

Cartrack Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration Number: 2005/036316/06)

JSE share code: CTK

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(“**Cartrack**” or “**Company**”)

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FIRM INTENTION BY KAROOOOO PTE. LTD. TO MAKE A CASH OFFER TO ACQUIRE ALL THE ISSUED SHARES OF CARTRACK, SAVE FOR THE SHARES HELD BY KAROOOOO AND THE CARTRACK EXECUTIVE INCENTIVE TRUST, AND TO MAKE A REINVESTMENT OFFER TO SUCH CARTRACK SHAREHOLDERS TO SUBSCRIBE FOR KAROOOOO SHARES AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS

1. INTRODUCTION

Shareholders of Cartrack (“**Cartrack Shareholders**”) are referred to the cautionary announcements released by Cartrack on the Stock Exchange News Service (“**SENS**”) of the JSE Limited (“**JSE**”) on 09 September 2020, 22 October 2020 and 03 December 2020 wherein Cartrack Shareholders were advised that Cartrack had entered into negotiations and was exploring options with its controlling shareholder, Karooooo Pte. Ltd. (previously known as Karoo Pte. Ltd.) (“**Karooooo**”), wholly owned by the Cartrack founder and Group Chief Executive Officer, Mr Isaias Jose “Zak” Calisto (“**Calisto**”), which, if successfully concluded, may result in the restructuring of Cartrack and its subsidiaries (the “**Cartrack Group**”), (the “**Cautionary Announcements**”).

The board of directors of Cartrack (the “**Cartrack Board**”) is pleased to announce that Cartrack and Karooooo have reached an agreement in terms of which Karooooo has made a firm offer (the “**Cash Offer**”) to acquire all of the ordinary no par value shares in the issued share capital of Cartrack (the “**Cartrack Shares**”) held by all the Cartrack Shareholders, other than Karooooo and the Cartrack Executive Incentive Trust (the “**Cartrack Trust**”), (the “**Eligible Cartrack Shareholders**”), subject to the suspensive conditions set out in paragraph 9.1 below (the “**Scheme Suspensive Conditions**”), by way of a scheme of arrangement in terms of section 114 (read with section 115) of the Companies Act, No. 71 of 2008, as amended (the “**Companies Act**”), (the “**Scheme**”), to be proposed by the Cartrack Board between Cartrack and the Eligible Cartrack Shareholders. For the sake of clarity, as

noted above, the Cartrack Shares held by Karo0000 and the Cartrack Trust will not form part of the Scheme.

The Cash Offer price for the Cartrack Shares held by the Eligible Cartrack Shareholders, being 95 437 057 (ninety five million four hundred and thirty seven thousand and fifty seven) Cartrack Shares (the “**Scheme Shares**”), who participate in the Scheme (the “**Scheme Participants**”) will be ZAR42.00 (forty two Rand) per Scheme Share (the “**Scheme Consideration**”), to be settled in cash (subject to the Reinvestment Offer as described in more detail below) and in total ZAR4 008 356 394 (four billion and eight million three hundred and fifty six thousand and three hundred and ninety four Rand).

Karo0000 has advised the Cartrack Board that it acknowledges that the Eligible Cartrack Shareholders have significantly supported the Cartrack Group over the years and it is Karo0000’s intention that such shareholders are provided with an opportunity to remain invested in the long-term value, benefits and strong growth opportunities of the Cartrack Group, in the event that the Proposed Transaction (as defined below) becomes operative. To this end, in conjunction with the Cash Offer, Karo0000 has also advised the Cartrack Board of its intention to make an:

- a. application for all the issued and paid-up shares of Karo0000, which comprise of ordinary shares of Karo0000 (the “**Karo0000 Shares**”), to be admitted to listing on the NASDAQ Global Select Market (“**NASDAQ**”) with an inward listing on the Main Board of the securities exchange owned and operated by the JSE, (the “**JSE Listing**”), (collectively, the “**Listings**”); and
- b. offer to all the Scheme Participants (whether or not they voted in favour of the Scheme) whereby they will be entitled to utilise up to a maximum of their Scheme Consideration to subscribe for Karo0000 Shares at the same value in accordance with the Reinvestment Entitlement Ratio (as defined below), resulting in the value of their effective interest in Cartrack remaining unchanged after the full reinvestment and prior to any primary capital raise that may be undertaken by Karo0000 (the “**Reinvestment Offer**”), subject to the suspensive conditions set out in paragraph 9.2 below (the “**Reinvestment Suspensive Conditions**”). No excess applications will be permitted.

If the Scheme Suspensive Conditions are fulfilled (or where appropriate, waived), the Scheme will become operative, in which case:

- a. the Scheme Participants will be deemed to have disposed of all of the Scheme Shares to Karo0000, who will be deemed to have acquired all the Scheme Shares for the Scheme Consideration, with effect from the date the Scheme becomes operative (the “**Scheme Operative Date**”);
- b. Karo0000 will hold all of the Cartrack Shares (including the Scheme Shares) and, consequently, Cartrack will become a wholly owned subsidiary of Karo0000, with effect from the Scheme Operative Date; and

- c. all the Cartrack Shares (including the Scheme Shares and the Cartrack Shares held by Karooooo) will be delisted from the Main Board of the securities exchange owned and operated by the JSE pursuant to paragraph 1.17(b) of the Listings Requirements of the JSE, as amended from time to time (the “**JSE Listings Requirements**”), (the “**Delisting**”).

Karooooo’s intention is to convert Cartrack to a private company, subject to the provisions of the Companies Act and subsequent to the implementation of the Delisting.

If the Reinvestment Suspensive Conditions are fulfilled (or where appropriate, waived), the Reinvestment Offer will become operative, in which case the:

- a. Karooooo Shares will be listed on the NASDAQ with an inward listing on the JSE; and
- b. Scheme Participants who elected to participate in the Reinvestment Offer, will utilise up to a maximum of their Scheme Consideration to subscribe for Karooooo Shares at the same value in accordance with the Reinvestment Entitlement Ratio (as defined below), resulting in the value of the Scheme Participants’ effective interest in Cartrack remaining unchanged after full reinvestment and prior to any primary capital raise that may be undertaken by Karooooo.

If the suspensive conditions to the Proposed Transaction are not fulfilled (or where appropriate, waived) in accordance with its terms, then the Scheme shall not become operative and, consequently, Eligible Cartrack Shareholders will continue to hold their Scheme Shares in the ordinary course and the status *quo ante* shall remain. Consequently, the Proposed Transaction in its entirety will not proceed, with the result that the Scheme and Listings will not take place and the Reinvestment Offer will not be available.

Pursuant to the Companies Regulations, 2011 promulgated under the Companies Act (the “**Takeover Regulations**”), Cartrack has established an independent board of directors (the “**Independent Board**”) for purposes of assessing the terms of the Scheme and related matters, including, evaluating the terms and conditions of the Scheme and advising Eligible Cartrack Shareholders thereon. The Independent Board comprises of Kim White, Aloysius Thebeetsile Ikalafeng and Sharoda Rapeti.

The purpose of this firm intention announcement (“**Firm Intention Announcement**”) is to, *inter alia*, advise Eligible Cartrack Shareholders of the terms and conditions of the Scheme and the Reinvestment Offer (collectively, the “**Proposed Transaction**”).

2. **THE PROPOSED TRANSACTION**

The Proposed Transaction comprises of the following indivisible and inter-conditional components, namely:

- a. the Scheme (as more fully detailed in paragraph 6 below); and
- b. the Reinvestment Offer (as more fully detailed in paragraph 7 below).

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Cartrack Board believes that the Proposed Transaction (embodying the Scheme and the Reinvestment Offer) will:

- a. create a more efficient global corporate and operating structure which is reflective of the Cartrack Group's international operations and global growth strategy;
- b. accelerate the Cartrack Group's global growth strategy;
- c. enable the Cartrack Group to attract and retain international talent to Singapore (a country which attracts global talent);
- d. provide the Cartrack Group with access to global technology infrastructure and research and development;
- e. assist in attracting a substantially larger and more diverse international pool of investors who understand the long-term value dynamics of Software-as-a-Service ("**SaaS**");
- f. provide the Cartrack Group with access to global capital markets;
- g. potentially yield a re-rated company valuation of the Cartrack Group similar to global software peers; and
- h. enable Scheme Participants to remain invested in the Cartrack Group, by virtue of holding Karooooo Shares (which will be listed on an internationally recognised exchange, being the NASDAQ, which is an efficient and natural home for globally listed software companies, and inwardly listed on the JSE), resulting in broader liquidity in international markets.

4. INFORMATION ABOUT CARTRACK

Cartrack is a leading global provider of real-time mobility data analytics solutions for smart transportation.

Cartrack offers a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. Its SaaS platform provides its customers with differentiated insights and analytics to optimise their business and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regulatory compliance and manage risk. Cartrack's business is vertically integrated, which affords it complete autonomy with regard to the development of the capabilities and features that differentiate its applications as well as the speed of its innovation. Cartrack owns and controls every aspect of its smart device design, platform innovation, software application development, client acquisition and on-boarding, customer service and the management of its back-end support.

The Cartrack Group's organic growth since being launched in 2004 has resulted in an extensive footprint in 23 (twenty three) countries across 5 (five) continents supporting more than 1 200 000 (one million two hundred thousand) subscribers. In addition, Cartrack's highly scalable platform serves large multinational enterprises and individual consumers alike, enabling it to address a large, growing and underpenetrated global market.

Cartrack's vision is to achieve and sustain global leadership in smart mobility, providing the technology platform of choice for users seeking intelligent and actionable insights.

Cartrack was listed on the JSE on 19 December 2014.

5. INFORMATION ABOUT KAROOOOO

Karoooooo was incorporated in Singapore on 19 May 2018 as a private company limited by shares under the Singapore Companies Act, as an investment holding company.

As at the date of this Firm Intention Announcement, Calisto, the founder, controlling shareholder and Group Chief Executive Officer of the Cartrack Group, is the sole shareholder and sole director of Karooooo. However,

- a. prior to the Listings, Karooooo intends to appoint additional directors to its board (the "**Karoooooo Board**"); and
- b. at the Scheme Operative Date, the shareholding of Karooooo will be beneficially held by Calisto and all Scheme Participants who have elected to participate in the Reinvestment Offer. Such shareholding is, therefore, expected to mirror that of Cartrack except to the extent that any Scheme Participants do not elect (or partially elects) to participate in the Reinvestment Offer and to the extent Karooooo issues any new Karooooo Shares ahead of such date.

As at the date of this Firm Intention Announcement, Karooooo's sole asset is its 67.78% (sixty seven point seven eight percent) shareholding in the issued share capital of Cartrack, comprising 203 328 943 (two hundred and three million three hundred and twenty eight thousand nine hundred and forty three) Cartrack Shares.

Consequently, and upon implementation of the Scheme (and associated Delisting and Listings), Cartrack will be a wholly owned subsidiary of Karooooo.

6. SALIENT TERMS OF THE SCHEME

6.1. Mechanics of the Scheme

The Scheme (which must be read with reference to the Reinvestment Offer, the Delisting and the Listings) is proposed by the Cartrack Board between Cartrack and the Eligible Cartrack Shareholders, pursuant to which Karooooo will acquire ownership of all of the Scheme Shares

from the Scheme Participants for the Scheme Consideration in terms of section 114(1) of the Companies Act.

The consideration for the Scheme Shares is set out in paragraph 6.2 below.

The Scheme will be subject to the fulfilment (or where appropriate, waiver) of the Scheme Suspensive Conditions.

6.2. **Scheme Consideration**

In the event of the Scheme Suspensive Conditions being fulfilled (or where appropriate, waived) in accordance with its terms and the Scheme becoming operative, Karooooo will acquire the Scheme Shares from the Scheme Participants at a price of ZAR42.00 (forty two Rand) per Scheme Share, to be settled in cash (subject to the Reinvestment Offer), and in total ZAR4 008 356 394 (four billion and eight million three hundred and fifty six thousand and three hundred and ninety four Rand).

6.3. **Effects of the Scheme**

The implementation of the Scheme will effectively result in:

- a. the Scheme Participants disposing of and transferring their Scheme Shares to Karooooo and Karooooo acquiring all the Scheme Shares for the Scheme Consideration, and consequently, the Scheme Participants shall no longer be shareholders of Cartrack;
- b. Karooooo holding all of the issued Cartrack Shares (including the Scheme Shares), and, consequently, Cartrack becoming a wholly owned subsidiary of Karooooo, with effect from the Scheme Operative Date; and
- c. all of the Cartrack Shares on the Main Board of the JSE being delisted.

Karooooo's intention is to convert Cartrack to a private company, subject to the provisions of the Companies Act and subsequent to the implementation of the Delisting.

If the Scheme Suspensive Conditions are not fulfilled (or where appropriate, waived) in accordance with the terms of the Scheme, then the Scheme shall not become operative and Eligible Cartrack Shareholders will continue to hold their Cartrack Shares in the ordinary course and the *status quo ante* shall remain. Consequently, the Proposed Transaction in its entirety will not proceed, with the result that the Scheme (and associated Delisting) and Listings will not take place and the Reinvestment Offer will not be available.

7. SALIENT TERMS OF THE REINVESTMENT OFFER

The purpose of the Reinvestment Offer (which must be read with reference to the Scheme, the Delisting and the Listings) is to enable Scheme Participants to remain invested in the Cartrack Group which will be listed on an international exchange (being the NASDAQ) and inward listed on the JSE.

Eligible Cartrack Shareholders have significantly supported the Cartrack Group over the years and it is Karooooo's intention to make the Reinvestment Offer to the Eligible Cartrack Shareholders which will result in the Scheme Participants being entitled to utilise up to a maximum of their Scheme Consideration to subscribe for Karooooo Shares at the same value in accordance with the Reinvestment Entitlement Ratio (as described below).

It is contemplated that Karooooo's issued share capital (excluding any new Karooooo Shares that may be issued pursuant to any primary capital raise that may be undertaken by Karooooo) is likely to constitute approximately 1/10 (one tenth) of the total issued share capital of Cartrack. Karooooo has 20 332 894 (twenty million three hundred and thirty two thousand eight hundred and ninety four) Karooooo Shares in issue which, in turn, holds 203 328 943 (two hundred and three million three hundred and twenty eight thousand nine hundred and forty three) Cartrack Shares. Accordingly, participating in the Reinvestment Offer will result in such Scheme Participants being entitled to subscribe for 1 (one) Karooooo Share at a subscription price equal to the Scheme Consideration as pertains to 10 (ten) Scheme Shares (the "**Reinvestment Entitlement Ratio**"), which will result in the value of a Scheme Participant's effective interest in Cartrack remaining unchanged after full reinvestment and prior to any primary capital raise that may be undertaken by Karooooo.

The Eligible Cartrack Shareholders are advised that:

- a. the effect of applying the Reinvestment Entitlement Ratio is that, if Scheme Participants participate in the Reinvestment Offer at an amount equal to their full Scheme Consideration, they will hold the same percentage shareholding in Karooooo as the percentage shareholding previously held in Cartrack, save for any new Karooooo Shares that may be issued; and
- b. any fractional interest in Karooooo Shares that may result from the Reinvestment Entitlement Ratio being applied to the number of Karooooo Shares issued by Karooooo pursuant to the Reinvestment Offer will be rounded down to the nearest whole number, resulting in the issue of whole Karooooo Shares, and the balance of the Scheme Consideration is intended to be refunded in cash.

The Reinvestment Offer is indivisible and inter-conditional with the Scheme but will be made pursuant to the terms and conditions of a combined prospectus and pre-listing statement (the "**Karooooo Prospectus**") which will be prepared in accordance with the laws of South Africa and made available by Karooooo to Eligible Cartrack Shareholders following the approval of the Scheme and related resolutions at the shareholders' meeting to be convened in relation to the Scheme (the "**Scheme**

Meeting”), but prior to the Scheme Operative Date (which is expected to be on or about Tuesday, 06 April 2021). The Karooooo Prospectus will include details and instructions on how to participate in the Reinvestment Offer.

Notwithstanding the fact that the Reinvestment Offer is conditional on the Scheme becoming operative, participation by Eligible Cartrack Shareholders, who become Scheme Participants, in the Reinvestment Offer is entirely at the discretion of such Eligible Cartrack Shareholders. In other words, Eligible Cartrack Shareholders are not obliged to participate in the Reinvestment Offer.

Eligible Cartrack Shareholders, who become Scheme Participants, will be required to make an election as to whether they wish to participate in the Reinvestment Offer and therefore receive Karooooo Shares, by completing the participation form as will be provided for in the Karooooo Prospectus and strictly in accordance with the terms, conditions and instructions contained therein.

It should be noted that participating in the Scheme or participating and voting at the Scheme Meeting does not constitute the participation in, or acceptance of, the Reinvestment Offer. Eligible Cartrack Shareholders, who become Scheme Participants, will be responsible themselves for participating in and accepting the Reinvestment Offer to be made by Karooooo, pursuant to the Karooooo Prospectus. For full and detailed information on the Reinvestment Offer, Eligible Cartrack Shareholders will be required to refer to the Karooooo Prospectus when made available.

Eligible Cartrack Shareholders, who become Scheme Participants, and who:

- a. do not participate in the Reinvestment Offer (or fail to timeously complete the participation form as will be provided for in the Karooooo Prospectus strictly in accordance with the terms, conditions and instructions contained therein) or only elect to partially participate in the Reinvestment Offer, will receive the Scheme Consideration (or part thereof) in cash, being ZAR42.00 (forty two Rand) for every 1 (one) Scheme Share held by the Scheme Participants on the Scheme Consideration Record Date (which is expected to be on or about Thursday, 01 April 2021); and
- b. elect to participate in the Reinvestment Offer will not receive their Scheme Consideration (or part thereof) in cash. In so electing, Cartrack shall be authorised to instruct Karooooo, on behalf of such Scheme Participants, to apply their Scheme Consideration (or part thereof) in settlement of their obligation to pay the subscription price for the Karooooo Shares in accordance with the terms and conditions of the Reinvestment Offer, thereby extinguishing in full the obligation by Cartrack to remit such Scheme Consideration (or part thereof) to the Scheme Participants pursuant to the Scheme.

8. POSTING OF THE CIRCULAR AND MATERIAL SUSPENSIVE CONDITIONS TO THE POSTING THEREOF

In due course, a circular will be issued for the Scheme (the “**Circular**”) and will be posted to the Eligible Cartrack Shareholders.

The Scheme contemplated does not constitute an “*offer to the public*”, as envisaged in Chapter 4 of the Companies Act and, accordingly, the Circular will not, nor will it be intended to, constitute a “*registered prospectus*”, as contemplated in Chapter 4 of the Companies Act.

The posting of the Circular is subject to the fulfilment (or where appropriate, waiver) of the following suspensive conditions, by no later than 23h59 South African Standard Time (SAST) on the date which is 2 (two) Business Days prior to the date for posting of the Circular in terms of regulation 102(2) of the Takeover Regulations, namely:

- a. an independent expert (the “**Independent Expert**”), appointed by the Independent Board convened by the Cartrack Board having delivered an independent expert report to the Independent Board confirming that the Scheme Consideration is, in its opinion, fair and reasonable with regard to the Eligible Cartrack Shareholders;
- b. the Independent Board unanimously, unequivocally and unconditionally resolving that, having considered the terms and conditions of the Scheme and taking into account the aforementioned Independent Expert report, it is of the opinion that the terms and conditions of the Scheme are both fair and reasonable to the Eligible Cartrack Shareholders and recommends that the Eligible Cartrack Shareholders vote in favour of the Scheme at the Scheme Meeting; and
- c. the Circular being approved by the JSE and the TRP.

It should be noted that, on 25 November 2020, the Financial Surveillance Department of the South African Reserve Bank approved the Delisting pursuant to the Scheme and the JSE Listing.

9. MATERIAL SUSPENSIVE CONDITIONS TO THE PROPOSED TRANSACTION

Each of the components to the Proposed Transaction (being the Scheme and the Reinvestment Offer) are indivisible and inter-conditional.

The following are the material suspensive conditions of the Scheme and the Reinvestment Offer:

9.1. Material Suspensive Conditions to the Scheme

The Scheme will be subject to the fulfilment (or where appropriate, waiver) of the following suspensive conditions by no later than 23h59 on Friday, 09 April 2021 (or such other date as Karoo000 and Cartrack may agree upon) (“**Longstop Date**”):

- a. the Reinvestment Suspensive Conditions having been fulfilled, save for any condition relating to the Scheme becoming unconditional;
- b. the Scheme having been approved by the requisite majority of the Eligible Cartrack Shareholders entitled to vote at the Scheme Meeting as contemplated in sections 114(1) and 115(2)(a) of the Companies Act, as described in more detail in the Notice of Scheme Meeting (the “**Scheme Special Resolution**”);
- c. to the extent that the provisions of section 115(2)(c) of the Companies Act become applicable:
 - (i) the Scheme being approved by the Court pursuant to section 115(3) of the Companies Act unconditionally, or if subject to conditions, the person on whom such conditions are imposed approves such conditions and undertakes in writing to comply therewith; and
 - (ii) Cartrack not treating the Scheme Special Resolution as a nullity in terms of section 115(5)(b) of the Companies Act;
- d. the TRP having issued a compliance certificate in respect of the Scheme as required by section 115(1)(b) read with section 119(4)(b) and section 121(b) of the Companies Act, provided that if such compliance certificate is issued conditionally or on terms, this condition shall not be regarded as having been fulfilled unless such condition or term is acceptable to Cartrack;
- e. within the time period prescribed in section 164(7) of the Companies Act, Eligible Cartrack Shareholders not having exercised the appraisal rights afforded to Eligible Cartrack Shareholders in terms of section 164 of the Companies Act, by giving valid demands in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% (five percent) of all the Scheme Shares;
- f. the JSE approving the Delisting pursuant to the implementation of the Scheme, in accordance with the JSE Listings Requirements;
- g. the United States Securities and Exchange Commission declaring effective a registration statement to permit, and the NASDAQ approving of, a listing of the Karooooo Shares on the NASDAQ; and
- h. no material adverse change having arisen prior to the close of business on the business day immediately preceding the finalisation date of the Scheme. For purposes of this suspensive condition, “*Material Adverse Change*” means any change in the financial or securities markets, interest rates, or other general economic, political or financial conditions in South Africa which result in The Financial Times

Stock Exchange (FTSE)/JSE All Share Index (ALSI) dropping by at least 25% (twenty five percent) as determined with reference to FTSE/ALSI as at the date of this Firm Intention Announcement.

The Scheme Suspensive Condition set out in:

- a. paragraph 9.1(e) has been stipulated for the benefit of Cartrack and Cartrack shall be entitled to waive the fulfilment of the aforesaid Scheme Suspensive Condition (in whole or in part) at any time before the Longstop Date (or such other date as Cartrack and Karooooo may agree in writing); and
- b. paragraph 9.1(h) has been stipulated for the benefit of Karooooo and Karooooo shall be entitled to waive the fulfilment of the aforesaid Scheme Suspensive Condition (in whole or in part) at any time before the Longstop Date (or such other date as Cartrack and Karooooo may agree in writing).

The remaining Scheme Suspensive Conditions stipulated in this paragraph 9.1 are not capable of waiver.

9.2. **Material Suspensive Conditions to the Reinvestment Offer**

The implementation of the Reinvestment Offer is subject to the fulfilment of the following conditions precedent by no later than 23h59 on Friday, 09 April 2021 (or such other date as Karooooo and Cartrack may agree upon):

- a. the Scheme Suspensive Conditions having been fulfilled, save for any condition relating to the Reinvestment Offer becoming unconditional;
- b. the Karooooo Prospectus being filed and registered with the Companies and Intellectual Property Commission in terms of Chapter 4 of the Companies Act; and
- c. the JSE approving the JSE Listing in accordance with the JSE Listings Requirements.

The Reinvestment Suspensive Conditions stipulated in this paragraph 9.2 are not capable of waiver.

10. **TERMINATION OF THE CARTRACK TRUST AND THE SPECIFIC REPURCHASE**

- 10.1. Cartrack had in place a long-term incentive scheme for its executive employees, which was established and governed through the Cartrack Trust. The trustees of the Cartrack Trust (the "**Trustees**") have unanimously resolved to terminate the Cartrack Trust in accordance with the terms and conditions of the trust deed of the Cartrack Trust on the basis that there are no longer any beneficiaries of the Cartrack Trust and Cartrack no longer intends to utilise the Cartrack Trust as a vehicle for an incentive scheme for its executive employees.

- 10.2. As part of the termination of the Cartrack Trust, Cartrack intends to repurchase 1 234 000 (one million two hundred and thirty four thousand) Cartrack Shares held by the Cartrack Trust, constituting 0.41% (zero point four one percent) of the issued share capital of Cartrack (“**Cartrack Trust Shares**”) for an amount equal to the Scheme Consideration per Cartrack Trust Share. Given that there are no beneficiaries of the Cartrack Trust, all cash reserves of the Cartrack Trust, following the settlement of liabilities, shall accrue to Cartrack (the “**Specific Repurchase**”).
- 10.3. The Specific Repurchase is not subject to or inter-conditional on the Proposed Transaction becoming unconditional and being implemented in accordance with its terms and conditions.
- 10.4. A general meeting will be convened, immediately prior to the Scheme Meeting, for purposes of considering and, if deemed fit, passing, with or without modification, the requisite resolutions in order to implement and give effect to the Specific Repurchase, (the “**General Meeting**”).

11. **PRO FORMA FINANCIAL EFFECTS OF THE SCHEME**

In terms of regulation 106(6)(d) of the Takeover Regulations and given that the Scheme Consideration is to be settled entirely in cash, no *pro forma* financial effects are required.

12. **FUNDING OF THE SCHEME CONSIDERATION AND CONFIRMATION OF THE FINANCIAL RESOURCES**

Karoo000 is required to provide an irrevocable and unconditional cash confirmation to the TRP in favour of the Scheme Participants from a third party that sufficient cash is held in escrow or a bank guarantee to the TRP from a South African bank unconditionally and irrevocably guaranteeing settlement of the full cash consideration payable in terms of the Scheme.

The aggregate number of Scheme Shares to be acquired by Karoo000 will be 95 437 057 (ninety five million four hundred and thirty seven thousand and fifty seven) Scheme Shares. As at the date of this Firm Intention Announcement, Cartrack Shareholders holding 76 645 163 (seventy six million six hundred and forty five thousand one hundred and sixty three) Cartrack Shares have provided Karoo000 with irrevocable undertakings to fully participate in the Reinvestment Offer, as more fully contemplated in paragraph 15 below. Accordingly, if all the holders of the remaining 18 791 894 (eighteen million seven hundred and ninety one thousand eight hundred and ninety four) Scheme Shares do not elect to participate in the Reinvestment Offer, the maximum aggregate Scheme Consideration payable by Karoo000 will be ZAR789 259 548 (seven hundred and eighty nine million two hundred and fifty nine thousand five hundred and forty eight Rand).

Furthermore, the maximum aggregate cash amount to be refunded to Scheme Participants as a result of any fractional interest in Karoo000 Shares pursuant to the Reinvestment Offer will be ZAR3 402 (three thousand four hundred and two Rand).

In compliance with regulations 111(4) and 111(5) of the Takeover Regulations, and pursuant to the exemption granted by the TRP to Karo0000 pursuant to section 119(6) of the Companies Act, Karo0000 has provided the TRP with an irrevocable and unconditional confirmation letter issued by Rand Merchant Bank (a division of FirstRand Bank Limited), confirming that an aggregate amount of ZAR789 262 950 (seven hundred and eighty nine million two hundred and sixty two thousand nine hundred and fifty Rand) (being an amount sufficient to settle the maximum aggregate Scheme Consideration and the maximum aggregate cash amount to be refunded for fractional entitlements), is held in escrow (the “**Escrow Confirmation Letter**”). Payment under the Escrow Confirmation Letter is subject to the Scheme becoming unconditional in accordance with the terms and conditions of the Scheme.

13. **CONCERT PARTIES IN CARTRACK**

Karo0000 confirms that neither it nor Calisto shall be entitled to vote on the resolutions necessary to implement and give effect to the Scheme, pursuant to section 115(4) of the Companies Act. However, if the Scheme becomes operative, Karo0000 will acquire the Scheme Shares held by Calisto, who shall, consequently, be treated as a Scheme Participant.

14. **DIRECT AND INDIRECT BENEFICIAL INTERESTS IN CARTRACK SHARES**

As at the date of this Firm Intention Announcement, the sole director of Karo0000 holds the following, direct and indirect, beneficial interest in Cartrack Shares:

Director	Beneficial direct interest (No. of Cartrack Shares)	Beneficial indirect interest (No. of Cartrack Shares)	% of Issued Share Capital
Calisto	864 000	203 328 943*	68.06%
Total	864 000	203 328 943*	68.06%

* Calisto’s beneficial indirect interest in Cartrack is held through his 100% direct shareholding in Karo0000.

As at the date of this Firm Intention Announcement, Karo0000 holds the following beneficial interests in Cartrack Shares, representing approximately 67.78% (sixty seven point seven eight percent) of the total issued Cartrack Shares:

	Beneficial direct interest (No. of Cartrack Shares)	Beneficial indirect interest (No. of Cartrack Shares)	% of Issued Share Capital
Karo0000	203 328 943	-	67.78%
Total	203 328 943	-	67.78%

As at the date of this Firm Intention Announcement, neither Karo0000 nor Calisto holds any option to purchase Cartrack Shares.

15. UNDERTAKINGS AND SHAREHOLDER SUPPORT

As at the date of this Firm Intention Announcement, Karooooo has received irrevocable undertakings from the following Cartrack Shareholders to vote in favour of the resolutions proposed to be adopted at the Scheme Meeting in respect of which they are entitled to vote (such Cartrack Shareholders, collectively, holding between them 80.12% (eighty point one two percent) of the voting rights, excluding such rights held by Karooooo, Calisto and the Cartrack Trust):

Cartrack Shareholder	Cartrack Shares held	% of Cartrack Shares held	% of voting rights (excl. Karooooo, Calisto and the Cartrack Trust)
Chambers Street Capital Management, LLC	4 676 256	1.56%	4.94%
Bavaria Industries Group AG	2 145 857	0.72%	2.27%
Desert Lion Capital Fund I LP & Guscora Investments (Pty) Ltd	1 145 000	0.38%	1.21%
Georgem Holdings (Pty) Ltd	35 500 000	11.83%	37.54%
Gobi Capital LLC, held through Goldman, Sachs & Co	19 505 580	6.5%	20.62%
Heritage Asset Management Ltd	4 086 213	1.36%	4.32%
Swisspartners Marcuard Heritage AG as Trustee of the Heritage Trust	3 771 464	1.26%	3.99%
Long View Asset Management Ltd	1 326 155	0.44%	1.40%
Rytol Holdings Ltd	3 624 638	1.21%	3.83%
Total	75 781 163	25.26%	80.12%

As at the date of this Firm Intention Announcement, Karooooo has received irrevocable undertakings from the following Cartrack Shareholders to fully participate in the Reinvestment Offer in respect of all their Scheme Consideration entitlement:

Cartrack Shareholder	Cartrack Shares held	% of Cartrack Shares held
Chambers Street Capital Management, LLC	4 676 256	1.56%
Bavaria Industries Group AG	2 145 857	0.72%
Desert Lion Capital Fund I LP & Guscora Investments (Pty) Ltd	1 145 000	0.38%
Georgem Holdings (Pty) Ltd	35 500 000	11.83%
Gobi Capital LLC, held through Goldman, Sachs & Co	19 505 580	6.5%
Heritage Asset Management Ltd	4 086 213	1.36%
Swisspartners Marcuard Heritage AG as Trustee of the Heritage Trust	3 771 464	1.26%
Long View Asset Management Ltd	1 326 155	0.44%
Rytol Holdings Ltd	3 624 638	1.21%

Calisto	864 000	0.29%
Total	76 645 163	25.55%

16. **RECOMMENDATIONS, INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION**

The Cartrack Board has established the Independent Board for purposes of assessing the Proposed Transaction, including evaluating the terms and conditions of the Scheme and advising Eligible Cartrack Shareholders thereon.

The Independent Board appointed BDO Corporate Finance Proprietary Limited to act as Independent Expert, as required in terms of section 114(2) of the Companies Act and regulation 110 of the Takeover Regulations, to provide it with external advice in relation to the Proposed Transaction and to make appropriate recommendations to the Independent Board in the form of a fair and reasonable opinion (“**Independent Expert’s Report**”). The Independent Expert’s Report as well as the Independent Board’s opinion on the terms of the Scheme will be detailed in the Circular.

17. **DOCUMENTATION AND SALIENT DATES RELATING TO THE SCHEME AND THE SPECIFIC REPURCHASE**

Full details of the Scheme (and associated Delisting) and the Specific Repurchase will be included in the Circular, which will contain, *inter alia*, the terms of the Scheme and the Specific Repurchase, a notice convening the Scheme Meeting, a notice convening the General Meeting, a form of proxy in connection with the Scheme Meeting, a form of proxy in connection with the General Meeting and a form of acceptance, surrender and transfer in respect of the Scheme Shares. The Circular is expected to be posted to Cartrack Shareholders by no later than Tuesday, 19 January 2021 or as soon as possible thereafter in accordance with the parties’ obligations in terms of the Takeover Regulations. The General Meeting is expected to be held at 10:00 on or about Wednesday, 17 February 2021. The Scheme Meeting is expected to be held at 11:00 on or about Wednesday, 17 February 2021 (or immediately after the conclusion or adjournment of the General Meeting).

The salient dates pertaining to the Scheme and the Specific Repurchase will be released on SENS and published in the press at the time of posting of the Circular.

18. **DOCUMENTATION RELATING TO THE LISTINGS AND THE REINVESTMENT OFFER**

Prior to the Scheme Operative Date, the Karooooo Shares will be approved for listing on the NASDAQ with an inward listing on the Main Board of the JSE.

Full details of the Listings and Reinvestment Offer will be included in the prescribed pre-listing documents (including the Karooooo Prospectus). The prescribed pre-listing documents (including the Karooooo Prospectus), which will include detailed timetables, will be made available to Eligible Cartrack Shareholders after receipt of the requisite regulatory approvals. The timing of the publication of the prescribed pre-listing documents (including the Karooooo Prospectus) is uncertain and Eligible Cartrack Shareholders will be notified of the publication of the relevant prescribed pre-listing

documents (including the Karooooo Prospectus) and the important dates and times relating to the Listings and the Reinvestment Offer in due course.

19. **DELISTING**

Following the Scheme Operative Date, the listing of all the Cartrack Shares on the Main Board of the JSE will be terminated.

20. **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENTS**

The Cautionary Announcements are hereby withdrawn, and caution is no longer required to be exercised by Cartrack Shareholders when dealing in their Cartrack Shares.

21. **INDEPENDENT BOARD RESPONSIBILITY STATEMENT**

The Independent Board, individually and collectively, accepts full responsibility for the accuracy of the information contained in this Firm Intention Announcement to the extent that it relates to Cartrack. In addition, the Independent Board certifies that to the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Cartrack, and that all reasonable enquiries to ascertain such information have been made.

22. **KAROOOOO'S RESPONSIBILITY STATEMENT**

The Karooooo Board accepts full responsibility for the accuracy of the information contained in this Firm Intention Announcement to the extent that it relates solely to Karooooo. In addition, the Karooooo Board certifies that to the best of its knowledge and belief, the information contained in this Firm Intention Announcement solely pertaining to Karooooo is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein solely pertaining to Karooooo, and that all reasonable enquiries to ascertain such information have been made.

Johannesburg

Thursday, 07 January 2021

Sponsor to Cartrack

The Standard Bank of South Africa Limited

South African Legal Adviser and Tax Adviser to Karooooo

Edward Nathan Sonnenbergs Incorporated

Financial Adviser to Karooooo

Rand Merchant Bank

(a division of FirstRand Bank Limited)

Independent Expert

BDO Corporate Finance Proprietary Limited

South African Legal Adviser to the Independent Board of Cartrack
Norton Rose Fulbright South Africa Incorporated