

Brikor Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/013247/06)
JSE code: BIK
ISIN: ZAE000101945
("Brikor" or "the company")

Acquisition of a 40% shareholding in Zingaro Holdings (Pty) Ltd

1. Introduction

Shareholders are advised that Brikor has entered into a written agreement on 2 March 2021 to acquire 40% of the issued shares of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021 ("Effective Date")("the Transaction").

2. Rationale

Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles. Zingaro is well-positioned with a substantial market share.

Zingaro also specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment.

Numerous synergies exist between Brikor and Zingaro and the board of directors of Brikor believes these potential synergies will result in additional income and profit opportunities for the combined group.

3. Salient terms of the Transaction

3.1 Brikor acquired 40% of all the ordinary shares in Zingaro from the Sellers for a purchase consideration of R50 000 000, which purchase consideration shall be discharged:

- as to the amount of R28 950 000 thereof, by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up; and
- as to the balance, being an amount of R21 050 000 , by Brikor crediting the said amount of R21, 050,000 to the loan account of the Sellers in the books of account of Brikor which loan accounts ("the Subject Loan") shall –
 - bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the Effective Date until the date upon which the Subject Loan has been repaid in full to the Sellers; and
 - be paid in monthly instalments of R500 000 each (including capital and interest), it being agreed that the amount of the Subject Loan outstanding as at the fifth anniversary of the Effective Date shall be paid by Brikor to the Sellers within 10 business days after the fifth anniversary of the Effective Date. In addition, Brikor

as the right to repay the outstanding Subject Loan from time to time in greater instalments and more frequently.

3.2 The Sellers have granted Brikor an irrevocable right and option from the Effective Date until 30 April 2023 to call the remaining 60% shareholding in Zingaro from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up.

3.3 The Sellers gave certain warranties that are customary in a transaction of this nature.

3.4 The Transaction is unconditional in all respects.

4. Categorisation of Transaction

The Transaction is a category two transaction and does not require shareholders' approval.

5. Financial information and cautionary announcement

The value of the net assets that are the subject of the Transaction is R49,2 million as at 30 June 2020 and the profits attributable to the net assets that are the subject of the Transaction is R10,3 million as at 30 June 2020.

3 March 2021

Nigel

Designated Advisor
Exchange Sponsors

Legal advisors to Brikor
Werksmans Attorneys

Legal advisors to Zingaro
Fluxmans Attorneys