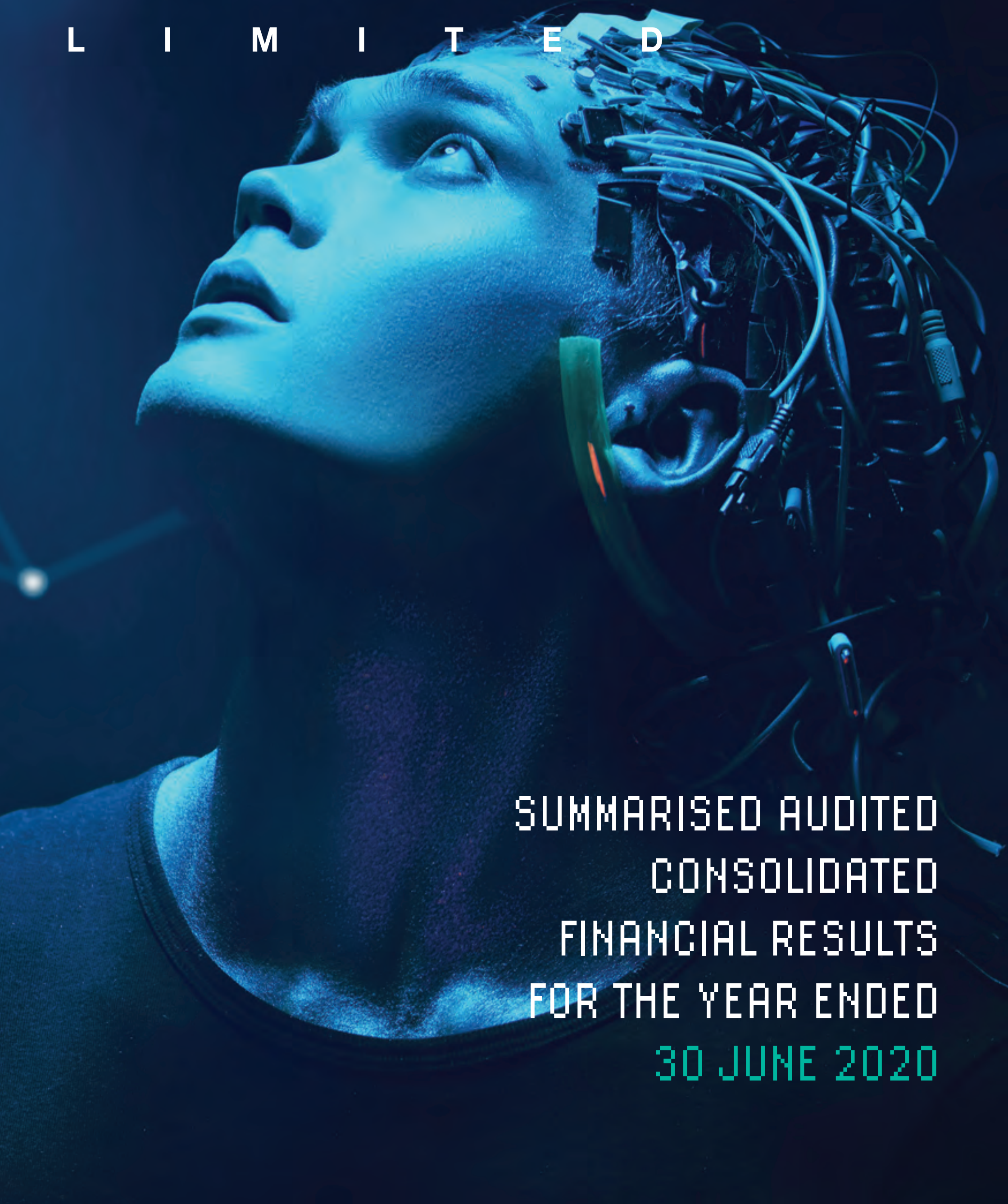
Mustek

LIMITED



SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

HIGHLIGHTS

Revenue

up 9.4%

2020: R6.40 billion

2019: R5.85 billion

Gross profit percentage up

2020: 14.2%

2019: 14.0%

Net asset value per share

up 7.0%

2020: 1 598.08 cents

2019: 1 494.21 cents

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2020 R000	Audited 30 June 2019 R000
Revenue	6 397 419	5 845 907
Cost of sales	(5 487 275)	(5 028 353)
Gross profit	910 144	817 554
Foreign currency losses	(56 768)	(19 880)
Distribution, administrative and other operating expenses	(600 405)	(573 374)
Impairment losses on financial assets	(52 012)	(6 771)
Profit from operations	200 959	217 529
Investment revenues	4 536	8 035
Finance costs	(105 409)	(112 289)
Other impairment (losses) profit	(2 055)	70
Share of profit of associates	17 460	19 688
Profit before tax	115 491	133 033
Income tax expense	(27 441)	(26 498)
Profit for the year	88 050	106 535
Other comprehensive income (loss)		
Exchange differences on translation of foreign operations	6 878	(622)
Other comprehensive income (loss) for the year, net of tax	6 878	(622)
Total comprehensive income for the year	94 928	105 913
Profit attributable to:		
Owners of the parent	86 837	104 598
Non-controlling interest	1 213	1 937
	88 050	106 535
Total comprehensive income attributable to:		
Owners of the parent	93 715	103 976
Non-controlling interest	1 213	1 937
	94 928	105 913
Basic earnings per ordinary share (cents)	124.05	147.90
Diluted basic earnings per ordinary share (cents)	124.05	147.90

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2020 R000	Audited Re-presented 30 June 2019 R000
ASSETS		
Non-current assets		
Property, plant and equipment	187 939	184 981
Right-of-use assets	29 956	–
Goodwill	55 627	55 627
Intangible assets	71 205	53 167
Investments in associates	140 231	127 262
Other investments and loans	55 627	56 514
Deferred tax asset	30 710	25 478
	571 295	503 029
Current assets		
Inventories	1 609 086	1 393 392
Trade and other receivables	1 163 960	969 146
Tax assets	9 106	6 055
Contract assets	5 012	3 685
Foreign currency assets	5 063	297
Bank balances and cash	263 632	221 719
	3 055 859	2 594 294
TOTAL ASSETS	3 627 154	3 097 323
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary stated capital	–	–
Retained earnings	1 109 124	1 043 287
Foreign currency translation reserve	9 535	2 657
Equity attributable to owners of the parent	1 118 659	1 045 944
Non-controlling interest	8 012	7 448
Total equity	1 126 671	1 053 392
Non-current liabilities		
Long-term borrowings	42 264	8 684
Lease liabilities	10 139	–
Deferred tax liabilities	6 213	8 103
Contract liabilities	17 686	17 514
	76 302	34 301
Current liabilities		
Trade and other payables	2 229 395	1 583 866
Tax liabilities	510	1 004
Foreign currency liabilities	21 529	9 823
Lease liabilities	23 670	–
Contract liabilities	30 245	21 449
Bank overdrafts	118 832	393 488
	2 424 181	2 009 630
Total liabilities	2 500 483	2 043 931
TOTAL EQUITY AND LIABILITIES	3 627 154	3 097 323

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2020 R000	Audited 30 June 2019 R000
OPERATING ACTIVITIES		
Cash receipts from customers	6 203 189	5 838 314
Cash paid to suppliers and employees	(5 703 207)	(5 854 606)
Net cash from (used in) operations	499 982	(16 292)
Investment revenues received	4 536	8 035
Finance costs paid	(105 409)	(112 289)
Dividends paid	(21 649)	(19 282)
Income taxes paid	(37 940)	(31 524)
Net cash from (used in) operating activities	339 520	(171 352)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(18 663)	(32 998)
Proceeds from sale of property, plant and equipment	148	17 545
Decrease in investments in and loans to associates	2 571	9 741
Increase in other loans	(461)	(1 386)
Decrease in other loans	1 213	3 750
Additions to intangible asset	(23 377)	(15 882)
Net cash used in investing activities	(38 569)	(19 230)
FINANCING ACTIVITIES		
Buy back of ordinary shares	–	(21 267)
Increase in long-term borrowings	40 000	–
Repayment of lease liabilities	(24 382)	–
Decrease in short-term borrowings	–	(640)
(Decrease) increase in bank overdrafts	(274 656)	138 832
Net cash (used in) from financing activities	(259 038)	116 925
Net increase (decrease) in cash and cash equivalents	41 913	(73 657)
Cash and cash equivalents at beginning of the year	221 719	295 376
Cash and cash equivalents at end of the year	263 632	221 719

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary stated capital R000	Retained earnings R000	Foreign currency translation reserve R000	Attributable to owners of the parent R000	Non-controlling interest R000	Total R000
Balance at 1 July 2018	–	975 870	3 279	979 149	8 879	988 028
Profit for the year	–	104 598	–	104 598	1 937	106 535
Other comprehensive loss	–	–	(622)	(622)	–	(622)
Dividends paid	–	(15 914)	–	(15 914)	(3 368)	(19 282)
Buy back of shares	–	(21 267)	–	(21 267)	–	(21 267)
Balance at 30 June 2019	–	1 043 287	2 657	1 045 944	7 448	1 053 392
Profit for the year	**–**	**86 837**	**–**	**86 837**	**1 213**	**88 050**
Other comprehensive income	**–**	**–**	**6 878**	**6 878**	**–**	**6 878**
Dividends paid	**–**	**(21 000)**	**–**	**(21 000)**	**(649)**	**(21 649)**
Balance at 30 June 2020	**–**	**1 109 124**	**9 535**	**1 118 659**	**8 012**	**1 126 671**

SUMMARISED SEGMENT ANALYSIS

Business segments (audited)	Total		Mustek		Rectron		Group		Intersegment	
	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000
Revenue	6 397 419	5 845 907	4 488 142	3 863 040	2 154 110	2 278 976	–	–	(244 833)	(296 109)
EBITDA*	247 237	243 201	200 604	185 184	57 628	83 824	(10 995)	(25 807)	–	–
Depreciation and amortisation	(46 278)	(25 672)	(35 136)	(17 979)	(11 142)	(7 693)	–	–	–	–
Profit (loss) from operations	200 959	217 529	165 468	167 205	46 486	76 131	(10 995)	(25 807)	–	–
Investment revenues	4 536	8 035	2 332	8 946	2 486	3 160	(282)	733	–	(4 804)
Finance costs	(105 409)	(112 289)	(70 378)	(77 368)	(35 031)	(34 921)	–	(4 804)	–	4 804
Other losses	(2 055)	70	–	–	–	–	(2 055)	70	–	–
Share of profit of associates	17 460	19 688	–	–	–	–	17 460	19 688	–	–
Profit (loss) before tax	115 491	133 033	97 422	98 783	13 941	44 370	4 128	(10 120)	–	–
Income tax (expense) benefit	(27 441)	(26 498)	(27 281)	(22 147)	(3 318)	(11 372)	3 158	7 021	–	–
Profit (loss) for the year	88 050	106 535	70 141	76 636	10 623	32 998	7 286	(3 099)	–	–
Attributable to:										
Owners of the parent	86 837	104 598	70 141	76 636	9 410	31 061	7 286	(3 099)	–	–
Non-controlling interest	1 213	1 937	–	–	1 213	1 937	–	–	–	–
	88 050	106 535	70 141	76 636	10 623	32 998	7 286	(3 099)	–	–

* *Earnings before interest, taxation, depreciation and amortisation.*

SUMMARISED SEGMENT ANALYSIS continued

Geographical segments (audited)	Total		South Africa		East Africa		Taiwan	
	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000	30 June 2020 R000	30 June 2019 R000
Revenue	6 397 419	5 845 907	6 358 746	5 805 035	37 250	40 623	1 423	249
Profit (loss) before tax	115 491	133 033	113 869	128 053	(1 352)	1 280	2 974	3 700
Income tax expense	(27 441)	(26 498)	(24 403)	(24 890)	(1 406)	(744)	(1 632)	(864)
Profit (loss) for the year	88 050	106 535	89 466	103 163	(2 758)	536	1 342	2 836
Profit (loss) for the year Attributable to:								
Owners of the parent	86 837	104 598	88 253	101 226	(2 758)	536	1 342	2 836
Non-controlling interest	1 213	1 937	1 213	1 937	–	–	–	–
	88 050	106 535	89 466	103 163	(2 758)	536	1 342	2 836

COMMENTARY

Headline earnings and dividend per ordinary share

	Audited 30 June 2020	Audited 30 June 2019
Weighted number of ordinary shares in issue	70 000 000	70 722 365
Ordinary shares in issue	70 000 000	70 000 000
Dividend per ordinary share – paid (cents)	30.00	22.00
Dividend per ordinary share – declared (cents)	26.00	30.00
Headline earnings per share (cents)	127.13	139.32
Reconciliation between basic and headline earnings (R000)		
Basic earnings attributable to owners of the parent	86 837	104 598
Group's share of loss (profit) on disposal of property, plant and equipment and intangible assets	274	(6 068)
Group's share of impairment of associate	1 881	–
Headline earnings	88 992	98 530
Net asset value per share (cents)	1 598.08	1 494.21

Operating results

The Group had an exceptional trading performance over the nine months preceding the lockdown with our diversified portfolio of products and services providing a clear advantage in the marketplace. After limited trade during April 2020, revenue continued on this positive growth trajectory during the last two months of the financial year due to surging demand sparked by remote working requirements.

The Group delivered a highly commendable performance against a background of low economic growth, limited trading during level 5 lockdown in April 2020, a R12.5 million increase in its inventory obsolescence allowance, a R30.5 million increase in its expected credit loss allowance and R3.8 million spent on COVID-19-related expenses.

The Group's revenue increased by 9.4% to R6.40 billion (2019: R5.85 billion) despite South Africa's level 5 lockdown in April 2020 during which the Group could only supply to essential services.

The gross profit percentage increased to 14.2% (2019: 14.0%) predominantly as a result of the weaker ZAR/USD exchange rate which resulted in higher selling prices.

The ZAR/USD exchange rate was extremely volatile during the year and foreign currency losses of R56.8 million (2019: R19.9 million) was incurred.

Distribution, administrative and other operating expenses increased by 4.7% and include R3.8 million that was spent on COVID-19-related expenses.

COMMENTARY continued

Operating results continued

IFRS 9 requires the Group to consider forward-looking information in the calculation of expected credit losses and the Group has increased its expected credit loss allowance from R23.1 million to R53.6 million, even though no material deterioration in the quality of the debtors book has been experienced since the lockdown.

Net finance charges decreased from R104.3 million to R100.9 million predominantly as a result of lower interest rates towards the end of the financial year. Interest rates are currently 30% lower than 12 months ago and the full benefit of a lower interest rate environment should substantially lower the net finance charges in the 2021 financial year. The adoption of IFRS 16 resulted in additional finance charges of R4.0 million being recognised.

The contribution from associates decreased slightly. The contribution from YOA, an associate company that manufactures fibre optic cable, was negatively impacted by foreign currency losses incurred due to the depreciation of the ZAR/USD and ZAR/CNY exchange rates. Most of their raw material is sourced from its parent company YOFC who invoiced them in either USD or CNY. Excluding the foreign exchange losses, YOA traded profitably and their parent, YOFC agreed to invoice them in Rands from June 2020 in order to avoid such exchange losses in the future. It is also expected that a 15% ad valorem duty will be levied for imported cables which will offer further assistance to local cable manufacturers.

Rectron's contribution was down from the comparative period and included an increase in their expected credit loss allowance of R10.2 million due to an increase in the percentages used in calculating the Group's expected credit losses, very limited trading during the level 5 lockdown in April 2020 and R1.9 million spent on COVID-19-related expenses. The Group remains positive on their prospects after they added HP Printers, Zebra and DJI Enterprise to their range of products during the second half of their financial year.

Inventories include goods in transit of R213.5 million (2019: R97.0 million). Inventory days (excluding inventories in transit) improved to 92.8 days (2019: 94.1 days) despite the fact that the Group had very limited revenue during April and did not trade for the full 12 months.

Trade receivable days increased to 55.0 days (2019: 51.0 days) mainly due to the fact that the Group had limited revenue during April and did not trade for the full 12 months.

Mustek's headline earnings per share is 8.7% lower at 127.13 cents (2019: 139.32 cents) and basic earnings per share is 16.1% lower at 124.05 cents (2019: 147.90 cents). In the comparative period, basic earnings included a non-headline profit of R6.3 million on the sale of vacant land in Midrand.

Cash flow

The Group generated strong cash flows and R500.0 million cash was generated from (2019: R16.3 million cash used in) operations, mainly due to an increase in trade and other payables. A number of the Group's suppliers granted additional payment terms in order to curb the effects of the COVID-19 pandemic. Management continues to focus on optimal working capital management as it is a driver of the Group's profitability.

Company and industry outlook

The COVID-19 pandemic has infected millions of people and brought economic activity to a near-standstill as countries locked down to tame the spread of the virus. While deep economic damage is already evident in South Africa and abroad, Mustek's performance was relatively unscathed. As an IT-focused business, the Mustek Group is ideally placed in an industry likely to benefit highly from the "new normal" that includes working from home and remote learning across Basic Education and Higher Education sectors.

Our investments in new product lines such as networking equipment, sustainable energy and fibre are starting to contribute meaningfully to both revenue and profit. Growth in fibre to the home is not only assisting our fibre sales, but also increasing the demand for new devices in order to fully benefit from the faster internet speeds. The Group will continue to look for opportunities to add additional products to its product offering in order to better utilise its infrastructure.

We have seen a marked increase in the demand for our products since the level 5 lockdown and believe that the device market size is increasing which bodes well for future replacement cycles. The increased device market size will also drive the demand for new infrastructure in order to support these devices and will accelerate the growth of the ICT industry over the short and medium term.

In conjunction with strategic partners from across the ICT industry, Mustek is well positioned for the forthcoming years.

Dividend

The declaration of cash dividends will continue to be considered by the Board in conjunction with an evaluation of current and future funding requirements and opportunities to repurchase shares. It will be adjusted to levels considered appropriate at the time of declaration. To this end, the Board has declared a final dividend of 26 cents (2019: 30 cents) per ordinary share for the financial year ended 30 June 2020.

Notice is hereby given that a final dividend of 26 cents per ordinary share for the year ended 30 June 2020 is declared, payable to shareholders recorded in the books of the company at the close of business on the record date appearing below. This dividend is declared out of income reserves. The company's income tax reference number is 9550081716 and the company has 70 000 000 ordinary shares in issue and ranking for dividend at the date of this declaration. The South African dividend tax rate is 20% resulting in a net dividend of 20.80000 cents per ordinary share to shareholders who are not tax exempt.

COMMENTARY continued

Dividend continued

The salient dates applicable to the final dividend are as follows:

Last day of trade cum dividend	Tuesday, 6 October 2020
First day to trade ex dividend	Wednesday, 7 October 2020
Record date	Friday, 9 October 2020
Payment date	Monday, 12 October 2020

No share certificates may be dematerialised or rematerialised between Wednesday, 7 October 2020 and Friday, 9 October 2020, both days inclusive.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, payment cheques will be posted to certificated shareholders at their risk on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

COVID-19 claim

The Group has an asset all risk policy in place, covering the physical assets of the Mustek Group. The policy includes loss of gross profit following business interruption triggered by specified perils. The business interruption section has been extended to include a contagious disease extension limited to R10.0 million for Mustek and R5.0 million for Rectron. The Group's brokers believe that the extension has been triggered and have notified a claim to the underwriters who have acknowledged the claim and appointed a loss adjuster. The general market position to date is that insurers believe that the lockdown and the outbreak of the virus are two separate events. To date the claim has not been repudiated and we believe that insurers are awaiting the outcome of litigation that is presently underway, which will provide clarity as to whether the policy will respond to this event. The Group has not accounted for any asset relating to these claims.

Corporate information

Mustek is a public company incorporated and domiciled in South Africa. The main business of Mustek, its subsidiaries and associates is the assembling, marketing and distribution of information communication technology (ICT) products and services.

Basis of preparation

The summarised audited consolidated financial results for the year ended 30 June 2020 has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum contain the information required by IAS 34 Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The audited consolidated financial statements and this set of summarised financial information, which are based on reasonable judgements and estimates, have been prepared using accounting policies and methods of computation that comply with IFRS.

The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 30 June 2019, except for the adoption of IFRS 16 Leases on 1 July 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 has not been restated, ie it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

COMMENTARY continued

Basis of preparation continued

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – ie these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (eg IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below:

	R000
Balance at 1 July 2019	49 642
Balance at 30 June 2020	**29 956**

i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii. Transition

Previously, the Group classified property and vehicle leases as operating leases under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at the amount equal to the lease liability adjusted for lease smoothing balances as at 30 June 2019.

Basis of preparation continued

B. As a lessee continued

ii. Transition

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 9.25%.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
– Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

C. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	R000
Right-of-use assets	49 642
Lease liabilities	53 291

Reconciliation between the operating lease commitments disclosed in the Group's 30 June 2019 annual financial statements and the amount of lease liabilities at 1 July 2019:

	R000
Operating lease commitment at 30 June 2019 as disclosed in the Group's consolidated financial statements	55 475
Discounted using the incremental borrowing rate at 1 July 2019	(2 184)
Lease liabilities recognised as at 1 July 2019	53 291

ii. Impacts for the year

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of R30.0 million and lease liabilities of R33.8 million at 30 June 2020.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the year ended 30 June 2020, the Group recognised R23.8 million of depreciation charges and R4,0 million of finance charges from these leases. Lease payments of R28.4 million would have been expensed under IAS 17.

Re-presentation of 2019 statement of financial position

In the previous financial year, inventories and inventories in transit were presented in separate line items on the face of the statement of financial position. During the current financial year, inventories in transit are included as part of inventories.

COMMENTARY continued

Audit report

Mustek's independent auditor, BDO South Africa Incorporated, has issued an unmodified audit report on the consolidated financial statements for the year ended 30 June 2020. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this provisional report and the financial information has been derived from the consolidated financial statements and are consistent in all material aspects with the consolidated financial statements. Their unmodified audit report for the consolidated annual financial statements is available for inspection at the company's registered office. The auditor's report does not necessarily report on the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a full copy of the auditor's report, together with the accompanying financial information from the issuer's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditor.

Fair value measurement of financial instruments

Fair value measurements of financial assets and liabilities are analysed as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities	Level	Audited 30 June 2020 R000	Audited 30 June 2019 R000
Fair value through profit or loss: Foreign currency assets These financial assets consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses	2	**5 063**	297
Fair value through profit or loss: Foreign currency liabilities These financial liabilities consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses	2	**21 529**	9 823

Disaggregation of revenue

The Group has assessed that the disaggregation of revenue by customer segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed in order to evaluate the financial performance of the entity. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	GROUP	
	2020 R000	2019 R000
Sales of goods (revenue earned at a point in time)	**6 348 879**	5 816 051
Hardware sales	**6 103 890**	5 553 675
Dealers	**3 462 679**	3 256 841
Retailers	**1 095 084**	992 797
Public sector supplies	**1 331 861**	1 112 899
Export	**214 266**	191 138
Software sales	**244 989**	262 376
Dealers	**176 074**	201 359
Retailers	**34 087**	35 069
Public sector supplies	**33 102**	20 638
Export	**1 726**	5 310
Rendering of services (revenue earned over time)	**35 814**	20 401
Maintenance and support contracts	**11 520**	23 198
Deferred revenue	**(778)**	(3 556)
Training courses	**25 072**	759
Rendering of services (revenue earned at a point in time)	**12 726**	9 455
Repair services	**12 726**	9 455
Total revenue	**6 397 419**	5 845 907

COMMENTARY continued

Transformation

Following an audit by an accredited verification agency, Mustek achieved a level 1 BBBEE rating, using the amended ICT sector codes.

Management has continued to meaningfully extend its initiatives in employment equity, skills development and corporate social investment during the period. The Group is committed to a process of further transformation and economic empowerment of its stakeholders, while continuing to ensure the sustainability and prosperity of the Group in a competitive market sector.

Board of directors

No changes were made to the Board during the period under review.

Retirement benefit plan

The Mustek Group Retirement Fund is a defined contribution fund and payments to the plan are expensed as they fall due. The majority of the Group's employees belong to this fund. The Group does not provide additional post-retirement benefits.

Post-balance sheet events

There have been no significant events subsequent to year-end up until the date of this report that requires adjustment or disclosure.

On behalf of the Board of directors

David Kan
Chief executive officer

Neels Coetzee CA(SA)
Financial director (preparer of Group results)

8 September 2020

Midrand

CORPORATE INFORMATION

Mustek Limited

Incorporated in the Republic of South Africa
Registration number: 1987/070161/06
JSE share code: MST
ISIN: ZAE000012373
"Mustek" or "the Group"

www.mustek.co.za

Company secretary

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