CARTRACK
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NOTICE OF ANNUAL GENERAL MEETING AND DIRECTORS' REPORTS

2019

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) – appointed on 1 September 2018

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 Limited
30 Baker Street
Rosebank
2109
(PO Box 61344, Marshalltown, 2107)

Transfer Secretary
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Street
Rosebank
2001
(PO Box 61051, Marshalltown, 2107)

CERTIFICATE OF THE COMPANY SECRETARY

for the year ended 28 February 2019

In terms of the 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 28 February 2019, 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
27 May 2019

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DIRECTORS' REPORT

for the year ended 28 February 2019

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Cartrack Holdings Limited (Cartrack) for the year ended 28 February 2019. 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 solutions for small, medium and large fleets and an insurance telematics, security and safety service provider for both businesses and consumers. Fleet management, tracking and insurance-telematics services remain Cartrack's primary offerings while growing its artificial intelligence, data analytics and enhanced value-added services capability in order to deliver additional value to it's subscribers. Cartrack solutions are underpinned by real-time actionable business intelligence that drives tangible return on investment for it's customers. Cartrack is also renowned for it's 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 it developing an extensive footprint in 23 countries across Africa, Europe, North America, Asia Pacific and the Middle East. With a base fast approaching 1,000,000 active subscribers, the Group ranks among the largest telematics companies globally.

Cartrack is a vertically integrated service-centric organisation owning all its unique telematics IP and business processes ranging from in-house design, hardware and software development, mobile-technical-workshops and sales, to the vehicle tracking tactical teams in specific territories. Hence, Cartrack is in full control of delivering a superior service while also protecting it's healthy margins.

Accounting and financial presentation changes

The Group adopted IFRS 9 - Financial instruments, IFRS 15 - Revenue from contracts with customers and IFRS 16 - Leases in the current year. The financial impacts of the adoption of these new accounting standards is disclosed in the consolidated financial statements.

As a result of the ongoing customer growth experienced by Cartrack, detailed consideration continues to be given to the average life of customer contracts to ensure that annuity revenue streams are aligned with the cost of delivering the service. The growth in the customer base over the past few years has provided a more comprehensive database of information and increased confidence regarding customer retention to support the current year's assessment of the average life of a contract. On the basis of an actuarial assessment undertaken by the Group in the current year, the Group now depreciates capitalised contract costs over a 60 month period. Contracts which terminate prior to the 60 months result in accelerated depreciation being recognised immediately in profit or loss.

Accelerated subscriber growth in the future should no longer have a negative impact on operating profits or margins due to this change in accounting estimate.

Certain costs related to customer acquisition were also reclassified from operating expenses to cost of sales in the current year.

The consequence of these changes is that the prior and current year financial results are not directly comparable. However, our results are now considered to be more comparable to the earnings of our peers both globally and in South Africa.

Group performance

Cartrack delivered a strong performance across its key-growth-metrics, with total revenue growing by 28%, from R1 324 million to R1 693 million, and subscription revenue growing by 30% year-on-year, from R1 166 million to R1 521 million. Subscription revenue now represents 90% (FY18: 88%) of total revenue and we expect this to increase further with scale. The number of total subscribers increased by 28%, from 751 380 to 960 798 and the Group continues to maintain a strong pipeline and order book while focusing on fully utilising the distribution footprint it has expanded in the current financial year. The net new subscriber addition of 209 418 is a significant increase from the prior year net additions of 150 770, an achievement worth noting.

The decision for ongoing investment in pursuit of sensible growth coupled with the realisation of economies of scale across the businesses and segments will continue to generate robust results in the future and we foresee margin expansion in the short-term. We maintain a focus on ensuring a meaningful return on capital invested for our shareholders.

While the Group is gearing for continued sustainable growth, it continues to have an industry-leading EBITDA margin of 45% and an operating profit margin of 30%. On the back of these metrics, management is satisfied with the business performance and delivery of basic EPS of 116 cents compared to 100 cents in the prior year.

The high return on equity of 50% and the return on assets of 32% indicate that capital was efficiently applied across the Group and that Cartrack's business model delivers very attractive returns on capital employed for shareholders.

It is anticipated that demand for telematics data will continue to increase and lucrative growth opportunities across all distribution channels will increase in all of Cartrack's operating regions.

Accounting practices

The annual financial statements of the group and Company for the year ended 28 February 2019, 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, 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 No. 71 of 2008 and the JSE Listings Requirements.

The group adopted IFRS 9, IFRS 15 and IFRS 16 in the current year and the modified retrospective approach, allowed in terms of these standards, was utilised.

Share Capital

There were no changes in the Company's authorised number of ordinary shares during the year under review (2018: none).

Detailed below is the shareholder spread at the year-end:

Shareholder spread	No of shareholders	Number of shares	% of issued capital
Public shareholders (<5%)	903	40 096 023	13.37
Public shareholders (≥5%):			
Ation GSCO Equity Security	01	19 039 977	6.35
Non-public shareholders:			
One August Holdings (Pty) Ltd		204 500 000	68.17
Georgem Holdings (Pty) Ltd		35 500 000	11.83
IJ Calisto		864 000	0.28
	907	300 000 000	100.00

Acquisitions and disposals

Other than the transaction noted in the Subsidiaries section below, the group did not acquire or dispose of any other businesses during the 2019 and 2018 fiscal years.

Dividends

Dividends declared during the current year is set out in note 38 of the consolidated financial statements.

Dividends paid during the year under review amount to R148,5 million (2018: R166,0 million).

Management has re-evaluated the dividend policy, presently being a targeted cover of between 2 and 4 times HEPS. The revised dividend policy provides for a target cover of between 2 and 6 HEPS, to be effective for FY20.

Subsequent to the financial year ended 28 February 2019, a dividend has been declared in the amount of 12 cents per share, which is payable on 18 June 2019.

Directorate

The Board of Directors of the Company ("the Board") comprises:

Independent Non-executive directors

DJ Brown (Chairperson)

AT Ikalafeng

K White

S Rapeti (appointed 31 August 2018)

Executive directors

IJ Calisto (Global Chief Executive Officer)

M Grundlingh (Global Chief Financial Officer) (appointed 1 September 2018)

JR Edmeston (resigned 1 September 2018)

With effect from 31 August 2018, S Rapeti was appointed as an independent non-executive director to the Board and M Grundlingh was appointed as an executive director to the Board on 1 September 2018.

With effect from 1 September 2018, JR Edmeston resigned from the Board.

Details of directors' remuneration and shareholding are set out in notes 34 of the consolidated annual financial statements and 17 of the company annual financial statements.

Directors' interests

The directors' interest in shares at the year-end is set out below:

Shareholder	Director	% shares	No. of shares
One August Holdings Proprietary Limited	IJ Calisto (associate) (indirect beneficiary)	68,17	204 500 000
Georgem Holdings Proprietary Limited	J Marais (associate) (indirect beneficiary)	11,83	35 500 000
IJ Calisto	IJ Calisto (direct holding)	0,28	864 000

One August Holdings (Pty) Ltd acquired 519 576 ordinary shares in the market on 5 November 2018 at R13,9997 per share. The transaction was announced on SENS on 6 November 2018. Prior permission for this trade was obtained.

IJ Calisto acquired 864 000 ordinary shares in the market on 27 November 2018 at R12,30 per share. Prior permission for this trade was obtained. This transaction was published on SENS on 29 November 2018.

On 28 February 2019, One August Holdings (Pty) Ltd disposed of 204 500 000 ordinary shares to Karoo (Pvt) Ltd in an off-market transaction at R13,44 per share. The transaction was entered into for the purpose of Karoo (Pvt) Ltd (owned by IJ Calisto and his direct family) acquiring and owning the shares in Cartrack. The share price was determined by using the Volume Weighted Average Price over the immediately preceding 30-day period. The fulfilment of the transaction is subject to applicable regulatory requirements and other conditions precedent. Prior clearance for this transaction was obtained and it was announced on SENS on 1 March 2019.

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

Subsidiaries
The subsidiary companies are set out in note 30 to the consolidated annual financial statements.

Effective 1 March 2018 the group acquired 100% interest in Drive and Save Proprietary Limited (previously Advancor Proprietary Limited) for a cash consideration of R0,3 million from J Marais (related party). The group acquired this company in order to achieve economies of scale, standardisation, integration and operational simplifications in order to stimulate future growth.

Cartrack Proprietary Limited disposed of 51% of its interest in the share capital of Plexique Proprietary Limited to Bumbene House (Pty) Ltd, a 100% black owned company, as part of its B-BBEE strategy. This transaction is not considered material to the group.

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 note 14 and 15 of the consolidated annual financial statements.

Going concern
The Board has reviewed the Company and group cash flow forecast for the year ending 31 May 2020. 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.

Events after reporting period
For details on events after the reporting date please refer to note 38 of the consolidated annual financial statements.

Changes to the Board committees
S Rapeti was appointed as a member of the Audit and Risk Committee on 31 August 2018.

AT Ikalafeng ceased to be a member of the Audit and Risk Committee from 31 August 2018.

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 26 February 2019 Deloitte & Touche were appointed as statutory auditors as a result of a tender process initiated by the Company. Following an assessment of both the commercial terms and expertise of the tender process participants, Deloitte & Touche were selected in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements to replace Grant Thornton.

The decision to change auditors was to support the group's growth objectives and not as a result of any disagreement between the Company and Grant Thornton.

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 27 May 2019. No authority is given to anyone to amend the consolidated and separate annual financial statements after the date of issue.

Rosebank
27 May 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2019

This report of the Audit and Risk Committee of Cartrack Holdings Limited ("the ARC") for the year ended 28 February 2019 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.

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 or 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 annual general meeting held on 20 July 2018, except for S Rapeti, who joined the Board at the end of August 2018.

» K White (Chairperson)
» DJ Brown
» AT Ikalafeng (Resigned 31 August 2018)
» S Rapeti (Appointed 31 August 2018)

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 Chief Executive Officer and Chief Financial Officer, other members of senior management as required, 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.

8 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 28 June 2019.

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.

Change in auditors

Following a tender process initiated by the Company, which included an assessment of the commercial terms and expertise of the tender process participants, Deloitte & Touche ("Deloitte") were appointed as auditors in the place of Grant Thornton with effect from 26 February 2019. The audit services of Grant Thornton were terminated with effect from the same date.

The decision to change auditors was to support the group's growth objectives and not as a result of any disagreement between the Company and Grant Thornton.

Independence of the external auditor

The ARC has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listing Requirements and confirms that:

(i) 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;

(ii) the auditors have provided to the ARC the required 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;

(iii) 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; and

(iv) the auditors are independent to the Company and Group.

The committee satisfied itself on the qualification and experience of the external auditor. The chair of the committee has regularly interacted with the external auditor 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 auditor, who in the opinion of the Committee are independent of the Company.

The ARC has agreed to the budgeted audit fee for the 2019 financial year. Auditors' remuneration is disclosed in note 21 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.

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 the 2020 fiscal year.

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

The ARC considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan.

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 financial controls over financial reporting, including disclosure controls and procedures, and presented their findings to the ARC. Based on this review, nothing has come to the attention of the ARC to indicate any material weakness in internal financial controls.

During the year under review, the Board, upon recommendation by executive management, decided to outsource the internal audit function. Following a tender process, PWC has been appointed to provide internal audit services to the group from 26 April 2019.

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, 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. The ARC identified the assessment of goodwill for impairment, adoption of new accounting standards, and the provisioning for expected credit losses on trade receivables as financial reporting risks. The committee reviewed the key audit matter contained in the Independent Auditor's Report and is comfortable that it is aligned with their assessment. Various charters and policies as well as management reports on changes in accounting standards were reviewed; such changes being described in the notes to the consolidated financial statements, set out on pages 18 to 21.

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 fiscal 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 of 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 2 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 King IV. The Board concurred with this assessment.

K White
Chairperson of the Committee

27 May 2019

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEE

for the year ended 28 February 2019

This report of the Remuneration and Nominations Committee's remuneration activities for the 2019 fiscal year has been prepared in accordance with the requirements of the King IV Report on Corporate Governance ("King IV"), and the mandate given by the Board.

Background Statement

For the year ended 28 February 2019, the members of the Committee were:

- AT Ikalafeng (Chairperson – Remuneration matters)
- DJ Brown (Chairperson – Nominations matters)
- K White

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 chairman has been split accordingly. The Chief Executive Officer and 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 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.

The complete terms of reference are available on www.cartrack.com.

Non-executive directors' fees are approved by shareholders at the annual general meeting in accordance with Section 66 of the Act.

In accordance with the King IV recommended practices and the JSE Listings Requirements, section 3.84(k), the Company obtained shareholder approval for its Remuneration Policy by way of a non-binding vote on 20 July 2018, achieving a 96,6% vote in favour of the Remuneration Policy. Feedback received from shareholders following the annual general meeting was addressed.

No external consultants were used during the year but the Committee has requested the engagement of external advisors to obtain an independent assessment of the remuneration approach of the Company in terms of fairness and competitiveness in relation to the market.

The Committee is satisfied that the objectives of the Remuneration Policy were substantially met during the reporting period, however, the policy will continue to be assessed and compliance will be monitored. Any proposed changes will be tabled to the Board as and when required.

Voting at the 2019 annual general meeting

In terms of the requirements laid out in King IV and the JSE Listings Requirements, section 3.84(k), shareholders will be required to vote on a non-binding advisory resolution on the Remuneration Policy and Implementation Report at the next annual general meeting.

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 incentive schemes in terms of benefits and establishment of the structure of future short and long-term incentives;
- reviewing the packages of the executive and non-executive directors;
- reviewing vesting of current incentive scheme benefits;
- reviewing succession planning with regard to key executive and senior management roles;
- consideration of additional skills required as the group expands; and
- reviewing salary increases 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. Our 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 3 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.

Elements of executive remuneration

Executive remuneration comprises the following four principal elements:

- Basic salary and allowances;
- Annual incentive bonuses;
- Share incentive plans; and
- 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 program is available to executive directors, senior executives and selected employees. Cash bonuses to senior executives and executive directors are approved by the Committee.

Share incentive plan

The long-term incentive scheme ("Scheme"), operating through a Trust, was implemented to afford qualifying key members of management the opportunity to participate in the equity and future growth of the business, aligning the objectives of management and shareholders for a sustained period and retaining key skills to achieve the targets set by Cartrack.

The Trust acquired ordinary Cartrack shares in the market once participants had been determined ("Trust Shares") and created a pool of units ("the Units"), corresponding to the Trust Shares. Units were allocated to Participants for no consideration and were subject to an incentive period and specific vesting criteria as determined by the Board, which included achievement targets for the following categories:

- Basic EPS for the group;
- Number of subscribers on the system; and
- Stolen vehicle recovery rate.

The first incentive period matured on 1 March 2018. Unfortunately, the EPS target was not met, primarily as a result of the significant appreciation of the rand, resulting in lower non-rand denominated consolidated profit in the vesting year compared to the forecast profit that informed the vesting criteria. As a result, the Units did not vest. Upon review of the Scheme, the Board decided to terminate the Scheme, due to changes in tax legislation which adversely affected the benefits in the hands of beneficiaries.

The board proposed a short-term incentive scheme for 2019, which was approved by shareholders at the AGM held on 20 July 2018. Participants identified by executive management and approved by the Committee were allocated an incentive value, expressed in Rand, subject to vesting criteria determined by the Board, which included:

- Basic EPS for the group;
- Number of subscribers on the system; and
- Stolen vehicle recovery rate.

The incentive value would be settled in Cartrack shares and the shares held in the Trust shall be utilised for this purpose.

The incentive period matured on 1 March 2019. The vesting criteria unfortunately were not met and, as the scheme was intended for the FY2019 only, it has been terminated.

The board is considering an appropriate long-term incentive scheme for the future to incentivise and retain key staff and align shareholder and key management interests.

Eligibility

Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the group, is eligible to participate in a share 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 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 chairmen 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 28 February 2019, 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	2019 Total R'000	2018 Total R'000
DJ Brown[1]	753	184	75	117	1 129	1 163
AT Ikalafeng[1,3]	244	184	118	–	546	607
S Rapeti[2]	168	92	–	–	260	–
K White	336	216	75	–	627	597
	1 501	676	268	117	2 562	2 367

Notes

[1] *Directors' fees shown exclude VAT.*
[2] *Appointed to the Board with effect August 2018, and to the Audit and Risk Committee.*
[3] *Resigned from the Audit and Risk Committee with effect August 2018.*

Executive committee ^	Salary and allowances R'000	Other benefits R'000	Retirement fund R'000	Performances bonuses[3] R'000	2019 Total R'000	2018 Total R'000
IJ Calisto[1]	3 185	–	122	180	3 487	3 329
JR Edmeston[2]	1 082	2	8	288	1 380	3 894
M Grundlingh[1]	2 077	–	122	224	2 423	1 350
B Debski	1 677	11	–	129	1 817	1 933
J Marais	2 057	–	15	165	2 237	2 076
J Matias	1 515	–	–	–	1 515	1 446
E Ong	1 462	254	122	–	1 838	1 679
RJ Schubert	2 009	–	124	167	2 300	2 040
	15 064	267	513	1 153	16 997	17 747

Notes

[1] *Executive Directors.*
[2] *Resigned as a member of the Board and as an executive committee member with effect from 1 September 2018.*
[3] *Performance bonuses are based on actual amounts paid during the fiscal year.*
^ *Include 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 FY20

Non-executive directors' fees for the financial year 2020, to be proposed to shareholders at the AGM on July 30, 2019 are as follows:

	R'000
Director's fee	353
Chairman	
» Board (includes directors' fee)	792
» Audit and Risk	227
» Nominations and Remuneration	124
» Social and Ethics	123
Committee fees (in addition to directors' fee)	
» Audit and Risk	192
» Nominations and Remuneration	79
» Social and Ethics	–

The aforementioned directors' fee amounts exclude Value Added Tax.

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
27 May 2019

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 UN Global Compact and the Organisation for Economic Co-operation and Development 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 website.

An annual social and ethics committee plan is prepared by the internal management committee which comprises representatives from all business areas. 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 recently disposed of 51% of its interest in a subsidiary company to a 100% black-owned company as part of its B-BBEE strategy.

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 whistleblowing 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. More recently, a data privacy policy has been implemented in accordance with global best practice.

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 opportunities 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

28 June 2019

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

Figures in Rand thousands	Notes	2019	2018
ASSETS			
Non-current assets			
Goodwill		122 098	107 597
Intangible assets		13 636	–
Property, plant and equipment	4	705 974	516 045
Contract asset		108 547	–
Deferred tax asset		98 055	49 488
		1 048 310	673 130
Current assets			
Inventories		206 026	173 680
Trade and other receivables	5	215 589	154 952
Loans to related parties		213	2 272
Current tax receivable		7 054	4 143
Cash and cash equivalents		51 906	69 573
		480 788	404 620
Total assets		1 529 098	1 077 750
EQUITY AND LIABILITIES			
Equity			
Share capital		42 488	42 488
Treasury shares		(12 105)	(12 105)
Foreign currency translation reserve		(15 462)	(41 311)
Retained earnings		806 306	601 224
Equity attributable to equity holders of parent		821 227	590 296
Non-controlling interest		16 391	10 125
		837 618	600 421
Liabilities			
Non-current liabilities			
Interest bearing loans		218 765	–
Lease obligations		69 256	28 635
Amounts received in advance		–	5 253
Deferred tax liabilities		33 197	2 316
		321 218	36 204
Current liabilities			
Interest bearing loans		20 525	–
Trade and other payables		155 530	111 722
Loans from related parties		7 716	5 486
Lease obligations		47 656	27 637
Current tax payable		42 132	55 911
Provision for warranties		2 564	6 482
Amounts received in advance		80 377	68 860
Bank overdraft		13 762	165 027
		370 262	441 125
Total liabilities		691 480	477 329
Total equity and liabilities		1 529 098	1 077 750

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 28 February 2019

Figures in Rand thousands	Notes	2019	2018 Restated*
Revenue	6	1 692 708	1 324 245
Cost of sales		(484 700)	(357 093)
Gross profit		1 208 008	967 152
Other income		6 279	9 091
Expected credit losses on financial assets		(45 171)	–
Operating expenses		(669 197)	(541 947)
Operating profit		499 919	434 296
Finance income		2 749	3 641
Finance costs		(31 438)	(15 729)
Profit before taxation		471 230	422 208
Taxation		(110 182)	(111 726)
Profit for the year		361 048	310 482
Profit attributable to			
Owners of the parent		347 806	300 146
Non-controlling interest		13 242	10 336
		361 048	310 482
Earnings per share			
Basic and diluted earnings per share (cents)		116,4	100,5

Note

** Refer to note 2.1B for additional information regarding the restated figures.*

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

Figures in Rand thousands	2019	2018
Profit for the year	**361 048**	310 482
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss in future periods		
Exchange differences on translating foreign operations	**29 928**	(2 795)
Other comprehensive income/(loss) for the year net of tax	**29 928**	(2 795)
Total comprehensive income for the year	**390 976**	307 687
Total comprehensive income attributable to		
Owners of the parent	**373 655**	303 386
Non-controlling interest	**17 321**	4 301
	390 976	307 687

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

Figures in Rand thousands	Notes	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 2017		42 488	(44 551)	(12 105)	461 745	447 577	14 200	461 777
Profit for the year		–	–	–	300 146	300 146	10 336	310 482
Other comprehensive income/(loss)		–	3 240	–	–	3 240	(6 035)	(2 795)
Total comprehensive income for the year		–	3 240	–	300 146	303 386	4 301	307 687
Dividends		–	–	–	(158 345)	(158 345)	(7 696)	(166 041)
Acquisition of minority interest[1]		–	–	–	(2 322)	(2 322)	1 496	(826)
Acquisition of Cartrack New Zealand Limited – minority interest		–	–	–	–	–	(2 176)	(2 176)
Total contributions by and distribution to owners of company recognised directly in equity		–	–	–	(160 667)	(160 667)	(8 376)	(169 043)
Balance as at 28 February 2018		42 488	(41 311)	(12 105)	601 224	590 296	10 125	600 421
Balance at 1 March 2018 – as previously reported		42 488	(41 311)	(12 105)	601 224	590 296	10 125	600 421
Adjustment arising on initial application of IFRS 16 (net of tax)	2C	–	–	–	(1 305)	(1 305)	(37)	(1 342)
Adjustment arising on initial application of IFRS 9 (net of tax)	2B	–	–	–	(3 922)	(3 922)	–	(3 922)
Balance at 1 March 2018 – restated		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)
Total contributions by and distribution to owners of company recognised directly in equity		–	–	–	(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

Note

[1] *Cartrack Technologies Asia Pte. Limited acquired full control of Cartrack Technologies (China) Limited and PT. Cartrack Technologies Indonesia.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

Figures in Rand thousands	Notes	2019	2018
Cash flows from operating activities			
Cash generated from operations		707 208	589 073
Finance income		2 749	3 641
Finance costs		(23 350)	(11 819)
Taxation paid		(142 895)	(113 082)
Net cash generated from operating activities		543 712	467 813
Cash flows from investing activities			
Purchase of property, plant and equipment and contract assets		(493 515)	(420 067)
Proceeds on disposal of property, plant and equipment		4 423	3 432
Investment in intangible assets		(13 636)	–
Decrease in loans to related parties		2 059	2 354
Acquisition of subsidiaries, net of cash acquired		–	(2 176)
Net cash utilised by investing activities		(500 669)	(416 457)
Cash flows from financing activities:			
Increase in loans from related parties		2 230	2 011
Increase in interest bearing loans		239 290	–
Net lease obligation (repayments) advances		(9 599)	21 779
Dividends paid		(148 515)	(166 041)
Increased in holding of subsidiaries		–	(826)
Net cash generated from/(utilised by) financing activities		83 406	(143 077)
Total cash movements for the year		126 449	(91 721)
Cash and cash equivalents as at the beginning of the year		(95 454)	(2 227)
Translation differences on cash and cash equivalents		7 149	(1 506)
Total cash and cash equivalents at the end of the year		38 144	(95 454)

1. Presentation of group financial statements

Basis of measurement

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

Going concern

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

2. Changes in significant accounting policies

The group adopted IFRS 9, IFRS 15 and IFRS 16 in the current year and the modified retrospective approach, permitted in terms of these standards, was utilised.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and related interpretations. IFRS 15 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring of a good or service.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the revenue recognition model to contracts with customers. The standard also specifies the accounting for revenue recognition costs directly related to obtaining a customer contract.

The group has adopted IFRS 15 using the modified retrospective approach with the date of initial application being 1 March 2018, and applied the new accounting to all contracts that were in existence at 1 March 2018, which resulted in no impact on opening retained income.

The group principally 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. The underlying revenue arises from the telematics contract arrangements with its customers.

The group separately assessed the performance obligations arising from the upfront hardware cash option and subscription rental option arising from the telematics services contracts with its customers.

Hardware sales

Hardware revenue is recognised when the telematics unit is sold separately and the customer pays in full for the unit. This accounting treatment is consistent with the basis of revenue recognition in terms of IAS 18 with the exception that hardware and installation revenues were previously recognised as one transaction whereas these are considered to contain separate performance obligations in terms of IFRS 15.

Installation revenues

Installation revenue for cash option contracts is recognised when the unit is successfully installed.

Subscription revenues

Revenues arising from the telematics service is recognised as the service is provided. The treatment is consistent with the treatment under IAS 18.

The group has assessed whether its contract arrangement contain a significant financing component and it was determined that the contracts do not contain a significant financing component.

Contract asset

The group has capitalised incremental sales commissions arising from activated contracts. Under IAS 18, the incremental cost were capitalised to Capital rental units (Property, plant and equipment) and under IFRS 15 these costs have been capitalised to a Contract asset. This change had no impact on opening retained earnings.

There are no further revenue streams which were impacted by the adoption of IFRS 15.

2. Changes in significant accounting policies (continued)

B. *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The group applied IFRS 9 prospectively, with an initial application date of 1 March 2018. The group has not restated the comparative information, due to the adoption of the modified retrospective approach. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

The effect of adopting IFRS 9 at 1 March 2018 was as follows:

Figures in Rand thousands	Impact of adopting IFRS 9 at 1 March 2018
Retained earnings	
Recognition of expected credit losses under IFRS 9	(5 323)
Related deferred tax	1 401
Impact on retained earnings at 1 March 2018	(3 922)

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair value through OCI and Fair value through profit or loss. The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the group's business model was made as of the date of initial application, 1 March 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 has not had a significant impact to the group.

The group has not designated any financial liabilities as at fair value through profit or loss or OCI. There are no changes in classification and measurement for the group's financial liabilities.

2. Changes in significant accounting policies (continued)

B. *IFRS 9 Financial Instruments (continued)*

i. Classification and measurement of financial assets and financial liabilities (continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 March 2018.

The impact of adopting IFRS 9 on the carrying amounts of financial assets at 1 March 2018 relates solely to the new impairment requirements.

Figures in Rand thousands	Classification under IAS 39	Classification under IFRS 9	Carrying value amount under IAS 39	Carrying value amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables at amortised costs	Amortised Cost	154 952	149 629
Loans to related parties	Loans and receivables at amortised costs	Amortised Cost	2 272	2 272
Cash and cash equivalents	Loans and receivables at amortised costs	Amortised Cost	69 573	69 573
Total financial assets			226 797	221 474
Financial Liabilities				
Bank overdrafts	Other financial liabilities at amortised cost	Amortised Cost	(165 027)	(165 027)
Loans from related parties	Other financial liabilities at amortised cost	Amortised Cost	(5 486)	(5 486)
Instalment sales obligation	Other financial liabilities at amortised cost	Amortised Cost	(56 272)	(56 272)
Trade and other payables	Other financial liabilities at amortised cost	Amortised Cost	(111 722)	(111 722)
Provision for warranties	Other financial liabilities at amortised cost	Amortised Cost	(6 482)	(6 482)
Total financial liabilities			(344 989)	(344 989)

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 requires the group to recognise an allowance for ECL for all debt instruments not held at fair value through profit or loss and contract assets.

The group applies the simplified approach to calculate the ECL of trade receivables and contract assets. The provision rates are based on days past due for grouping that have similar loss patterns. The provision matrix is initially based on the group's historical observed default rates and then adjusted. The group calibrates the matrix to adjust the historical credit loss experience with forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. Changes in significant accounting policies (continued)

C. *IFRS 16 Leases*

IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019, but can be early adopted. The group adopted IFRS 16 as from 1 March 2018.

The following summarises the impact, net of tax, of transition to the IFRS 16 on retained earnings at 1 March 2018.

Figures in Rand thousands	Impact of adopting IFRS 16 1 March 2018
Retained earnings	
Reversal of lease payments recognised under IAS 17	31 627
Depreciation of right-of-use assets	(29 001)
Unwinding of finance cost element recognised in capitalised lease liability	(3 822)
Related deferred tax	(109)
Impact on retained earnings at 1 March 2018	(1 305)
Non-controlling interests	
Reversal of lease payments recognised under IAS 17	789
Depreciation of right-of-use assets	(721)
Unwinding of finance cost element recognised in capitalised lease liability	(100)
Related deferred tax	(5)
Impact on non-controlling interests at 1 March 2018	(37)

i. Transition

The group has chosen to apply the modified retrospective approach on adoption of IFRS 16. It includes certain relief in terms of the measurement of the right-of-use asset and the lease liability at 1 March 2018. The modified retrospective approach does not require a restatement of comparatives.

2.1 *Changes in significant accounting estimates and restatement of comparative disclosures*

IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019, but can be early adopted. The group adopted IFRS 16 as from 1 March 2018.

A. Change in accounting estimate in relation to expected useful life of capital rental units and contract assets

The group undertook a detailed assessment in the current year as done in prior years of the expected life cycle of customer contracts across the group. The continued growth in the customer base over the past few years has provided a more comprehensive database of information and more certainty to support the assessment of the average useful life of contracts. On the basis of actuarial-based assessment, the group changed its estimate of the average useful life to 60 months, which directly impacts the depreciation of capital units and contract assets. Contracts which terminate prior to 60 months result in accelerated depreciation of the underlying capital rental and the contract asset being recognised immediately.

This change in estimate was accounted for prospectively in terms of IAS 16 and IAS 8. Detailed below is the accounting impact on profit or loss of the change in the current year, which is primarily due to the substantial growth in capital units experienced during FY19.

2. Changes in significant accounting policies (continued)

2.1 *Changes in significant accounting estimates and restatement of comparative disclosures (continued)*

A. Change in accounting estimate in relation to expected useful life of capital rental units and contract assets (continued)

Figures in Rand thousands	Impact for the year ended 28 February 2019
Statement of profit or loss	
Recognition of depreciation over a period of 60 months	206 774
Recognition of depreciation over a period of 36 months	(325 246)
Impact on profit and loss	(118 472)
Statement of financial position	
Increase in net book value of property, plant and equipment	118 472
Impact on property, plant and equipment	118 472

The future impact is not determinable as this depends on future revenue growth which drives the extent of capital rental units. However, going forward, accelerated growth in the customer sectors in which the group currently operates is not expected to have a similar accounting impact on profit or loss.

B. Restatement of comparative disclosures

i. Restatement of cost of sales and operating expenses disclosure

The depreciation of capitalised sales commissions, motor vehicle costs and technician salaries were erroneously included as part of operating expenses in 2018. The group believes that these costs relate directly to cost of sales and therefore the depreciation of these costs has been reclassified in 2018 into cost of sales, to ensure consistency with the current year disclosure of these costs.

The restatement had no impact on profits, earnings per share, headline earnings per share, cash flows or the financial position of the group, it only impacted on the disclosure of operating expenses and cost of sales as detailed below:

Figures in Rand thousands	Impact of reclassification for the year ended 28 February 2018
Statement of profit or loss	
Operating expenses	123 144
Cost of sales	(123 144)
Impact on operating profit	–

3. Segment reporting

The group is organised into geographical business units and has five reportable segments.

The CODM monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results were fundamentally evaluated in the current year based on revenue and EBITDA as the profit or loss measures. As a result, the 2018 comparatives have been presented on a consistent basis with the 2019 disclosures.

The segment's revenue, depreciation and EBITDA information provided to the group CEO, group CFO and group COO for the reportable segments for the year ended 28 February 2019 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	EBITDA
28 February 2019								
Geographical business units								
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
28 February 2018								
Geographical business units								
South Africa	854 416	562 704	(424 561)	(8 868)	129 275	983 691	147 195	523 350
Africa-Other	92 970	2 805	–	8 868	11 673	104 643	2 863	34 671
Europe	111 065	9 813	(4 615)	–	5 198	116 263	45 583	64 527
Asia-Pacific and Middle East	105 689	22 809	(10 242)	–	12 567	118 256	20 638	35 939
USA	1 392	–	–	–	–	1 392	225	(7 687)
Total	1 165 532	598 131	(439 418)	–	158 713	1 324 245	216 504	650 800

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

3. Segment reporting (continued)

Reconciliation of EBITDA to profit before taxation

Figures in Rand thousands	2019	2018
EBITDA	**761 430**	650 800
Depreciation	**(261 511)**	(216 504)
Operating profit	**499 919**	434 296
Finance income	**2 749**	3 641
Finance costs	**(31 438)**	(15 729)
Profit before taxation	**471 230**	422 208

Figures in Rand thousands	2019	2018
Total assets		
South Africa	**975 638**	627 548
Africa-Other	**162 373**	138 725
Europe	**217 623**	196 314
Asia-Pacific and Middle East	**165 256**	105 754
USA	**8 208**	9 409
Total	**1 529 098**	1 077 750

Figures in Rand thousands	2019	2018
Total liabilities		
South Africa	**493 751**	346 091
Africa-Other	**46 923**	37 812
Europe	**87 286**	52 089
Asia-Pacific and Middle East	**63 364**	39 482
USA	**156**	1 855
Total	**691 480**	477 329

4. Property, plant and equipment

Figures in Rand thousands	2019 Cost	2019 Accumulated depreciation	2019 Carrying value	2018 Cost	2018 Accumulated depreciation	2018 Carrying value
Buildings	1 962	–	1 962	6 592	(2 305)	4 287
Capital rental units*	1 091 014	(541 032)	549 982	761 803	(334 430)	427 373
Computer software	8 542	(3 720)	4 822	5 939	(1 419)	4 520
Furniture and fixtures	9 864	(5 855)	4 009	7 314	(4 381)	2 933
IT equipment	58 770	(29 491)	29 279	35 865	(22 413)	13 452
Leasehold improvements	15 430	(10 355)	5 075	5 333	(4 208)	1 125
Motor vehicles	116 693	(45 733)	70 960	91 964	(31 103)	60 861
Office equipment	4 926	(4 063)	863	3 667	(3 169)	498
Plant and machinery	2 783	(2 481)	302	2 166	(1 469)	697
Right-of-use assets**	53 365	(15 226)	38 139	–	–	–
Security equipment	1 235	(654)	581	805	(506)	299
Total	**1 364 584**	**(658 610)**	**705 974**	921 448	(405 403)	516 045

Notes

* *In terms of IFRS 15, contract assets are disclosed separately. The costs capitalised to contract assets were previously capitalised to Capital rental units. An amount of R58 795 669 has been reclassified from Property, Plant and Equipment to Contract assets on 1 March 2018.*

** *In terms of IFRS 16, leases which meet the requirements of the accounting standard are recognised as right of use asset in Property, Plant and Equipment and depreciated over the lease term.*

4. Property, Plant and equipment (continued)

Reconciliation of property, plant and equipment – 2019

Figures in Rand thousands	Opening balance as previously reported	IFRS 15	IFRS 16	Opening balance restated	Additions	Disposals	Reclassi-fications	Translation adjustments	Depreciation	Total
Buildings	4 287	–	–	4 287	–	–	(2 560)	235	–	1 962
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
IT equipment	13 452	–	–	13 452	27 636	(33)	(2 603)	2 528	(11 701)	29 279
Leasehold improvements	1 125	–	–	1 125	3 357	–	4 042	(659)	(2 790)	5 075
Motor vehicles	60 861	–	–	60 861	31 831	(1 823)	(331)	1 018	(20 596)	70 960
Office equipment	498	–	–	498	927	–	(41)	55	(576)	863
Plant and machinery	697	–	–	697	490	(94)	(39)	(70)	(682)	302
Right-of-use assets**	–	–	34 128	34 128	14 897	–	23	3 919	(14 828)	38 139
Security equipment	299	–	–	299	132	–	312	(1)	(161)	581
Total	516 045	(58 796)	34 128	491 377	436 958	(2 066)	–	18 220	(238 515)	705 974

Reconciliation of property, plant and equipment – 2018

Figures in Rand thousands	Opening balance	Additions	Acquisition of subsidiaries	Disposals	Translation adjustments	Depreciation	Total
Buildings	4 234	821	–	–	380	(1 148)	4 287
Capital rental units*	258 077	358 692	88	–	5 089	(194 573)	427 373
Computer software	2 043	2 696	–	–	153	(372)	4 520
Furniture and fixtures	2 712	1 409	–	(61)	(38)	(1 089)	2 933
IT equipment	7 687	13 309	22	(181)	(984)	(6 401)	13 452
Leasehold improvements	303	1 086	–	–	(126)	(138)	1 125
Motor vehicles	32 909	41 433	227	(1 900)	319	(12 127)	60 861
Office equipment	232	361	–	–	257	(352)	498
Plant and machinery	753	164	–	–	(20)	(200)	697
Right-of-use assets**	–	–	–	–	–	–	–
Security equipment	305	96	–	–	2	(104)	299
Total	309 255	420 067	337	(2 142)	5 032	(216 504)	516 045

Notes

* *In terms of IFRS 15, contract assets are disclosed separately. The costs capitalised to contract assets were previously capitalised to Capital rental units. An amount of R58 795 669 has been reclassified from Property, Plant and Equipment to Contract assets on 1 March 2018.*

** *In terms of IFRS 16, leases which meet the requirements of the accounting standard are recognised as right of use asset in Property, Plant and Equipment and depreciated over the lease term.*

Assets subject to instalment sale agreements

Figures in Rand thousands	2019	2018
The carrying value of assets subject to instalment sale agreements (refer note 15) is as follows:		
Motor vehicles	70 530	58 031

5. Trade and other receivables

Figures in Rand thousands	2019	2018
Trade receivables	221 956	151 959
Expected credit loss provision	(43 670)	(30 382)
	178 286	121 577
Prepayments	21 420	20 233
Deposits	3 964	2 912
Sundry debtors	9 218	8 984
Value added tax	2 701	1 246
	215 589	154 952

Loans and receivables

The group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

The determination of the expected credit loss provision is calculated on a basis specific to each customer grouping and jurisdiction in which the group operates and requires significant judgement.

Reconciliation of allowance for expected credit loss on trade receivables

Figures in Rand thousands	2019	2018
Opening balance	(30 382)	(33 898)
Increase in allowance for expected credit losses	(69 091)	(36 043)
Amounts utilised	55 803	39 559
Closing balance	(43 670)	(30 382)

6. Revenue

The effect of applying IFRS 15 on the group's revenue from contracts with customers is described in Note 2A.

A. *Revenue streams*

The group principally 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	2019	2018
Revenue from contracts with customers		
Subscription revenue	**1 520 540**	1 165 532
Hardware sales	**126 299**	138 639
Installation revenue	**2 578**	–
	1 649 417	1 304 171
Other revenue		
Miscellaneous rental contract fees	**43 291**	20 074
Total revenue	**1 692 708**	1 324 245

6. Revenue (continued)

B. *Disaggregation of revenue from contracts with customers*

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

	Subscription revenue		Hardware sales		Installation revenue		Miscellaneous rental contract fees		Total	
Figures in Rand thousands	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Primary geographical markets										
South Africa	**1 116 829**	854 416	**84 351**	110 512	**1 721**	–	**42 845**	18 763	**1 245 746**	983 691
Africa-Other	**97 605**	92 970	**17 459**	11 449	**356**	–	**217**	224	**115 637**	104 643
Europe	**142 204**	111 065	**5 207**	5 198	**107**	–	**74**	–	**147 592**	116 263
Asia-Pacific and Middle East	**159 997**	105 689	**19 282**	11 480	**394**	–	**70**	1 087	**179 743**	118 256
USA	**3 905**	1 392	**–**	–	**–**	–	**85**	–	**3 990**	1 392
	1 520 540	1 165 532	**126 299**	138 639	**2 578**	–	**43 291**	20 074	**1 692 708**	1 324 245
Timing of revenue recognition										
Products transferred at a point in time	**–**	–	**126 299**	138 639	**2 578**	–	**43 291**	20 074	**172 168**	158 713
Products and services transferred over time	**1 520 540**	1 165 532	**–**	–	**–**	–	**–**	–	**1 520 540**	1 165 532
Total revenue	**1 520 540**	1 165 532	**126 299**	138 639	**2 578**	–	**43 291**	20 074	**1 692 708**	1 324 245

C. *Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Payment option	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 March 2018)	Revenue recognition under IAS 18 (applicable before 1 March 2018)
Hardware sales	Cash	Customers obtain control of the hardware when the units are successfully installed. Invoices are generated at that point in time. The payment terms are usually 30 days.	The group recognises revenue from the sale of hardware when the unit is installed, and control and ownership has been transferred to the customer.	The group recognised revenue from the sale of hardware and installations when significant risks and rewards of ownership were transferred to the customer upon installation.
Installation revenue	Cash	Installation is recognised when the unit is successfully installed. The payment terms are generally 30 days.	The group recognises revenue when the unit is installed, and control and ownership has been transferred to the customer.	The group recognised revenue from the sale of installations when significant risks and rewards of ownership were transferred to the customer upon installation. This was included as part of hardware revenue.
Subscription revenue	Cash and rental	Services will be provided to a customer once a unit is successfully installed until cancellation of the contract. Invoices are generated monthly in advance and payable on presentation.	The group recognises revenue over time as the telematics services are provided.	The group recognised revenue over time as the services were provided.
Miscellaneous rental contract fees	Cash and rental	Miscellaneous rental contract fees will be charged to a customer when a service is provided. The payment terms are generally 30 days.	The group recognises revenue when the service is provided.	The group recognised revenue when the service was provided.

7. Related parties

		Relationships
Related parties	Onecell Community Phones Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Community Services Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Data Solutions Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Namibia Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Holdings Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Purple Rain Properties No. 444 Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Cartrack Education Fund (NPO)	Bursary funding – South Africa entities
	A.H. Nyimbo	Shareholder – Retriever Limited
	J Marais	Shareholder – Cartrack Holdings Limited
	P Lim	Shareholder – Cartrack Technologies PHL. INC
	SM Machel Jr.	Shareholder – Cartrack Limitada
	Pro-Fit Fitment Centre Proprietary Limited	BEE funded company – Cartrack Proprietary Limited
	J De Wet	Shareholder – Cartrack New Zealand Limited
	Brick Capital Polska Sp.Zo.O	IJ Calisto has a beneficial interest in this company
	Brick Capital Lda	IJ Calisto has a beneficial interest in this company
	Georgem Proprietary Limited	J Marais has a beneficial interest in this company
	JMPG Marcelino	Shareholder of Autoclub Lda
	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	B Debski is a director
	Karoo Pvt Limited	IJ Calisto has a beneficial interest in this company

7. Related parties (continued)

Subsidiary companies	Cartrack Proprietary Limited
	Retriever Limited
	Cartrack Tanzania Limited
	Cartrack Engineering Technologies Limited
	Cartrack Namibia Proprietary Limited
	Cartrack Technologies Proprietary Limited
	Cartrack Technologies Pte. Limited
	Cartrack Management Services Proprietary Limited
	Drive and Save Proprietary Limited
	Cartrack Manufacturing Proprietary Limited
	Cartrack North East Proprietary Limited
	Cartrack Executive Trust
	Cartrack Limitada
	Cartrack Polska.SP.ZO.O
	Cartrack Fleet Management Proprietary Limited
	Zonke Bonke Telecoms Proprietary Limited
	Plexique Proprietary Limited
	Combined Telematics Services Proprietary Limited
	Cartrack Investments UK Limited
	Cartrack Malaysia SDN.BHD
	Cartrack Technologies PHL.INC
	Cartrack Technologies South East Asia Pte. Limited
	Cartrack Technologies (China) Limited
	Cartrack Europe SGPS, S.A.
	Cartrack Capital SGPS, S.A.
	Cartrack Espana, S.L.
	Cartrack Australia Proprietary Limited
	PT. Cartrack Technologies Indonesia
	Cartrack Technologies (Thailand) Company Ltd

7. Related parties (continued)

Figures in Rand thousands	2019	2018
Related party balances		
Loan accounts – owing (to)/by related parties		
AH Nyimbo	–	(996)
Pro-Fit Fitment Centre Proprietary Limited	–	2 063
Cartrack Education Fund (NPO)	200	200
J Marais	13	–
J De Wet	(5 551)	(3 043)
P Lim	(2 151)	(1 443)
Onecell Proprietary Limited	–	9
Onecell Proprietary Limited	(14)	(4)
	(7 503)	(3 214)
Amounts included in trade receivables/(trade payables) regarding related parties		
Trade receivables		
Onecell Proprietary Limited	6 664	1 323
Pro-Fit Fitment Centre Proprietary Limited)	–	4 919
Onecell Holdings Proprietary Limited	3	3
Cartrack Mozambique LDA	–	1 655
Trade payables		
Pro-Fit Fitment Centre Proprietary Limited	–	(889)
Onecell Proprietary Limited	(52)	(105)
Onecell Community Services Proprietary Limited	(339)	(676)
Purple Rain Properties No. 444 Proprietary Limited	–	(890)
Onecell Holdings Proprietary Limited	(21)	(30)
Brick Capital LDA	–	(8)
	6 255	5 302
Related party transactions		
Sales to related parties		
Onecell Proprietary Limited	(4 042)	(6 191)
CFC.Sp.Zo.O	(114)	–
Pro-Fit Fitment Centre Proprietary Limited	–	(1 463)
Cartrack Mozambique LDA	–	(1 655)
Brick Capital Polska SP. ZO.O	(1)	–
Prime Business B. Debski	(44)	–
	(4 201)	(9 309)
Purchases from related parties		
Onecell Holdings Proprietary Limited	208	433
Onecell Proprietary Limited	467	395
CFC.Sp.Zo.O	7 601	–
Prime Business B. Debski	148	–
Onecell Community Phones Proprietary Limited	1 819	2 263
Pro-Fit Fitment Centre Proprietary Limited	–	6 322
	10 243	9 413
Rent paid to related parties		
Purple Rain Properties No. 444 Proprietary Limited	17 613	6 598
Prime Business B. Debski	836	
Brick Capital Lda	3 921	–
Brick Capital Polska Sp.Zo.o	1 694	2 022
	24 091	8 620

8. Earnings per share information

		2019	2018
8.1	***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		
	Basic earnings per share (cents)	**116,4**	100,5
	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	**347 806**	300 146
8.2	***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 04/2018 and the weighted average number of ordinary shares in issue as determined above in basic earnings per share section.		
	Headline earnings per share (cents)	**115,8**	100,5
	Reconciliation between basic earnings and headline earnings		
	Basic earnings	**347 806**	300 146
	Adjusted for		
	Profit on disposal of property, plant and equipment net of tax	**(1 697)**	(929)
		346 109	299 217

8.3 *Diluted earnings per share*

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

9. Commitments

There are no capital commitments at the year-end.

10. Events after the reporting period

Cartrack Proprietary Limited disposed of 51% of its interest in the share capital of Plexique Proprietary Limited to Bumbene House Proprietary Limited, a 100% black owned company, as part of its B-BBEE strategy. This transaction is not considered material to the group.

On 28 February 2019, One August Holdings Proprietary Limited disposed of 204 500 000 ordinary shares to Karoo Private Limited in an off-market transaction at R13,44 per share. This transaction was entered into for the purpose of Karoo Private Limited (owned by IJ Calisto and his direct family) acquiring and owning the shares in Cartrack.

The share price was determined by using the Volume Weighted Average Price over the preceding 30-day period. The fulfilment of the transaction is subject to applicable regulatory requirements and other conditions precedent. Prior clearance for this transaction was obtained and it was announced on SENS on 1 March 2019.

Dividends of 12 cents per share will be declared and paid on 18 June 2019.

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

NOTICE OF AGM

CARTRACK HOLDINGS LIMITED

(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 19 July 2019 that the fifth annual general meeting (AGM) of shareholders of Cartrack Holdings Limited will be held at the Standard Bank Building, 30 Baker Street, Rosebank, on Tuesday, 30 July 2019, at 09:00 for purposes of dealing with the ordinary business of an annual general meeting in accordance with the Companies Act, No 71 of 2008 (the Act) and considering, and if deemed fit, passing with or without modification, the resolutions set out below.

Meeting participants (including shareholders and proxies) are, in accordance with the provisions of section 63(1) of the Act, required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholders' meeting. Acceptable forms of identification include valid identity documents issued by the Department of Home Affairs, driving licences and passports.

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 S Rapeti be and is hereby re-elected as a director of the company."

   A brief biography of Mrs S Rapeti is set out below:

   Sharoda has a national higher diploma: electronic engineering, a master's in business administration and over 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. 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.

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

   Upon the recommendation of the audit 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 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 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 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 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 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 Regulatory Board of Auditors (IRBA).

   Ordinary resolution number 3.2

   "RESOLVED THAT Mr DJ Brown be and is hereby elected as a member of the audit committee."

   A brief biography of Mr DJ Brown is set out below:

   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 (CEO) of Mercantile Bank and Mercantile Holdings Limited (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 committee."

NOTICE OF AGM CONTINUED

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 28 February 2019 as set out on pages 7 to 8 of this notice:
   "RESOLVED THAT the remuneration policy for the year ended 28 February 2019 be and is hereby approved."

   Shareholders are reminded that in terms of the King Report on Corporate Governance™ for South Africa, 2016 (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 28 February 2019 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 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 2019 to 28 February 2020

   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)	792
Audit and risk committee	192
Chairman (nominations committee)	79
Chairman (social and ethics committee)	123
Total	**1 186**

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	353
Chairman (audit and risk committee)	227
Remuneration and nominations committee	79
Total	**659**

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	353
Chairman (remuneration committee)	124
Total	**477**

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	353
Audit and risk committee	192
Total	**545**

The reason for and effect of special resolution number 1
In terms of sections 65(11)(h), 66(8) and 66(9) of the 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 66 of the annual financial statements for the year ended 28 February 2019 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 Act, the board of the company may, subject to compliance with the requirements of the company's MOI, the 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

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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 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 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 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 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 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 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 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 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 program 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

(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 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 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 its 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;
» 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 3 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 4 of the annual financial statements for the year ended 28 February 2019, 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 27 May 2019 and this notice.

Voting and proxies
A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, 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 subregister in dematerialised form in 'own name'.

All other beneficial owners who have dematerialised their shares through a 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 Friday, 26 July 2019.

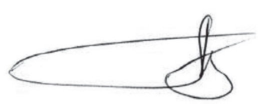
The completion of a proxy form will not preclude a shareholder from attending the annual general meeting.

Electronic participation
The company intends to offer shareholders or their proxies reasonable access to attend the AGM through electronic conference call facilities, in accordance with the provisions of the Act. In the event that a shareholder or his/her proxy wishes to participate electronically in the AGM, he/she is required to deliver written notice to the company at 11 Keyes Avenue, Rosebank, Johannesburg, alternatively to Anname.devilliers@cartrack.com, marked for the attention of Ms Annamè de Villiers, the company secretary, by no later than 09:00 on 25 July 2019, that he/she wishes to participate via electronic communication at the AGM (the electronic notice). In order for the electronic notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) 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 (c) a valid email address and/or facsimile number (the contact address/number).

Voting on shares will not be possible via electronic communication and, accordingly, shareholders participating electronically and wishing to vote their shares at the AGM will need to be represented at the AGM, either in person, by proxy or by letter of representation. The company shall use its reasonable endeavours on or before 09:00 on 29 July 2019, to notify a shareholder, who has delivered a valid electronic notice, at its contact address/number, of the relevant details through which the shareholder can participate via electronic communication. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or an insufficient number of shareholders or proxies request to so participate.

The cost of participating through the electronic conference call facilities will be for the account of the shareholder or his/her proxy.

By order of the board



A de Villiers
Group company secretary

Rosebank
28 June 2019

PROXY FORM

CARTRACK HOLDINGS LIMITED
(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 fifth annual general meeting (AGM) of members to be held on Tuesday, 30 July 2019, at the Standard Bank Building, 30 Baker Street, Rosebank, 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 at the Standard Bank Building, 30 Baker Street, Rosebank.

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 attend 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 S Rapeti 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 attend, speak, and on a poll, vote in place of that shareholder at the AGM.

Signed at on 2019

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 attending 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 attend 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.
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

NOTES

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PUTTING YOU IN CONTROL

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