

**Karooooo Ltd.**

(previously Karoo Pte. Ltd.)

(a public company incorporated and registered in the Republic of Singapore)

(Unique Entity Number: 201817157Z)

JSE share code: KRO, ISIN: SGXZ19450089

(“**Company**” or “**Karooooo**”)

**ABRIDGED PROSPECTUS**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES OF AMERICA OR ANY OTHER JURISDICTION IN WHICH IT IS UNLAWFUL TO DO SO.**

The information and materials contained herein do not constitute or form a part of any offer to sell or a solicitation of an offer to purchase or subscribe for securities in the United States. In particular, the securities referred to herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offering of the securities in the United States.

*Capitalised words and expressions used in this Abridged Prospectus (defined below) shall, unless expressly defined herein or indicated otherwise by the context, bear the same meanings as given to them in the prospectus issued by the Company on Monday, 15 March 2021 (the “**Prospectus**”).*

This abridged prospectus (the “**Abridged Prospectus**”) relates to:

- an invitation by Karooooo to Eligible Cartrack Shareholders to utilise up to a maximum of their Scheme Consideration of R42 per Scheme Share to subscribe for up to 9,543,706 Karooooo Shares (the “**Karooooo Investment Shares**”) in a ratio of 1 Karooooo Share at a subscription price equal to the Scheme Consideration as it pertains to 10 Scheme Shares held by the Eligible Cartrack Shareholder on the Scheme Record Date (“**Reinvestment Entitlement Ratio**”) (the “**Reinvestment Offer**”); and
- the inward secondary listing of approximately 29,876,600 Karooooo Shares on the Main Board of the JSE (the “**JSE Listing**”).

The information contained in this Abridged Prospectus is not complete and does not contain all the information that investors should consider in relation to the Reinvestment Offer and the JSE Listing and should be read together with the Prospectus and the Scheme Circular. This Abridged Prospectus is not an invitation to the general public to subscribe for shares or other securities in the Company but is prepared and issued in terms of the South African Companies Act, the South African Companies Act Regulations and the JSE Listings Requirements for the purpose of providing information to Eligible Cartrack Shareholders with regards to Karooooo and the Reinvestment Offer.

Furthermore, this Abridged Prospectus does not constitute an advertisement or a prospectus registered and/or issued under the South African Companies Act. Any application or offer to subscribe for Karooooo Investment Shares pursuant to the Reinvestment Offer will be made solely on the basis of the information that is contained in, and the terms and conditions set forth in, the Prospectus.

If you are in any doubt as to any action you should take in relation to this Abridged Prospectus, please consult your CSDP, banker, broker, legal advisor, accountant or other professional advisor immediately.

The release, publication or distribution of this Abridged Prospectus in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Abridged Prospectus is released, published or distributed should inform themselves about and observe any such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

To the extent that the release, publication or distribution of this Abridged Prospectus in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction, then this Prospectus is deemed to have been provided for information purposes only, and the Board and the Cartrack Board do not accept any responsibility for any failure by such persons to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

## **1. Background, introduction and prospects**

Eligible Cartrack Shareholders are referred to previous Cartrack SENS announcements, the last of which was published on SENS on 17 January 2021, and the Scheme Circular which was distributed to Cartrack Shareholders on 19 January 2021, wherein Cartrack Shareholders were advised of:

- a cash offer by Karooooo to acquire all the Cartrack Shares, other than those held by the Excluded Shareholders, by way of a scheme of arrangement in terms of section 114(1) (read with section 115) of the Companies Act, proposed by the Cartrack Board between Cartrack and the Eligible Cartrack Shareholders, in terms of which, if the Scheme becomes operative, Karooooo will acquire the Scheme Shares from the Scheme Participants for a cash consideration of ZAR42.00 per Scheme Share;
- the subsequent Delisting of the Cartrack Shares from the Main Board of the JSE, in the event that the Scheme becomes operative;
- the Reinvestment Offer; and
- the Specific Repurchase by Cartrack of the Cartrack Trust Shares from the Cartrack Trust for the Specific Repurchase Consideration.

The Scheme and Specific Repurchase was approved by the requisite majority of Eligible Cartrack Shareholders and Cartrack Shareholders, respectively, on 17 January 2021. Once the Scheme becomes operative, Cartrack will become a wholly-owned subsidiary of Karooooo.

Karooooo was incorporated in Singapore as a private limited company on 19 May 2018 and subsequently converted to a public limited company on 22 February 2021. It is wholly owned by IJ Calisto.

Cartrack is a public company that listed on the JSE in December 2014. IJ Calisto is the current CEO of Cartrack. Karooooo acquired an approximately 68% interest in Cartrack effective 17 July 2019.

Cartrack is a leading global provider of real-time mobility data analytics solutions for smart transportation which offers a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. Its software-as-a-service (“**SaaS**”) platform provides Cartrack customers with differentiated insights and analytics to optimise their businesses and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regulatory compliance and manage risk. Its business is vertically integrated, which affords it complete autonomy with regards to the development of the capabilities and features that differentiate its applications as well as the speed of its innovation. Since Cartrack owns and controls every aspect of its smart device design, platform innovation and software application development, client acquisition and onboarding, customer service and the management of its back-end support, it is able to move quickly without any significant third-party dependencies and inefficiencies.

Cartrack serves customers in 23 countries across five continents, supporting more than 1.3 million subscribers as at 31 January 2021 and its highly scalable platform serves both large multinational enterprises and individual consumers alike, enabling it to address a large, growing and underpenetrated global market.

Cartrack’s proprietary SaaS platform acts as a central nervous system for connected vehicles and other mobile assets, such as construction equipment, generators, refrigeration units, trailers and boats. The platform collects, processes, and analyses data via two-way communication with its proprietary hardware technology or third party devices in each vehicle or other asset, providing Cartrack users with visibility into their fleets from a single, user friendly interface with reporting and tracking capabilities that deliver actionable insights in real-time. Cartrack’s intuitive web-based applications provide a comprehensive set of software features for managing fleets and related workforces without the need for customers to incur upfront information technology costs and include advanced functionality such as real-time high speed video streaming. Cartrack provides customers with the flexibility to deploy its solutions across a range of vehicles, including electric vehicles, and other assets and to use its platform alone or in conjunction with the systems of original equipment manufacturers (“**OEMs**”) and other third parties. Cartrack is committed to the continued enhancement of its customer experience and retention by driving innovation in the platform, adding functionality, new software features and integration with OEM solutions. The benefits of the platform to Cartrack customers include increased productivity, efficiency, sustainability, and regulatory compliance. Cartrack empowers its customers, which range from consumers to large enterprise fleets, with actionable intelligence to enhance profitability, better serve its customers, and strengthen safety and security. Cartrack defines customers at the enterprise or consumer level and subscribers as each vehicle or asset it services. Cartrack currently tracks over 1.3 million vehicles and other assets daily with a platform uptime of 99.9% and collected an average of over 50 billion data points per month over the six-month period ended 30 January 2021.

Subject to the Scheme becoming operative, Cartrack will become a wholly-owned subsidiary of Karooooo.

Karooooo, if listed on the NASDAQ, will enhance the profile of the Cartrack Group to accelerate its global growth strategy and attract and retain international talent to Singapore, a country that has a track record in attracting global talent. It will provide the Cartrack Group with access to global technology infrastructure and research and development.

The Company will be able to attract a substantially larger and more diverse international pool of investors and will have access to the global capital markets.

The Company could attract a re-rated valuation on the NASDAQ and the Karooooo Shares may have improved liquidity.

The Directors believe that the Company has excellent prospects based on the following:

- the Company has an experienced, well-balanced, innovative and well-motivated leadership and management team; and
- the Cartrack Group already has representation in a number of countries and has customers around the world.

The JSE has conditionally granted the Company the JSE Listing of approximately 29,876,600 Karooooo Shares in the “Software” sector and sub-sector of the JSE list with the abbreviated name “Karoo”, JSE share code “KRO” and ISIN SGXZ19450089, which trading in respect of the Karooooo Investment Shares to be issued in terms of the Reinvestment Offer, will be with effect from the commencement of business on Wednesday, 14 April 2021.

## 2. Directors of the Company

Name	Position	Business Address
IJ Calisto	Group Chief Executive Officer and Executive Director	10 Anson Road, #12-14, International Plaza, Singapore (079903)
M Grundlingh	Group Chief Financial Officer and Executive Director	10 Anson Road, #12-14, International Plaza, Singapore (079903)
DJ Brown	Independent Non-Executive Chairman	4 Ebury Lane, Bryanston
A Leong	Independent Non-Executive Director	10 Anson Road, #12-14, International Plaza, Singapore (079903)
B Nagle	Independent Non-Executive Director	7 Villa Dante, Centre Road, Morningside, Johannesburg, South Africa, 2196

## 3. Summarised financial information

This section should be read in conjunction with the summary financial information included in Section 1, paragraph 19 of the Prospectus and Annexures H to O of the Prospectus. The financial information

contained in this announcement is the responsibility of the Directors and has not been reviewed or reported on by the Company's auditors or the Reporting Accountants.

Karooooo believes that maintaining strong financial discipline and prudent investment of capital provides a strong foundation for growth. For the nine months ended November 30, 2020, Karooooo's subscriber base grew by an additional 119,574 subscribers to 1,246,089, despite the effects of the COVID-19 pandemic. During the year ended February 29, 2020, Karooooo reached the milestone of one million subscribers, growing its subscriber base by 165,717 subscribers to 1,126,515 subscribers. The business has experienced rapid growth, strong profitability and capital efficiency in recent years. For the year ended February 29, 2020, subscription revenues of R1,888 million were generated, compared to subscription revenues of R1,521 million for the year ended February 28, 2019, reflecting year-over-year growth of 24%, with subscription revenue representing 97% of total revenue. For the nine months ended November 30, 2020, subscription revenues of R1,635 million were generated, compared to subscription revenues of R1,385 million, reflecting period-over-period growth of 18%, with subscription revenue representing 98% of total revenue.

Karooooo's profit was R443.5 million and R361.0 million, for the years ended February 29, 2020 and February 28, 2019, respectively, reflecting year-over-year growth of 22.8%. Operating profit was R630.9 million and R499.9 million for the years ended February 29, 2020 and February 28, 2019, respectively, reflecting year-over-year growth of 26.2% and Adjusted EBITDA was R937.5 million and R738.4 million for the years ended February 29, 2020 and February 28, 2019, respectively, reflecting year-over-year growth of 27.0%. Profit for the period was R394.9 million and R329.4 million for the nine months ended November 30, 2020 and November 30, 2019, respectively, representing year-over-year growth of 19.9%. Operating profit was R566.0 million and R468.3 million, for the nine months ended November 30, 2020 and November 30, 2019 respectively, reflecting year-over-year growth of 20.8% and Adjusted EBITDA was R855.3 million and R699.0 million for the nine months ended November 30, 2020 and November 30 2019, respectively, reflecting year-over-year growth of 22.4%.

Finally, Karooooo believes strong net cash generated from operating activities is an important factor in supporting Karooooo's robust business model and indicates Karooooo's ability to provide the capital necessary to invest in subscriber growth and territorial expansion. For the years ended February 29, 2020 and February 28, 2019, respectively, net cash generated from operating activities was R901.2 million and R472.3 million, reflecting year-over-year growth of 90.8%. For the nine months ended November 30, 2020 and November 30, 2019, respectively, net cash generated from operating activities totaled 714.2 million and R664.5 million, reflecting year-over-year growth of 7.5%. This growth reflected increased profitability and improved working capital efficiency.

#### **4. Reinvestment offer**

##### **4.1. Background**

The Reinvestment Offer will enable the continued participation of the Scheme Participants in the Cartrack Group following the implementation of the Scheme. Scheme Participants are provided with

an election to subscribe for the Karooooo Investment Shares utilising all or part of their Scheme Consideration pursuant to the Reinvestment Offer, which is separate but indivisible from the Scheme.

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

Karooooo's issued share capital (excluding any Karooooo Shares that may be issued pursuant to the Listings in connection with any primary capital raise that may be undertaken by Karooooo) will constitute 1/10 of the total issued share capital of Cartrack as at the Last Practicable Date. Accordingly, participating in the Reinvestment Offer will result in such Scheme Participants being entitled to subscribe for 1 Karooooo Investment Share for every 10 Scheme Shares in accordance with 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 potential primary capital raise that may be undertaken by Karooooo.

Any fractional interest in Karooooo Investment 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 shall be rounded down to the nearest whole number, resulting in issues of whole Karooooo Investment Shares, and the balance of the Scheme Consideration will be refunded in cash.

The effect of applying the Reinvestment Entitlement Ratio is that, if Eligible Cartrack Shareholders, who subsequently became 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 to investors pursuant to the NASDAQ Listing other than the Eligible Cartrack Shareholders who subsequently became Scheme Participants.

#### **4.2. Participation in the Reinvestment Offer**

Each Eligible Cartrack Shareholder shall have the right to subscribe for 1 Karooooo Investment Share (rounded down to the nearest whole number) for every 10 Cartrack Shares held by the Eligible Cartrack Shareholder.

If you elect to participate in the Reinvestment Offer then, notwithstanding anything to the contrary contained in the Prospectus, you will not receive your Scheme Consideration (or the relevant portion thereof) in cash. In so electing, Cartrack shall be authorised to instruct Karooooo, on your behalf, to apply your Scheme Consideration (or part thereof) in settlement of your obligation to pay the subscription price for the Karooooo Investment 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 you pursuant to the Scheme.

By acquiring Karooooo Investment Shares, the holders of the Karooooo Investment Shares acknowledge that (i) they are acquiring such shares in a transaction outside the United States, (ii) they may not resell the Karooooo Investment Shares within the United States or to a U.S. person for 40 days following their acquisition of the Karooooo Investment Shares and (iii) they understand that Karooooo will prohibit Computershare Trust Co., N.A. and Computershare Investor Services Proprietary Limited from effecting any transfers of Karooooo Investment Shares, or interests therein, out of the SA Administrative Depository Register during such 40-day period.

Each Eligible Cartrack Shareholder who subsequently becomes a Scheme Participant in respect of the Reinvestment Offer (as notified to such Eligible Cartrack Shareholder in terms of Section 2 of the Prospectus), may complete the Participation Form (grey) enclosed in the Prospectus and indicate the number of Karooooo Investment Shares that it wishes to subscribe for, utilising all or a portion of its Scheme Consideration pursuant to the Reinvestment Offer.

The Participation Form (grey) attached as Annexure D to the Prospectus must only be completed by Eligible Cartrack Shareholders who subsequently become Scheme Participants if they hold their Cartrack Shares in certificated form and returned to the Administrator by no later than 12:00 on Friday, 9 April 2021 either: (i) by hand at the following address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; or (ii) by post at the following address: PO Box 61763, Marshalltown, 2107; or (iii) by email to [corporate.events@computershare.co.za](mailto:corporate.events@computershare.co.za).

For the avoidance of doubt, Eligible Cartrack Shareholders who subsequently become Scheme Participants and hold their Cartrack Shares in Dematerialised form must not complete the Participation Form and should instead contact their CSDP or broker.

Should you require assistance in completing your Participation Form (grey), you can contact the Karooooo call centre, operated by the Administrator, on +27 11 370 5000. The Karooooo call centre operating hours are from 09:00 until 17:00 from Monday to Friday.

#### **4.3. Allocation and settlement of Karooooo Investment Shares**

Once the Reinvestment Offer closes at 12:00 on Friday, 9 April 2021, the Karooooo Investment Share allocation process will start.

Allocation of Karooooo Investment Shares: Karooooo will allocate such number of Karooooo Investment Shares to Scheme Participants who have duly applied for such Karooooo Investment Shares at the same value at which the Scheme Shares have been acquired by Cartrack pursuant to the Scheme, on the basis that for every 10 Scheme Shares that a Scheme Participant holds, it will be entitled to utilise its Scheme Consideration (or a part thereof) to subscribe for 1 Karooooo

Investment Share (rounded down to the nearest whole number). Such Karooooo Investment Shares will be listed on the JSE in terms of the JSE Listing.

The Scheme Participants will be notified by way of telephone, e-mail or post of the number of Karooooo Investment Shares allocated to them and the amount of the Scheme Consideration to be refunded to them as a result of their fractional interest in Karooooo Shares pursuant to the Reinvestment Offer, if any.

The Karooooo Investment Shares allocated to the Scheme Participants will be credited to the brokerage accounts of Scheme Participants or Dematerialised securities accounts opened with the Administrator in Dematerialised form only.

Accordingly, Karooooo will cause a Dematerialised securities account to be opened with a third party service provider. On the Effective Date, Karooooo will procure the crediting of the allocated Karooooo Investment Shares due to either:

- the securities account with a CSDP or broker specified by the Scheme Participant in the Participation Form; or
- if the Scheme Participant does not have such a securities account in place, an individual sub-account with a new Dematerialised securities account to be opened with the Administrator or a third party service provider.

#### 4.4. **Dematerialisation of the Karooooo Investment Shares**

If you hold shares in certificated form you should pay special attention to the provisions of the following paragraph since Karooooo will not issue any individual share certificates in relation to the Karooooo Investment Shares. In order to receive your Karooooo Shares in Dematerialised form, you will be required to move into a Dematerialised environment or, if you do not wish to receive your Karooooo Investment Shares in Dematerialised form, you will receive a statement of allocation from the South African Transfer Secretaries in respect of your Karooooo Shares. If you are in any doubt as to what action you should take, please consult your broker, CSDP, banker, attorney or other professional advisor.

For the purposes of the Reinvestment Offer, Eligible Cartrack Shareholders will receive their respective Karooooo Investment Shares in Dematerialised form only. Accordingly, Eligible Cartrack Shareholders who hold their Cartrack shares in certificated form ("**Certificated Shareholders**") and who wish to receive their Karooooo Investment Shares must appoint a CSDP under the terms of the FMA, directly or through a broker, to receive the Karooooo Investment Shares on their behalf. Should a Certificated Shareholder not appoint a CSDP under the terms of the FMA, directly or through a broker, to receive the Karooooo Investment Shares on their behalf, they will be issued with a statement of allocation representing their Karooooo Investment Shares by the South African Transfer Secretaries. Such Certificated Shareholders can instruct the South African Transfer Secretaries to



transfer their Karooooo Investment Shares represented by the statement of allocation to their appointed CSDP.

#### 4.5. Tax considerations

The following summary describes the principal South African income tax and STT considerations generally applicable to the acquisition, holding and disposal of Karooooo Shares listed on the exchange operated by the JSE. This summary is based on the current provisions of the South African Income Tax Act, the South African STT Act and the prevailing practice adopted by the South African Revenue Service published in writing prior to the date hereof. This summary does not consider legislative proposals to amend the South African Income Tax Act or the South African STT Act.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Eligible Cartrack Shareholder. The below summary is based on the Company not being a South African income tax resident (“**SA Tax Resident**”). This summary is not exhaustive of all South African tax considerations. Accordingly, the Eligible Cartrack Shareholders should consult their own tax advisors as to the tax consequences under the tax laws of the country of which they are resident or otherwise subject to tax, in respect of investing in the Karooooo Investment Shares.

Karooooo is a foreign company as defined in section 1 of the South African Income Tax Act. Dividends paid by Karooooo in respect of the Karooooo Shares will be foreign dividends where that amount is treated as a dividend or similar payment by Karooooo for the purposes of the laws relating to tax on income on companies of the country in which that foreign company has its place of effective management (i.e. Singapore) and such dividend does not constitute a share in Karooooo.

The tax treatment of the Karooooo Shares for each category of shareholder is set out below:

##### **South African Tax Resident Eligible Cartrack Shareholders**

Holders of Karooooo Shares that are South African income tax residents (“**SA Tax Resident Shareholders**”) are subject to South African income tax on their worldwide income.

An individual will be a SA Tax Resident if such individual is “ordinarily resident” in South Africa or if the requirements of the physical presence test are met. The physical presence test requires the individual to have been present in South Africa for more than 91 days in each of the most recent 6 years (including the current year) and more than 915 days during the first 5 years of that period.

A person’s residence status for exchange control purposes may be different to that person’s residence status for tax purposes.

A legal person (i.e. a company, close corporation or trust) is considered to be SA Tax Resident if it is incorporated, established or formed in South Africa or has its place of effective management in South Africa.

The South African Income Tax Act excludes from the definition of resident all persons (legal or natural) that are deemed to be exclusively resident in another country for the purposes of the application of an agreement for the avoidance of double taxation to which South Africa is a party. Eligible Cartrack Shareholders with questions regarding their tax residency should consult their tax advisors.

### **Individuals and Trusts**

Individuals and trusts will obtain a base cost in the Karooooo Investment Shares equal to the Scheme Consideration applied to subscribe for the Karooooo Investment Shares (in the case of capital investors).

Individuals and trusts will be allowed as a deduction under section 11(a) of the South African Income Tax Act the amount of the Scheme Consideration applied to subscribe for such Karooooo Investment Shares (in the case of share dealers).

Dividends Tax at 20% will be withheld on any cash foreign dividends declared and paid by Karooooo to individuals and trusts holding Karooooo Shares listed on the exchange operated by the JSE, subject to any applicable exemptions that may apply.

Foreign dividends declared and paid by Karooooo (excluding such dividends that consist of a distribution of an asset in specie) will typically be exempt from income tax in the hands of individuals and trusts, subject to certain anti-avoidance legislation. Dividends that consist of a distribution in specie will be partially exempt, as determined in terms of a formula.

Individuals and trusts that dispose of their Karooooo Shares will be subject to either income tax (in the case of share dealers) or capital gains tax (in the case of capital investors).

A CFC is a foreign company in which more than 50% of the participation rights/voting rights are directly or indirectly held/exercisable by SA Tax Residents who are not headquarter companies. Certain profits of CFCs are included in the taxable income of certain SA Tax Resident Shareholders.

Immediately after the implementation of the Scheme, the Karooooo Investment Shares will not be held more than 50% by SA Tax Resident Shareholders (having regard to Scheme Participants) and thus the Company will not be a CFC directly after the implementation of the Scheme.

The shareholder base of the Company, classified either as SA Tax Resident Shareholders or Non-SA Tax Resident Shareholders (defined below), may vary over time. Where the Company achieves CFC status in future, only those SA Tax Resident Shareholders holding, alone or together with any connected person, 10% or more of the Karooooo Shares must include in their taxable income (i.e. impute unless any of the exemptions from imputation apply) their proportion of the "net income" of the Company, with such proportion being their proportional shareholding equivalent to the percentage of their shareholding in the Karooooo Shares.

SA Tax Resident Shareholders who, together with connected persons, acquire more than 10% (ten percent) of the Karooooo Shares in future are advised to obtain tax advice regarding whether they will have a South African tax exposure as a result of the Company potentially being a CFC as at that date, having regard to the Company's shareholder base as at that point in time.

### **SA Corporates**

SA Corporates will obtain a base cost in the Karooooo Investment Shares equal to the Scheme Consideration applied to subscribe for the Karooooo Investment Shares.

SA Corporates will be allowed as a deduction under section 11(a) of the South African Income Tax Act the amount of the Scheme Consideration applied to subscribe for such Karooooo Investment Shares (in the case of share dealers).

Dividends Tax at 20% will be withheld on any cash foreign dividends declared and paid by Karooooo to SA Corporates holding Karooooo Shares listed on the exchange operated by the JSE, subject to any applicable exemptions that may apply. SA Corporates that have submitted the prescribed information to their Regulated Intermediary or the Company prior to payment of the relevant cash foreign dividend will qualify for the exemption from Dividends Tax. Foreign dividends declared and paid by Karooooo (distribution of an asset in specie or cash dividends) will typically be exempt from income tax in the hands of SA Corporates, subject to certain anti-avoidance legislation.

SA Corporates that dispose of their Karooooo Shares will be subject to either income tax (in the case of share dealers) or capital gains tax (in the case of capital investors).

The comments relating to the CFC considerations for South African Tax Resident individuals and trusts above, apply equally to SA Corporates.

### **Non-South African Tax Resident Shareholders**

Holders of Karooooo Shares that are non-resident for South African income tax purposes ("**Non-SA Tax Resident Shareholders**") will only be subject to tax on income derived from a South African source.

Non-SA Tax Resident Shareholders who subscribe for Karooooo Investment Shares will, in the case of capital investors where such Karooooo Investment Shares are attributable to a permanent establishment of the Non-SA Tax Resident Shareholder in South Africa, obtain a base cost in the Karooooo Investment Shares equal to the Scheme Consideration applied to subscribe for such Karooooo Shares.

Non-SA Tax Resident Shareholders who subscribe for Karooooo Investment Shares will, in the case of share dealers where such Karooooo Investment Shares are attributable to a permanent establishment of the Non-SA Tax Resident Shareholder in South Africa, be allowed as a deduction

under section 11(a) of the South African Income Tax Act the amount of the Scheme Consideration applied to subscribe for such Karooooo Investment Shares.

No Dividends Tax will be withheld on any cash foreign dividends declared and paid by the Company to Non-SA Tax Resident Shareholders holding Karooooo Investment Shares listed on the exchange operated by the JSE as a specific exemption is applicable in terms of the South African Income Tax Act.

Non-SA Tax Resident Shareholders should not be subject to South African income tax in respect of foreign dividends on the basis that these dividends arise from a source outside South Africa.

Non-SA Tax Resident Shareholders that dispose of their Karooooo Shares listed on the exchange operated by the JSE will not be subject to tax in terms of the South African Income Tax Act, provided that the Karooooo Investment Shares are not attributable to a permanent establishment of the Non-SA Tax Resident Shareholder in South Africa.

## **STT**

### ***Issue of shares***

- No STT will arise on the issue of Karooooo Shares by Karooooo.

### ***Transfer of shares***

- STT is imposed on, inter alia, the transfer of beneficial ownership in shares which are listed on the JSE in a company which has been incorporated outside of South Africa. STT will thus apply where the beneficial ownership of Karooooo Shares is transferred provided that such shares are listed on the JSE. The transfer of Karooooo Shares which are not listed on the JSE will not attract STT.
- STT is levied at a rate of 0.25%, applied to the consideration provided for the transfer of the share, or where such amount is less than the lowest price of that share, the closing price of that share. STT is ultimately recoverable from the person to whom such share is transferred.
- The South African STT Act contains a number of specific exemptions from STT.

## **5. Conditions to the Reinvestment Offer and JSE Listing**

The issue of the Karooooo Investment Shares is, among other things, subject to the Scheme becoming unconditional. It should be noted that the only condition to the JSE Listing is the Company achieving a reasonable spread of shareholders acceptable to the JSE, being public shareholders who are unaffiliated with Karooooo holding not less than 20% of the Karooooo Shares on the JSE in issue across both share registers at the point of listing on the JSE. The Company has made arrangements with the JSE's Clearing and Settlement Division to ensure that there will be sufficient

scrip available on the South African share register at the point of listing on the JSE. Confirmation of the shareholder spread will be provided to the JSE by no later than 48 hours prior to the JSE Listing.

## 6. **The potential Primary Offer and Sell-down**

If the Company undertakes a Primary Offer and/or if IJ Calisto undertakes a Sell-down on the NASDAQ, full details of a Primary Offer and a Sell-down will be published on the SENS following the publication of the Prospectus. Eligible Cartrack Shareholders are advised that if the Company undertakes a Primary Offer, the Company's total current issued shares of 20,332,894 would be impacted. The increase in the number of Karooooo Shares in issue pursuant to a Primary Offer will result in an increase to the total number of shares in issue on the JSE and a dilution to such Eligible Cartrack Shareholder's percentage beneficial shareholding in Karooooo. The final issued shares of Karooooo will increase by the number of Karooooo Shares issued in a Primary Offer, plus the Shares that Eligible Cartrack Shareholders choose to accept in terms of the Reinvestment Offer. The pro-forma scenarios dealing with the Reinvestment Offer are set out in **Annexure N** of the Prospectus. In the case of a Primary Offer, Cash and Cash Equivalents as reflected in the statement of financial position in **Annexure N** of the Prospectus will increase by the cash received under a Primary Offer less any associated costs, which may increase or decrease the net asset value per Karooooo Share.

A Sell-down, if undertaken, would have no impact on the beneficial ownership of an Eligible Cartrack Shareholder as there will be no issue of new Karooooo Shares in terms of a Sell-down. Should a Sell-down occur and a Primary Offer be made, IJ Calisto, who currently is the beneficial owner of 68.5% of Cartrack, would not reduce his shareholding in Karooooo below an effective shareholding of 55%.

## 7. Salient dates and times

	2021
Posting of Prospectus and opening date of the Reinvestment Offer at 09:00 on	Monday, 15 March
Expected listing of Karooooo on the NASDAQ with effect from the commencement of business (09:30 GMT - 04:00) on	Wednesday, 31 March
Finalisation announcement published on SENS on	Wednesday, 31 March
Finalisation announcement published in the South African press on	Thursday, 1 April
Last day to trade in Cartrack Shares in order to be eligible to receive the Scheme Consideration	Tuesday, 13 April
Expected suspension of listing of Cartrack Shares from the Main Board of the JSE at commencement of trading on	Wednesday, 14 April
Scheme Consideration Record Date	Friday, 16 April
Closing date of the Reinvestment Offer* at 12:00 on	Friday, 16 April
Scheme Participants in respect of the Reinvestment Offer expected to receive their allocated Karooooo Investment Shares, being the date on which Karooooo Investment Shares are credited to Dematerialised securities accounts opened with the Administrator or their brokerage accounts	Wednesday, 21 April
Expected JSE Listing with effect from the commencement of business on	Wednesday, 21 April
Termination of listing of the Cartrack Shares on the JSE	Thursday, 22 April

### Notes:

1. All dates and times are subject to change by Cartrack or Karooooo (subject to the approval of the NASDAQ, JSE, TRP and CIPC, if required).
2. The dates have been determined based on certain assumptions regarding the dates by which certain shareholder and regulatory approvals including, but not limited to, that of the NASDAQ will be obtained. Cartrack Shareholders will be notified of any amendments to these Salient Dates and Times on SENS and in the South African press.
3. All dates and times indicated above are South African standard dates and times.

## 8. Availability of the Prospectus

The Prospectus is only available in English. Copies of the Prospectus may be obtained during normal business hours from 08h00 until 16h30 from Monday, 15 March 2021 to Wednesday, 21 April 2021 at the Company's principal place of business in South Africa, being 11 Keyes Avenue, Rosebank, 2196 or from the offices of Karooooo's JSE Sponsor, details of which are set out in the "Corporate Information and Advisors" section of the Prospectus.

The Prospectus can also be obtained from the Company's website at [www.karooooo.com](http://www.karooooo.com) and Cartrack's website at [www.cartrack.co.za/investor-relations](http://www.cartrack.co.za/investor-relations).

Kindly note that physical copies of the Prospectus may not be available at all times at the abovementioned locations.

Johannesburg

Monday, 15 March 2021

### Sponsor to Karooooo

Merrill Lynch South Africa Proprietary Limited  
t/a BofA Securities

**South African Legal Adviser and Tax Adviser to Karooooo**  
Edward Nathan Sonnenbergs Incorporated

**Joint Financial Advisers to Karooooo**  
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Merrill Lynch (Singapore) Pte. Ltd.