



NOTICE OF
ANNUAL GENERAL
MEETING AND
DIRECTORS'
REPORTS

2020

CORPORATE INFORMATION

Registered office

Cartrack Corner
11 Keyes Road
Rosebank
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 (Global Chief Executive Officer)
Morne Grundlingh (Global Chief Financial Officer)

Company Secretary

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

Sponsor

The Standard Bank of South Africa Ltd
30 Baker Street
Rosebank
2109
(PO Box 61344, Marshalltown, 2107)

Transfer Secretary

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Street
Rosebank
2001
(PO Box 61051, Marshalltown, 2107)

CERTIFICATE OF THE COMPANY SECRETARY

for the year ended 29 February 2020

In terms of the Companies Act, 71 of 2008 (Companies Act), I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Properties Commission, for the financial year ended 29 February 2020, all such returns as are required of a public company in terms of section 88 of the Companies Act and that all such returns appear to be true, correct and up to date.



A de Villiers

Company Secretary

Rosebank
29 May 2020

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DIRECTORS' REPORT

for the year ended 29 February 2020

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Cartrack Holdings Ltd (Cartrack) for the year ended 29 February 2020. The group and company annual financial statements are available on the company website: www.cartrack.com.

Group profile

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

Cartrack's impressive organic growth since being launched in 2004 has resulted in an extensive footprint in 23 countries across Africa, Europe, North America, Asia-Pacific, and the Middle East. With an active subscriber base now in excess of 1,1 million, the group ranks among the largest of its peer companies globally.

Cartrack is a vertically integrated service-centric organisation and owns all its unique intellectual property and business processes, ranging from in-house design, device and software development, to 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.

Group performance

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

Cash generated from operating activities is up 94% to R914 million, reinforcing the group's cash-generative business model.

Cartrack's margin expansion is in line with management's expectations and strategy. The group delivered an earnings before interest, tax, depreciation and amortisation (EBITDA)

margin of 50% (FY19: 45%) and an operating profit margin of 33% (FY19: 30%).

Operating profit increased by 28% to R642 million from R500 million in FY19, with a basic earnings per share (EPS) of 148,3 cents (FY19: 116,4 cents).

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

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

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

Accounting practices

The annual financial statements of the group and company for the year ended 29 February 2020, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS, South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act and the JSE Listings Requirements.

Share capital

There were no changes in the company's authorised number of ordinary shares during the year under review (FY19: none).

Detailed below is the shareholder spread at year-end:

Shareholder spread	Number of shareholders	Number of shares	% of issued capital
Public shareholders (<5%)	1 452	40 526 477	13,52
Public shareholders (≥5%):			
Goldman, Sachs & Co.	01	19 780 580	6,59
Non-public shareholders:			
Karoo Pte. Ltd	1	203 328 943	67,78
Georgem Holdings (Pty) Ltd	1	35 500 000	11,83
IJ Calisto	1	864 000	0,28
	1 456	300 000 000	100,00

Dividends

Dividends declared during the current year are set out in note 36 of the consolidated financial statements. Dividends paid during the year under review amount to R104,7 million (FY19: R148,5 million).

Subsequent to the financial year ended 29 February 2020, a dividend has been declared in the amount of 54 cents per share, which is payable on 8 June 2020.

Directorate

The board of directors of the company (the board) comprises:

Independent non-executive directors

DJ Brown (Chairperson)

AT Ikalafeng

K White

S Rapeti

Executive directors

IJ Calisto (Global Chief Executive Officer)

M Grundlingh (Global Chief Financial Officer)

Details of directors' remuneration are set out in notes 32 of the consolidated annual financial statements and 17 of the company annual financial statements.

Directors' interests

The directors' interests in shares at the year-end are set out below. There have been no changes between year-end and the date of approval of the financial statements.

Shareholder	Director	% shares	No. of shares
Karoo Pte. Ltd	IJ Calisto (associate) (indirect beneficiary)	67,78	203 328 943
Georgem Holdings (Pty) Ltd	J Marais (associate) (indirect beneficiary)	11,83	35 500 000
IJ Calisto	IJ Calisto (direct holding)	0,28	864 000

On 7 October 2019, Karoo (Pte) Ltd acquired 28 943 ordinary shares at R13,44 per share as a result of a mandatory offer to shareholders announced on 22 August 2019. The results of the offer were announced on the Stock Exchange News Service (SENS) on 7 October 2019.

On 21 November 2019, Karoo (Pte) Ltd transferred 1 200 000 ordinary shares to IJ Calisto in an off-market transaction at R13,44 per share, to discharge part of an outstanding loan between the parties. Repayment of the loan may be made in cash or by way of transfer of Cartrack ordinary shares at R13,44 per share at the election of IJ Calisto. The number of remaining ordinary shares subject to this option is 203 300 000. On the same day IJ Calisto proceeded with an off-market disposal of 1 200 000 ordinary shares at a price of R25,75 per share. Prior permission for these trades was obtained and this was announced on SENS on 21 November 2019.

Service contracts

Neither the non-executive directors nor the executive directors have fixed-term employment contracts.

Borrowing powers

In terms of the memorandum of incorporation of the company, the borrowing powers of the company are unlimited. The details of borrowings appear in notes 15 and 16 of the consolidated annual financial statements.

Going concern

The board has reviewed the company and group cash flow forecast for the 12 months ending 31 May 2021. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the board is satisfied that the company and group have access to adequate resources to continue in operational existence for the foreseeable future and are going concerns. The board has continued to adopt the going concern basis in preparing the financial statements.

Subsequent events

COVID-19

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

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

DIRECTORS' REPORT (continued)

Although Cartrack operates as an essential service in South Africa, Singapore and certain other countries, the pandemic could result in extended work stoppages and has already resulted in restrictions at different levels in the countries in which the group operates. These restrictions have led to a 35% decline in new contracts since the lockdowns were implemented. While cash collections were unaffected in March, a decline of 9% in collections was evident in April, predominantly as a result of accommodating corporate customers to ease their current cash flow difficulties and the inability to contact small and medium enterprises due to closure under the COVID-19 regulations. Conversely, there has been no significant increase in subscriber cancellations during this period, with subscriber numbers being 1 141 154 as at the end of April 2020.

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

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

The group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. Its vertically integrated business model is well positioned to weather the COVID-19 storm with an unleveraged balance sheet and 97% of current revenues being recurring in nature. Cartrack generates strong cash flows and operates with industry-leading margins, giving it a level of operating safety, and has access to an unutilised R600 million term facility provided by RMB, of which R50 million is committed and R550 million is currently uncommitted. The debtor collection cycle is tightly managed and the group remains highly liquid. The group has sufficient inventory on hand to last for six months at budgeted volumes (pre COVID-19 budget) and, at present, supply chains are not affected. In addition to this, Cartrack is prudently balancing its costs with actions such as a temporary freeze on headcount.

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

External interest

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

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

Dividends

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

Changes to the board committees

There were no changes to the board committees in the financial year.

Litigation statement

As at the date of this report, the directors are not aware of any existing, pending or threatened litigation proceedings which may have a material effect on the financial position of the group or any subsidiary.

Auditors

With effect from 30 July 2019 Deloitte & Touche was appointed as statutory auditors in terms of section 90 of the Companies Act as proposed by the Audit and Risk Committee.

Company Secretary

The Company Secretary is A de Villiers.

The board of directors is satisfied that the group Company Secretary has the qualifications and experience to effectively discharge the duties set out in the Companies Act.

Date of authorisation for the issue of the financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 13 May 2020. No authority is given to anyone to amend the consolidated and separate annual financial statements after the date of issue.

Rosebank
13 May 2020

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 29 February 2020

This report of the Audit and Risk Committee of Cartrack Holdings Ltd (the ARC) for the year ended 29 February 2020 has been prepared in compliance with section 94(7)(f) of the Companies Act and was approved by the board.

Terms of reference

The ARC operates within the boundaries of a mandate approved and reviewed annually by the board. In accordance with the requirements of the Companies Act, the members of the ARC are appointed by shareholders at the annual general meeting (AGM).

The primary responsibilities of the ARC are to ensure the integrity of the financial reporting and audit processes, as well as that of the internal control system and risk management process. The complete terms of reference are available on www.cartrack.com.

Membership and meetings

Members of the ARC are formally nominated by the board for re-election by shareholders. The members satisfy the requirements to serve as members of an Audit Committee in accordance with section 94 of the Companies Act to ensure that the ARC has adequate knowledge and experience to discharge its duties.

The ARC comprise the independent non-executive directors listed below. Their appointments were approved at the AGM held on 30 July 2019.

- » K White (Chairperson)
- » DJ Brown
- » S Rapeti

The qualifications and experience of the ARC members can be viewed on Cartrack's website — www.cartrack.co.za/investor-relations

Members of the executive team, including the group Chief Executive Officer and group Chief Financial Officer, other members of senior management as required and external and internal auditors, attend committee meetings by invitation but have no voting rights.

The Chairperson of the ARC reports to the board on the activities and recommendations of the committee.

Six meetings were held during the year under review. Attendance by the members at the meetings will be set out in detail in the integrated annual report, expected to be published on or about 29 May 2020.

Financial reporting

The ARC reviewed the interim and annual group financial statements and annual company financial statements, culminating in a recommendation to the Board to adopt them. The review of the results included ensuring compliance with IFRS and the acceptability of the company's accounting policies.

This includes the appropriate disclosures in the annual financial statements in accordance with IFRS as issued by the International Accounting Standards Board, IFRIC interpretations applicable to companies reporting under IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the FRSC and the requirements of the Companies Act and the JSE Listings Requirements.

The ARC reviewed the processes in place for the reporting of concerns and complaints relating to reporting and accounting practices, internal audit, contents of the group's and company's financial statements, internal financial controls and any related matters. The ARC confirms that there were no complaints of substance during the year under review.

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the ARC confirms that the company has established appropriate financial reporting procedures and that these procedures are operating effectively.

Independence of the external auditor

The ARC has reviewed sections 3.84(g) and 22.15(h) of the JSE Listing Requirements and confirms that:

- » the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- » the auditors have provided to the ARC the required Independent Regulatory Board of Auditors (IRBA) inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels;
- » both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities;
- » the auditors are independent to the company and group; and
- » Deloitte has been the group's auditors for two years and the designated external audit partner has been responsible for the audit for two years.

The ARC satisfied itself on the qualification and experience of the external auditor. The Chair of the committee has regularly interacted with the external auditors during the audit process and is satisfied with the quality and level of the work performed by them.

The ARC has met with the external auditors without management present, to discuss the results of their audit and the overall quality of the company's financial reporting. The ARC also discussed the expertise, resources and experience of the company's finance function with the external auditors.

No matters of concern were raised during those meetings.

The committee has nominated for re-appointment Deloitte as external auditors and S Carter as the designated external auditor who, in the opinion of the ARC, are independent of the company.

The ARC has agreed to the audit fee for the 2020 financial year. Auditors' remuneration is disclosed in note 20 to the consolidated annual financial statements and note 10 to the company annual financial statements. The ARC is of the view that this remuneration is appropriate.

A formal policy governs the process for considering the provision of non-audit services by the external auditors, and the provision letters for such services are approved by the ARC in advance, ensuring that the ARC retains effective control over the process. The ARC has considered the nature and extent of any non-audit services conducted during the year and is satisfied that no breach in procedure occurred.

REPORT OF THE AUDIT AND RISK COMMITTEE (continued)

Combined assurance

There is an enterprise-wide system of internal control and risk management in all key operations to manage and mitigate risks. The combined assurance approach is integrated with the risk management process to assess assurance activities across the various lines of defence.

While the ARC is satisfied with the level of assurance provision for significant group risks, the combined assurance approach will be enhanced during FY21.

In terms of coordinating assurance activities, the ARC reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant risks facing the business.

Internal audit

On 26 April 2019, the board, upon recommendation by executive management, decided to outsource the internal audit function to PricewaterhouseCoopers Inc.

The ARC considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan. The ARC has reviewed the performance and expertise of the internal audit function and considered it to be appropriate.

The internal audit plan for the year under review was approved by the ARC. All internal audit reports were reviewed and discussed at committee meetings and, where appropriate, recommendations were made to the board.

Internally, management has reviewed the internal controls over financial reporting, including disclosure controls and procedures, and presented its findings to the ARC. Based on this review, while various control deficiencies have been identified, which will receive specific attention in the next financial year, nothing has come to the attention of the ARC to indicate any material weakness in internal controls over financial reporting.

Risk management

The board takes overall responsibility for risk management with a process implemented for managing risk while delegating authority to the ARC.

Risk is managed at an operational level with operations maintaining their own risk registers, which are in turn consolidated at group level to compile a heat map of top-of-mind risks. Risk registers are used at an operational level to manage the business. The Executive Committee is responsible for ensuring that the operations management considers and implements the appropriate risk responses. The Executive Committee ensures that risk management is performed on a continual basis and risk reports are presented to the committee on a regular basis.

The ARC reviews the risk management processes within the company and reports back to the board. The board reviews the group's top-of-mind risk reports to ensure risks are being managed within a tolerable level and that sufficient attention is being paid to addressing areas where the risk is considered unacceptable.

Current year key areas of focus

As part of the ARC's responsibilities, technology security, IT application controls, the enhancement of infrastructure, business continuity and data privacy matters applicable to the group received particular attention in order to ensure that all material risks were appropriately addressed. Certain control deficiencies in the IT application space were noted that require enhancement and are being prioritised. Continued focus will be given by the ARC to the enhancement of the control environment across the group, which continue to receive the attention of group management. The ARC identified the assessment of goodwill for impairment, the useful life estimates applied to capitalised telematics devices and capitalised commission assets, and the provisioning for expected credit losses on trade receivables as financial reporting risks.

The ARC reviewed the key audit matters, accounting for capitalised telematics devices and impairment risk relating to the group's goodwill, contained in the independent auditor's report and is comfortable that these are aligned with their assessment.

Future areas of focus

The ARC will continue to review relevant submissions and reports issued by assurance providers – both internal and external – to monitor the company's control environment and will engage with relevant persons (both internal and external) as required, in order to effectively discharge its responsibilities. Management will continue to review relevant reports and position papers prepared by management relating to accounting standard changes to ensure that all material risks are addressed.

Expertise and experience of Financial Director and finance function

The ARC reviewed the performance and expertise of M Grundlingh, who served as the group Chief Financial Officer during the year under review, and confirmed his suitability to hold office as group Chief Financial Officer in terms of the JSE Listings Requirements (section 3.84(g)). The ARC also considered and has satisfied itself with the appropriateness of the expertise and experience of the finance function and adequacy of resources employed to appropriately fulfil this function.

Going concern status

The ARC has considered the going concern status of the company and the group on the basis of review of the annual financial statements and the information available to it and recommended such going concern status for adoption by the board. The board statement on the going concern status of the group and company is contained on page 3 in the statement of directors' responsibility.

Discharge of responsibilities

The committee is satisfied that during the financial year under review it has conducted its affairs and discharged its legal and other responsibilities as outlined in its charter, the Companies Act, the JSE Listings Requirements and the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹. The board concurred with this assessment.



K White
Chairperson of the committee

13 May 2020

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REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEE

for the year ended 29 February 2020

This report of the Remuneration and Nominations Committee's remuneration activities for FY20 has been prepared in accordance with the requirements of King IV and the mandate given by the board.

Background Statement

For the year ended 29 February 2020, the members of the committee were:

- » AT Ikalafeng (Chairperson – remuneration matters)
- » DJ Brown (Chairperson – nominations matters)
- » K White

Five meetings were held.

All members are independent, non-executive directors of the company and collectively have adequate relevant knowledge and experience to effectively discharge their duties. To ensure appropriate consideration of the remuneration and nominations matters, the position of Chairperson has been split accordingly.

The group Chief Executive Officer and group Chief Financial Officer attend the meetings by invitation but do not have a vote. Executive directors, managers and the Company Secretary are not present during committee discussions relating to their own compensation.

The Remuneration and Nominations Committee (committee) is mandated by the board to ensure that the company remunerates fairly, responsibly and transparently to ensure the achievement of strategic objectives and creation of value in the short, medium and long term. In preparing this report, the committee has considered the relevant principles of King IV and the JSE Listings Requirements.

Among other items, the committee's terms of reference include:

- » considering and recommending the group's Remuneration Policy for executive directors, non-executive directors and senior management;
- » reviewing the outcomes of the implementation of the Remuneration Policy;
- » determining the criteria against which the performance, functions and responsibilities of executive directors and senior management are measured;
- » regularly reviewing incentive schemes to ensure continued contribution to shareholder value;
- » ensure that the disclosure of directors' remuneration is accurate, complete and transparent;
- » advising on senior executive and executive director appointments; and
- » reviewing succession planning at an executive and senior management level.

Non-executive directors' fees are approved by shareholders at the AGM in accordance with section 66 of the Companies Act.

In accordance with the King IV recommended practices and the JSE Listings Requirements, section 3.84(j), the company obtained shareholder approval for its Remuneration Policy by way of a non-binding vote on 30 July 2019, achieving a 99,76% vote in favour of the Remuneration Policy. Feedback received from shareholders following the AGM was addressed.

Any proposed changes will be tabled to the board as and when required.

Voting at the 2020 annual general meeting

In terms of the requirements laid out in King IV and the JSE Listings Requirements, section 3.84(j), shareholders will be required to vote on a non-binding advisory resolution on the Remuneration Policy and implementation report at the next AGM.

All shareholders are encouraged to provide feedback and contributions regarding their position on the various voting requirements.

In the event that more than 25% of shareholders exercise their voting rights against the approval of one or both of the Remuneration Policy and remuneration implementation report, the board will engage with the shareholders to address all legitimate objections and concerns.

Current year key areas of focus

Areas of focus during the current year were:

- » consideration of appropriate short and long-term incentives to align performance and strategy;
- » reviewing the remuneration of the executive and non-executive directors;
- » reviewing succession planning with regard to key executive and senior management roles;
- » consideration of additional skills required as the group expands; and
- » reviewing salary increase levels for all employees.

Remuneration Policy

Principles of executive remuneration

Cartrack's reward philosophy aims to attract, motivate and retain high-calibre, high-performing and independent minded people with above-average industry ability and leadership potential to effectively achieve operational and strategic objectives.

Compensation packages are structured to be uncomplicated and transparent, and aligned to the best interest of all stakeholders. The company rewards exceptional performance to encourage delivery on performance goals.

Service contracts

- » Executive and senior management have notice periods of three months.
- » Standard terms include restraint of trade provisions, protection of intellectual property and confidentiality undertakings that survive termination of the employment relationship.
- » Sign-on bonuses and guaranteed severance payments are not offered and separation agreements, when appropriate, are negotiated with the individual concerned with prior approval being obtained in terms of company governance structures.

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEE (continued)

Elements of executive remuneration

Executive remuneration comprises the following four principal elements:

- » Basic salary and allowances
- » Annual incentive bonuses
- » Performance incentives
- » Retirement and other benefits

The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term financial performance and those linked to longer-term shareholder value creation. The policy related to each component of remuneration is summarised below.

Basic salary

The basic salary of each executive is subject to annual review and is set to be reasonable and competitive with reference to external market practice in similar companies, which are comparable in terms of size, market sector, business complexity, and international scope. Company performance, individual performance and changes in responsibilities are taken into account when determining annual basic salaries.

Annual incentive bonus

All executives are eligible to receive a performance-related annual bonus. The bonus is non-contractual and not pensionable. The committee reviews bonuses at year-end and determines the level of bonus based on performance criteria set at the start of the performance period.

The criteria include targets relating to subscription revenue growth, operating profit, adjusted EBITDA targets, cash generated by operations and certain discretionary elements, aimed at fostering the correct behaviours within the group, while encouraging long-term shareholder value creation and the successful achievement of the strategic objectives of the group.

The short-term incentive programme is available to executive directors, senior executives and selected employees. Cash bonuses to senior executives and executive directors are approved by the committee.

Long and short-term incentive plans

The board has decided to unwind the Cartrack Executive Incentive Trust (the Trust) in accordance with the provisions of the Trust Deed, as the purpose of the Trust is no longer relevant following termination of the Cartrack Executive Incentive Scheme in 2018. The board continues to explore appropriate mechanisms to incentivise and retain senior management.

Eligibility

Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, would be eligible to participate in an incentive scheme operated by the group.

Non-executive directors

Fees payable to non-executive directors are proposed by the executive directors, taking into account the reasonability and affordability of any increases and whether it is supported by the company performance, the workload and responsibilities of the board and the economic climate. Fees are reviewed by the committee on an annual basis with reference to published remuneration trends and best practice guidance for JSE listed companies, and are paid as follows:

Non-executive Chairman

The Chairman is paid an all-inclusive fee for board responsibilities and attendance fees to attend meetings of board committees. Additional fees are paid for chairing board committees.

Other non-executive directors

The non-executive directors are paid a basic fee for board attendance and attendance fees for meetings of board committees. The Chairpersons of the board committees are paid additional fees to reflect these additional responsibilities.

Implementation report

Directors' fees

Fees paid to the non-executive and executive directors of the company and to prescribed officers for the year ended 29 February 2020, are depicted below:

Non-executive	Director's fee R'000	Audit and Risk Committee R'000	Nominations and Remuneration Committee R'000	Social and Ethics Committee R'000	2020 Total R'000	2019 Total R'000
DJ Brown	792	192	79	123	1 186	1 129
AT Ikalafeng	353	–	124	–	477	546
S Rapeti	353	192	–	–	545	260
K White	353	227	79	–	659	627
	1 851	611	282	123	2 867	2 562

Notes

All non-executive directors' fees shown exclude VAT.

Executive Committee ¹	Salary and allowances R'000	Other benefits R'000	Retirement fund R'000	Performances bonuses R'000	2020 Total R'000	2019 Total R'000
IJ Calisto ¹	3 410	–	147	284	3 841	3 487
M Grundlingh ¹	2 285	–	157	1 064	3 506	2 423
B Debski	1 845	18	–	146	2 009	1 817
J Marais	1 964	198	17	174	2 353	2 237
J Matias	1 565	–	–	–	1 565	1 515
E Ong	1 543	232	155	129	2 059	1 838
RJ Schubert	2 451	343	46	1 714	4 554	2 300
H Louw	1 872	117	101	143	2 233	–
JR Edmeston ²	–	–	–	–	–	1 380
	16 935	908	623	3 654	22 120	16 997

Notes

¹ Executive directors.

² Resigned as a member of the board and as an Executive Committee member with effect from 1 September 2018.

[^] Includes prescribed officers.

The benefits and amounts disclosed above include the total remuneration and benefits received or receivable from Cartrack, as well as any Cartrack associates, joint ventures and entities that provide management or advisory services to Cartrack.

No fees have been paid or accrued to third parties in lieu of directors' fees.

Non-executive directors' fees for FY21

Non-executive directors' fees for the financial year 2021, to be proposed to shareholders at the AGM on 3 July 2020 are as follows:

	R'000
Director's fee	367
Chairman (in addition to directors' fee)	
» Board	824
» Audit and Risk	236
» Nominations and Remuneration	129
» Social and Ethics	128
Committee fees (in addition to directors' fee)	
» Audit and Risk	200
» Nominations and Remuneration	82
» Social and Ethics	–

The aforementioned directors' fee amounts exclude VAT. The board Chairman does not receive an additional directors' fee for board attendance.

The committee is satisfied that it has achieved its key objectives for the financial year under review.

Signed on behalf of the Remuneration Committee.



AT Ikalafeng

Chairperson of the Remuneration Committee

13 May 2020

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

This committee executes the duties set out in the Companies Act and Regulations, which include other relevant legislation as well as the principles contained in the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption. The objectives of the committee are:

- » Social and economic development and corporate social investment
- » Good corporate citizenship
- » The impact of the business on the environment, health and public safety
- » Consumer relationships
- » Labour and employment practices and
- » Effective management of ethics

The primary focus of the committee is to approve and monitor the strategic direction of the group with regard to social and environmental sustainability. The complete terms of reference are available on the company's website.

An annual Social and Ethics Committee plan is prepared by the Internal Management Committee, which comprises representatives from all relevant stakeholders. This plan is reviewed and approved by the Social and Ethics Committee and implementation is monitored to ensure targets are achieved.

Special attention is paid to transformation in the South African context, which includes employment practices, training and development and broad-based black economic empowerment (B-BBEE). Cartrack received its B-BBEE Verification Certificate in April 2020 and continues to give focused attention to enhancing its rating.

The implementation of the Cartrack Academy and technical training programme have yielded very positive results in the education and training of employees. The technical training concentrates on the performance of quality fitments of Cartrack hardware and accessories, customer interaction, proper housekeeping, tools and hand skills. Practical and theory-based assessments are conducted and trainees who meet the criteria are employed as junior technicians, thereby creating opportunities for individuals who were unskilled and unemployed.

At Cartrack, we believe that sustained value creation is built on ethical and values-driven business practices supported by continuous focus on strong governance. A Code of Ethics Policy, which includes monitoring of gifts and entertainment, and a Whistle-blowing Policy have been in effect for a number of years and form part of the induction training of all employees.

Awareness training is an ongoing process. With the implementation of the General Data Protection Regulation across the group, which included a Data Privacy Policy, the company is confident that it will be ready for the final implementation of the Protection of Personal Information Act in South Africa.

During the reporting period, the committee reviewed the company's policies and practices in terms of the OECD Good Practice Guidelines on Internal Controls, Ethics and Compliance, resulting in additional training programmes being implemented on bribery and corruption and whistle-blowing across the group.

Responsible corporate citizenship requires investment in communities in which Cartrack conducts its business, and goes hand-in-hand with social upliftment. Our focus remains on addressing skills shortages and being part of the alleviation of unemployment, through the creation of new employment opportunities, education programmes and skills transfer.

The committee is not aware of any instances of human rights abuse, restrictions on freedom of association, use of forced or child labour, discrimination, contraventions of environmental responsibilities or non-ethical conduct by any group company or employee.

The Social and Ethics Committee concluded that it had achieved its objectives for the financial year.



DJ Brown
Chairman: Social and Ethics Committee

29 May 2020

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

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

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 29 February 2020

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

* Refer to note 2 regarding comparative disclosure.

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2020

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

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2020

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

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

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

*Refer to note 2 regarding the restatement

ACCOUNTING POLICIES

for the year ended 29 February 2020

1. Presentation of summarised consolidated financial statements

Basis of measurement

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

2. Comparative disclosure

Presentation of sales and marketing and administration and other charges

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

Change in accounting policy in the consolidated statement of cash flows

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

3. Segment reporting

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

3. Segment reporting (continued)

Reconciliation of EBITDA to profit before taxation

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

Total assets by segment

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

Total non-current assets by segment

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

Capital expenditure*

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

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

Total liabilities by segment

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

4. Property, plant and equipment

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

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

Figures in Rand thousands	Opening balance	Additions	Disposals	Reclassifications	Translation		Closing balance
					adjustments	De-preciation	
<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 and fixtures	4 009	1 594	(210)	–	185	(1 462)	4 116
Leasehold improvements	5 075	4 158	(257)	–	115	(3 735)	5 356
Office equipment	863	547	–	–	130	(273)	1 267
Plant and machinery	302	965	–	–	25	(579)	713
Security equipment	581	481	–	–	8	(235)	835
<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
Total	705 974	421 716	(5 784)	(4 822)	20 398	(282 976)	854 506

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

4. Property, plant and equipment (continued)

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

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

5. Capitalised commission assets

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

Reconciliation of the carrying value of capitalised sales commissions – 2020

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

Reconciliation of the carrying value of capitalised sales commissions – 2019

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

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

6. Intangible assets

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

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

Reconciliation of the carrying value of intangible assets – 2020

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

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

Reconciliation of the carrying value of intangible assets – 2019

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

7. Trade and other receivables

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

8. Term loans

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

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

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

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

9. Revenue

A. Revenue streams

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

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

9. Revenue (continued)

B. Disaggregation of revenue from contracts with customers

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

10. Operating profit

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

11. Related parties

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

11. Related parties (continued)

Loan accounts – owing (to)/by related parties

Figures in Rand thousands	2020	2019
Related party balances		
Bumbene House Proprietary Limited	11 000	–
Cartrack Education Fund (NPO)	–	200
J Marais	13	13
J De Wet	(5 679)	(5 551)
P Lim	(2 683)	(2 151)
Onecell Proprietary Limited	–	(14)
	2 651	(7 503)
Amounts included in trade receivables/(trade payables) regarding related parties		
<i>Trade receivables</i>		
Onecell Proprietary Limited	–	6 664
J Marais	7	–
Onecell Holdings Proprietary Limited	–	3
<i>Trade payables</i>		
Onecell Proprietary Limited	–	(52)
Onecell Community Services Proprietary Limited	–	(339)
Onecell Holdings Proprietary Limited	–	(21)
Prime Business	(399)	–
	(392)	6 255
Related party transactions		
Sales to related parties		
Onecell Proprietary Limited	(407)	(4 042)
CFC.Sp.Zo.O	–	(114)
Brick Capital Polska SP. ZO.O	–	(1)
Prime Business	–	(44)
	(407)	(4 201)
Purchases from related parties		
Onecell Holdings Proprietary Limited	240	208
Onecell Proprietary Limited	437	467
CFC.Sp.Zo.O	–	7 601
Prime Business	–	148
Onecell Community Services Proprietary Limited	2 796	1 819
Cartrack Mozambique LDA	4 464	5 280
	7 937	15 523
Rent paid to related parties		
Purple Rain Properties No. 444 Proprietary Limited	16 449	17 613
Prime Business	895	836
Brick Capital Lda	–	3 921
Brick Capital Polska Sp.Zo.o	1 663	1 694
F Calisto	880	–
	19 887	24 064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 29 February 2020

12. Analysis of assets and liabilities by financial instrument classification

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

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

13. Earnings per share information

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

13.3 Diluted earnings per share

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

14. Funding facilities

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

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

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

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

15. Commitments

There are no capital commitments at the year-end.

16. Subsequent events

COVID-19

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

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

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

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

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

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

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

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

External interest

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

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

Dividends

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

NOTICE OF AGM



CARTRACK HOLDINGS LTD

(Incorporated in the Republic of South Africa) (Registration number 2005/036316/06)
Share code: CTK ISIN: ZAE000198305
(Cartrack or "the company" or "the issuer")

Notice is hereby given to shareholders recorded in the company's securities register on Friday 22 May 2020 that the sixth annual general meeting (AGM) of shareholders of Cartrack Holdings Ltd will be held electronically, on Friday, 3 July 2020, at 09:00 for purposes of dealing with the ordinary business of an AGM in accordance with the Companies Act, 71 of 2008 (the Companies Act) and considering, and if deemed fit, passing with or without modification, the resolutions set out below.

The board has determined that the record date for purposes of determining which shareholders are entitled to participate in and vote at this AGM is Friday, 26 June 2020. Accordingly, the last date to trade in the shares of the company in order to be eligible to participate and vote is Tuesday, 23 June 2020.

Due to the COVID-19 pandemic and resultant regulations issued by the South African government, the company has elected to conduct the meeting entirely by electronic communication in accordance with its MOI. Shareholders are therefore encouraged to make use of proxies to cast their votes.

Shareholders wishing to participate in the AGM via electronic communication are requested to submit written notice via email to anname.devilliers@cartrack.com, or physically to the registered office of the Company, at 11 Keyes Ave, Rosebank, 2195 (for attention of the Company Secretary) by no later than 12:00 on Thursday, 25 June 2020. For the notice to be valid, it must contain the details as set out in the paragraph titled "How to participate in the AGM" on page 32 of this AGM Notice. Shareholders participating via electronic communication will still need to submit completed proxy forms for their votes to be counted. The details for proxy form submission are contained on the proxy form of the AGM Notice.

By no later than 12:00 on Tuesday, 30 June 2020, the Company shall, by reply email, notify a shareholder, who has delivered a valid notice as indicated above, of the relevant details through which the shareholder may participate electronically.

AS ORDINARY BUSINESS

Resolutions

1. Ordinary resolution number 1: Re-election of directors

To elect the following director who is required to retire at this AGM in accordance with the provisions of the Act and the company's memorandum of incorporation (MOI), and who, being eligible, offers herself for re-election:

"RESOLVED THAT Mrs K White be and is hereby re-elected as a director of the company."

A brief biography of Mrs White is set out below:

Kim is a qualified chartered accountant and registered auditor. Kim has over 16 years of experience in the accounting and auditing sector servicing a wide variety of industries. She holds a postgraduate certificate in advanced taxation and a postgraduate certificate in international taxation, as well as being a certified financial

planner and a master tax practitioner (SA). Kim is a registered member of SAICA, a member of the South African Institute of Tax Professionals and is registered with the Regulatory Board of Auditors (IRBA).

2. Ordinary resolution number 2: Re-appointment of external auditor

Upon the recommendation of the Audit and Risk Committee, to reappoint Deloitte & Touche as the independent auditors of the company for the ensuing year, and to hold office until the next AGM, with Mr S Carter as the designated partner, and to authorise the Audit and Risk Committee to determine the auditor's terms of engagement and remuneration.

"RESOLVED THAT Deloitte & Touche be and is hereby reappointed as the auditor of the company for the ensuing year, with Mr S Carter as the designated partner, and that the Audit and Risk Committee be and is hereby authorised to determine the auditor's terms of engagement and remuneration."

3. Ordinary resolution number 3: Appointment of group Audit and Risk Committee members

To elect, by way of a series of votes, and subject, where necessary, to their re-election as directors of the company in terms of ordinary resolution 1 above, the following independent non-executive directors as members of the Audit and Risk Committee to hold office until the next AGM:

Ordinary resolution number 3.1

"RESOLVED THAT Mrs K White be and is hereby elected as a member and the Chairman of the Audit and Risk Committee."

A brief biography of Mrs K White is set out below:

Kim is a qualified chartered accountant and registered auditor. Kim has over 16 years of experience in the accounting and auditing sector servicing a wide variety of industries. She holds a postgraduate certificate in advanced taxation and a postgraduate certificate in international taxation, as well as being a certified financial planner and a master tax practitioner (SA). Kim is a registered member of SAICA, a member of the South African Institute of Tax Professionals and is registered with the IRBA.

Ordinary resolution number 3.2

"RESOLVED THAT Mr DJ Brown be and is hereby elected as a member of the Audit and Risk Committee."

David holds a BComm from the University of South Africa and an MBA from the University of Cape Town. In addition, he attended the Management Development Programme at the School of Business Leadership, and the Advanced Management Programme at Harvard Business School in the USA. He spent 30 years with the Standard Bank Group, where he held various senior positions, including managing director of Stanbic Bank Botswana, managing director of Stanbic Bank Zambia, managing director of Stannic Asset Finance and managing director of Standard Bank's Commercial Banking division. He was appointed chief executive officer of Mercantile Bank and Mercantile Holdings Ltd (a JSE-listed company) in 2004 and stepped down as CEO in 2013.

Ordinary resolution number 3.3

"RESOLVED THAT Mrs S Rapeti be and is hereby elected as a member of the Audit and Risk Committee."

A brief biography of Mrs Rapeti is set out below:

Sharoda has a National Higher Diploma: Electronic Engineering, a Master's in Business Administration and over

NOTICE OF AGM (continued)

30 years of strategic and operational experience in the telecommunications, media and technology industries. She was a director at Deloitte Africa where she established the TMT advisory services practice for Deloitte Africa. She was also the Smart Cities Leader and Digital Payments Leader for Deloitte Africa.

Sharoda has extensive non-executive director experience in the built environment and in banking where she served as South Africa's first female vice-president of the Engineering Council of South Africa and as non-executive director on the board of Mercantile Bank.

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass, with or without modification, the following resolutions:

4. **Ordinary resolution number 4: Signature of documents:**
"RESOLVED THAT any one director and/or the group Company Secretary be and is hereby authorised to do all such things and sign all such documents and take all such action as they consider necessary to implement all the resolutions set out in this notice convening this AGM at which this ordinary resolution will be considered."
5. **Ordinary resolution number 5: Non-binding advisory resolution to consider and approve the Remuneration Policy as contained in the remuneration report for the year ended 29 February 2020 as set out on [pages 7 to 9 of this notice](#):**
"RESOLVED THAT the Remuneration Policy for the year ended 29 February 2020 be and is hereby approved."
Shareholders are reminded that in terms of King IV, the passing of this ordinary resolution is by way of a non-binding vote. Should 25% or more of the votes cast vote against this ordinary resolution, Cartrack undertakes to engage with shareholders as to the reasons therefor.
6. **Ordinary resolution number 6: Implementation of the Remuneration Policy**
"RESOLVED THAT the implementation of the Remuneration Policy for the year ended 29 February 2020 be and is hereby approved."
Shareholders are reminded that in terms of King IV, the passing of this ordinary resolution is by way of a non-binding vote. Should 25% or more of the votes cast vote against this ordinary resolution, Cartrack undertakes to engage with shareholders as to the reasons therefor.
7. **Special resolution number 1: Approval of non-executive directors' remuneration**
"RESOLVED THAT non-executive directors' remuneration be approved as follows":
1 March 2020 to 28 February 2021

Special resolution number 1.1

"RESOLVED THAT the annual remuneration payable to Mr DJ Brown be and is hereby approved as follows":

Responsibility/membership	Fee R'000
Chairman (board) (includes directors' fee)	824
Audit and Risk Committee	200
Chairman (Nominations Committee)	82
Chairman (Social and Ethics Committee)	128
Total	1 234

Special resolution number 1.2

"RESOLVED THAT the annual remuneration payable to Mrs K White be and is hereby approved as follows:

Responsibility/membership	Fee R'000
Board member	367
Chairman (Audit and Risk Committee)	236
Remuneration and Nominations Committee	82
Total	685

Special resolution number 1.3

"RESOLVED THAT the annual remuneration payable to Mr TA Ikalafeng be and is hereby approved as follows:

Responsibility/membership	Fee R'000
Board member	367
Chairman (Remuneration Committee)	129
Total	496

Special resolution number 1.4

"RESOLVED THAT the annual remuneration payable to Mrs S Rapeti be and is hereby approved as follows":

Responsibility/membership	Fee R'000
Board member	367
Audit and Risk Committee	200
Total	567

The reason for and effect of special resolution number 1

In terms of sections 65(1)(h), 66(8) and 66(9) of the Companies Act, a company may only remunerate its directors for their services as directors in accordance with a special resolution approved by shareholders within the previous two years and if not prohibited by its MOI.

The reason for and effect of the proposed resolution is to ensure that the level of fees paid to non-executive directors remains market-related and accords with the greater accountability and risk attached to the position.

Refer to [page 54](#) of the annual financial statements for the year ended 29 February 2020 for full particulars on the remuneration paid to non-executive directors during the year under review and to the remuneration report on [pages 7 to 9](#) of this notice for further detail on the company's remuneration practices.

8. **Special resolution number 2: Financial assistance**
"RESOLVED THAT: to the extent required by sections 44 and/or 45 of the Companies Act, the board of the company may, subject to compliance with the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in such amounts as the board of the company may from time to time resolve, by way of loan, guarantee, the provision of security or otherwise, to:
 - (i) any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company, for any purpose or in connection with any matter, including, but not limited to,

the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and/or

- (ii) any person who is a participant in any of the company's share or other employee incentive scheme, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, at any time during the period commencing on the date of the passing of this resolution and ending on the next AGM."

The reason for and effect of special resolution number 2

Notwithstanding the title of section 45 of the Companies Act, being "loans or other financial assistance to directors", on a proper interpretation, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation and to a person related to any such company, corporation or member.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company. Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board is satisfied that:

- (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

As part of the normal conduct of the business of the group, the company, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its local and foreign subsidiaries and joint ventures or partnerships in which the company or members of the group have an interest. This is particularly so where funding is required by the foreign subsidiaries of the company, whether by way of borrowings or otherwise, for the purposes of the conduct of their operations. In the circumstances and in order to, inter alia, ensure that the company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain shareholder approval as set out in this special resolution number 2. The company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act.

Furthermore, it may be necessary for the company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or corporation, and/or to a member of a related or inter-related company, to subscribe for securities of the company or another company related or inter-related to it. Under the Companies Act, the company will require a special resolution referred to above to be adopted.

Accordingly, the approval of shareholders is sought to ensure that the company, its subsidiaries and other related and inter-related companies is able to effectively organise its internal financial administration.

9. **Special Resolution Number 3: Repurchases of securities**

"RESOLVED THAT the company and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to acquire securities issued by the company, in terms of section 48 read with sections 114 and 115 (to the extent required) of the Companies Act and subject to the company's MOI and the following provisions of the JSE Listings Requirements:

- (i) any acquisition of securities shall be implemented through the order book operated by the JSE trading system and without any prior understanding or arrangement between the company and the counterparty – reported trades are specifically prohibited;
- (ii) this general authority shall be valid until the company's next annual general meeting, or 15 months from the date of passing this special resolution, whichever period is the earlier;
- (iii) the acquisition is authorised by the company's (or relevant subsidiary company's) MOI to do so;
- (iv) acquisition of securities in the aggregate may not exceed 3% in any one financial year of the company's issued ordinary share capital as at the date of passing this special resolution;
- (v) an acquisition may not be made at a price greater than 10% above the weighted average of the market value of the applicable securities for the five business days immediately preceding the date on which the repurchase of such securities is effected. The JSE shall be consulted for a ruling in the event that the securities have not traded in such five business day period;
- (vi) at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
- (vii) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of securities to be repurchased during the prohibited period have been fixed) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- (viii) an announcement will be published as soon as the company or any of its subsidiaries have acquired securities constituting, on a cumulative basis, 3% of the number of securities in issue at the date of passing this special resolution and pursuant to which the aforesaid threshold is reached, and for each 3% in the aggregate acquired thereafter, containing full details of such repurchases; and

NOTICE OF AGM (continued)

- (ix) the directors of the company have resolved, prior to every repurchase contemplated:
- (a) to authorise the specific acquisition; and
 - (b) the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act; and
 - (c) since the aforementioned test was performed, there have been no material changes to the financial position of the group."

The reason for and effect of special resolution number 3
To afford the directors of the company (or a subsidiary of the company) the discretion, in terms of a general authority, to effect a repurchase of the company's securities. The effect of the resolution will be that the directors will have the authority, subject to the JSE Listings Requirements and the Companies Act, to effect repurchases of the company's securities.

JSE Listings Requirements

In accordance with the JSE Listings Requirements the directors record that:

The directors intend to utilise the general authority to repurchase the company's securities as and when suitable opportunities present themselves and subject to market conditions.


The directors undertake that they will not implement a repurchase contemplated in terms of this special resolution number 3 while this authority is valid unless:

- » the company and the group will, in the ordinary course of business, be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- » the consolidated assets of the company and its subsidiaries will exceed the consolidated liabilities of the company and its subsidiaries, fairly valued in accordance with the accounting policies applied in the latest audited consolidated annual financial statements, for a period of 12 months after the date of this notice; and
- » the share capital, reserves and working capital of the company and its subsidiaries will be adequate for ordinary business purposes, for a period of 12 months after the date of this notice.

The following additional information is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- » Major beneficial shareholders – page 2 of this notice
- » Capital structure of the company – note 13 on page 47 of the annual financial statements www.cartrack.com

Directors' responsibility statement

The directors, whose names appear on  page 46 of the annual financial statements for the year ended 29 February 2020, collectively and individually accept full responsibility for the accuracy of the information pertaining to these resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

Material changes

There have been no material changes in the affairs or financial position of the company since the date of signature of the audit report on 13 May 2020 and this notice.

Voting and proxies

A shareholder entitled to participate and vote at the AGM is entitled to appoint a proxy to participate, speak and vote in his/her stead.

A proxy need not be a shareholder of the company.

The proxy form is only to be completed by those shareholders who are holding shares in certificated form; or who are recorded on the sub-register in dematerialised form in "own name".

All other beneficial owners who have dematerialised their shares through a central securities depository participant (CSDP) or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.


Proxy forms are requested to be forwarded to reach the company's transfer secretaries by not later than 09:00 on Wednesday, 1 July 2020.

The completion of a proxy form will not preclude a shareholder from participating in the AGM.

Electronic participation

Due to the COVID-19 pandemic and resultant lockdown regulations implemented by government, the company intends to conduct the AGM through electronic conference call facilities, in accordance with the provisions of the Companies Act and the company's MOI.

How to participate in the AGM

Shareholders may participate in the meeting online by using their smartphone, tablet or computer. Shareholders can, and are encouraged to, prior to the commencement of the meeting, vote on the resolutions set out on  pages 29 to 32 by completing and returning the form of proxy, or relevant voting instruction form attached to this notice.

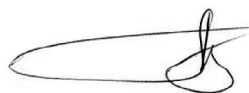
Webinar facilities will be made available for this purpose and may be accessed at the shareholder's cost. In order for the Electronic Notice to be valid it must contain:

- » if the shareholder is an individual, a certified copy of his identity document and/or passport;
- » if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
- » a valid email address and a telephone number

The Company shall use its reasonable endeavours, on or before 12:00 on Tuesday, 30 June 2020, to notify each shareholder who has delivered a valid Electronic Notice, by way of the provided contact address/number, of the relevant details through which the shareholder can participate via electronic communication. Such shareholders, should they wish to have their votes counted at the AGM, must, to the extent applicable:

- » complete and submit the form of proxy; or
- » contact their CSDP or broker, in both instances, as set out above.

By order of the board



A de Villiers
Group Company Secretary

Rosebank
29 May 2020

PROXY FORM

CARTRACK HOLDINGS LTD

(Incorporated in the Republic of South Africa)
 (Registration number 2005/036316/06)
 Share code: CTK ISIN: ZAE000198305
 ("Cartrack" or "the company" or "the issuer")

For use at the sixth annual general meeting (AGM) of members to be held on Friday, 3 July 2020, by way of electronic communication, at 09:00.

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only. For use in respect of the AGM to be held by way of electronic communication.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to participate in the AGM or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full names in BLOCK LETTERS) _____ of (address) _____
 Telephone (work) () _____ Telephone (home) () _____
 being the holder(s) of _____ ordinary shares in the company, appoint (see note 1):
 _____ or failing him/her,
 _____ or failing him/her,

the Chairman of the AGM,

as my/our proxy to act on my/our behalf at the AGM, which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of such resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1			
Appointment of Mrs K White as director of the company			
Ordinary resolution number 2			
Reappointment of external auditor			
Ordinary resolution number 3.1			
Appointment of Mrs K White as member and Chairman of the Audit and Risk Committee			
Ordinary resolution number 3.2			
Appointment of Mr DJ Brown as member of the Audit and Risk Committee			
Ordinary resolution number 3.3			
Appointment of Mr S Rapeti as member of the Audit and Risk Committee			
Ordinary resolution number 4			
Signature of documents			
Ordinary resolution number 5			
Advisory approval of Remuneration Policy			
Ordinary resolution number 6			
Advisory approval of implementation of the Remuneration Policy			
Special resolution number 1			
Approval of remuneration of DJ Brown			
Approval of remuneration of K White			
Approval of remuneration of TA Ikalafeng			
Approval of remuneration of S Rapeti			
Special resolution number 2			
Financial assistance			
Special resolution number 3			
Repurchases of securities			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to participate in, speak, and on a poll, vote in place of that shareholder at the AGM.

Signed at _____ on _____ 2020

Signature(s) _____

Capacity _____

Please read the notes and summary on the reverse side hereof.

Notes

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the Chairman of the AGM". The person whose name stands first on this proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he deems fit in respect of all the member's votes exercisable at the AGM. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this proxy form will not preclude the relevant member from participating in the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The Chairman of the AGM may reject or accept any proxy form, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to participate in the AGM or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholders and the CSDP or broker concerned.
6. Any alteration to this proxy form, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this proxy form, unless previously recorded by the company or waived by the Chairman of the AGM.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
 - » any one holder may sign this proxy form; and
 - » the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. To be valid, the completed proxy forms must either: (a) be lodged so as to reach the transfer secretaries by no later than the relevant time; or (b) be lodged with the Chairman of the AGM prior to the AGM so as to reach the Chairman by no later than immediately prior to the commencement of voting on the ordinary and special resolutions to be tabled at the AGM; or (c) be sent to the transfer secretaries via email no later than at the conclusion of the AGM, to reach the transfer secretaries no later than 12h00 on the day of the meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the AGM or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any; or (ii) the date on which the written notice was delivered as aforesaid.

If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the articles to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.

NOTES

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NOTES

A series of horizontal dashed lines for taking notes.



www.cartrack.com