2019
	Unaudited	Unaudited
Figures are in thousands unless otherwise stated		
Revenue	1,019,408	1,059,961
Operating profit	127,698	173,404
Adjusted EBITDA	307,547	326,293
Profit for the period attributable to owners of the parent	98,207	111,204
Adjusted earnings attributable to owners of the parent ¹	86,943	127,496
Headline earnings attributable to owners of the parent	98,434	112,720
Basic earnings per share - (R)	0.18	0.20
Basic adjusted earnings per share - (R) ¹	0.16	0.23
Basic headline earnings per share - (R)	0.18	0.20
Dividends per share - (R)	0.08	0.08
Ordinary shares ('000) ²		
-in issue at September 30	551,064	550,118
-weighted average	547,569	558,401
-diluted weighted average	558,216	574,462

¹ 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.

² September 30, 2020 figure excludes 53,816,750 (September 30, 2019: 53,816,750) treasury shares held by MiX Investments, a wholly owned subsidiary of the Company.

**SUMMARIZED CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION**

	September 30, 2020	March 31, 2020
Figures are in thousands unless otherwise stated	Unaudited	Audited
ASSETS		
Non-current assets	1,606,517	1,686,866
Current assets	1,083,183	951,254
Total assets	2,689,700	2,638,120
EQUITY AND LIABILITIES		
Equity	1,869,018	1,817,545
Non-current liabilities	286,674	327,117
Current liabilities	534,008	493,458
Total equity and liabilities	2,689,700	2,638,120
Net cash	521,145	275,655
Cash and cash equivalents	575,303	318,071
Net asset value per share (R)	3.39	3.32

Dividend Declared

The Board of Directors declared in respect of the second quarter of fiscal year 2021, which ended on September 30, 2020, a dividend of 4 South African cents per ordinary share to be paid on Monday, November 23, 2020.

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

Last day to trade cum dividend	Tuesday, November 17, 2020
Securities trade ex dividend	Wednesday, November 18, 2020
Record date	Friday, November 20, 2020
Payment date	Monday, November 23, 2020

Share certificates may not be dematerialized or rematerialized between Wednesday, November 18, 2020 and Friday, November 20, 2020, 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 604,880,384 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 19, 2020
Record date	Friday, November 20, 2020
Approximate date of currency conversion	Monday, November 23, 2020
Approximate dividend payment date	Tuesday, December 8, 2020

Short-form announcement

This short-form announcement is the responsibility of the Board of Directors and the contents have been approved by the Board of Directors on October 27, 2020. This short-form announcement is a summary of the full announcement released on SENS, and published on the Group's website ([FY-Q22021.pdf](#)) on October 29, 2020. This short-form announcement does not contain the complete or full announcement details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. The short-form announcement has not been audited or reviewed by the Group's external auditors. A copy of the full announcement may be requested from the Company Secretary at CelesteS@statucor.co.za or the sponsor, Java Capital at sponsor@javacapital.co.za. Any investment decision should be based on the full announcement available on the Company's website.

The full announcement is available at <https://senspdf.jse.co.za/documents/2020/jse/isse/MIX/FY-Q22021.pdf>.

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

Registered office

Matrix Corner, Howick Close, Waterfall Park, Midrand

Auditors

Deloitte & Touche

Sponsor

Java Capital

October 29, 2020

Sponsor

