

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Karooooo Ltd.

(Exact Name of Registrant as Specified in its Charter)

Not Applicable

(Translation of Registrant's Name into English)

Singapore
(State or Other Jurisdiction of
Incorporation or Organization)

7372
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification Number)

**10 Anson Road #12-14
International Plaza
Singapore 079903
+65 6255 4151**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Cogency Global Inc.
122 East 42nd Street, 18th Floor
New York, NY 10168**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

**John B. Meade
Roshni Banker Cariello
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000**

**Joshua Wechsler
Meredith Mackey
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004
(212) 859-8000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount Of Registration Fee ⁽³⁾
Ordinary shares, no par value per share	\$100,000,000	\$10,910

- (1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion dated February 26, 2021

PRELIMINARY PROSPECTUS

ORDINARY SHARES
Karooooo Ltd.
ORDINARY SHARES

This is the initial public offering of ordinary shares of Karooooo Ltd. We are offering of the ordinary shares to be sold in this offering pursuant to this prospectus. The selling shareholder identified in this prospectus is offering an additional ordinary shares to be sold in this offering pursuant to this prospectus. We will not receive any proceeds from the sale of the ordinary shares to be sold by the selling shareholder.

We have applied to list the ordinary shares on the Nasdaq Global Select Market under the symbol “KARO”. The ordinary shares of Cartrack Holdings Limited, our subsidiary, are listed on the securities exchange operated by JSE Limited (the “JSE”) under the symbol “CTK”. Cartrack Holdings Limited is expected to delist from the JSE in connection with the corporate reorganization described in this prospectus and we intend to apply for a secondary listing of our ordinary shares on the JSE under the symbol “.” We anticipate that the initial public offering price will be between \$ and \$ per share.

After the completion of this offering, our Chief Executive Officer will beneficially own approximately % of the voting power of our outstanding ordinary shares (or approximately % if the underwriters exercise their option to purchase additional ordinary shares in full). As a result, we expect to be a “controlled company” within the meaning of the corporate governance standards for Nasdaq-listed companies and will be exempt from certain corporate governance requirements of such rules. See “Principal and Selling Shareholder.”

We are an “emerging growth company” under the U.S. federal securities laws as that term is used in the Jumpstart Our Business Startups Act of 2012 and will be subject to reduced public company reporting requirements. Investing in the ordinary shares involves risks. See “Risk Factors” beginning on page 16.

PRICE \$ PER ORDINARY SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us	Proceeds to Selling Shareholder
Per share	\$	\$	\$	\$
Total	\$	\$	\$	\$

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses. See “Underwriting.”

The selling shareholder has granted the underwriters the right to purchase up to ordinary shares for a period of 30 days from the date of this prospectus to cover over-allotments at the initial public offering price less the underwriting discount.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on , 2021.

Morgan Stanley BofA Securities William Blair
, 2021

TABLE OF CONTENTS

	<u>Page</u>
<u>About This Prospectus</u>	<u>ii</u>
<u>Presentation of Financial Information</u>	<u>ii</u>
<u>Market and Industry Data</u>	<u>iii</u>
<u>Trademarks</u>	<u>iii</u>
<u>Summary</u>	<u>1</u>
<u>The Offering</u>	<u>9</u>
<u>Summary Financial and Other Information</u>	<u>11</u>
<u>Risk Factors</u>	<u>16</u>
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	<u>50</u>
<u>Use of Proceeds</u>	<u>52</u>
<u>Dividends and Dividend Policy</u>	<u>53</u>
<u>Exchange Rates</u>	<u>54</u>
<u>Corporate Reorganization</u>	<u>55</u>
<u>Capitalization</u>	<u>56</u>
<u>Dilution</u>	<u>57</u>
<u>Selected Financial and Other Information</u>	<u>58</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>62</u>
<u>Founder's Letter</u>	<u>92</u>
<u>Business</u>	<u>93</u>
<u>Regulation</u>	<u>111</u>
<u>Management</u>	<u>116</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>121</u>
<u>Principal and Selling Shareholder</u>	<u>123</u>
<u>Description of Share Capital</u>	<u>124</u>
<u>Shares Eligible for Future Sale</u>	<u>144</u>
<u>Tax Considerations</u>	<u>146</u>
<u>Underwriting</u>	<u>154</u>
<u>Expenses of the Offering</u>	<u>160</u>
<u>Legal Matters</u>	<u>160</u>
<u>Experts</u>	<u>160</u>
<u>Change in Accountants</u>	<u>161</u>
<u>Service of Process and Enforcement of Civil Liabilities</u>	<u>162</u>
<u>Where You Can Find More Information</u>	<u>163</u>
<u>Financial Statements</u>	<u>F-1</u>

ABOUT THIS PROSPECTUS

Prior to the Corporate Reorganization (as defined herein), all references in this prospectus to (i) “Cartrack” refer to Cartrack Holdings Limited, a subsidiary of Karooooo Ltd., and its subsidiaries, (ii) “Karoooooo” refer to Karooooo Ltd. and (iii) the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to either Cartrack or Karooooo as the context so requires. Following the Corporate Reorganization, “Cartrack,” “Karoooooo” the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to Karooooo Ltd., the sole shareholder of Cartrack Holdings Limited, and its subsidiaries.

We, the Selling Shareholder (as defined below) and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we may have referred you. We, the Selling Shareholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We, the Selling Shareholder and the underwriters have not authorized any other person to provide you with different or additional information. We and the Selling Shareholder are offering to sell, and seeking offers to buy, ordinary shares only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ordinary shares.

For investors outside the United States: neither we nor any of the underwriters has done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

PRESENTATION OF FINANCIAL INFORMATION

Basis of Presentation

Unless otherwise indicated, all financial information contained in this prospectus is prepared and presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Certain differences exist between IFRS and generally accepted accounting principles in the United States of America (“U.S. GAAP”) which might be material to the financial information herein. We have not prepared a reconciliation of our consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

Our historical consolidated financial statements were prepared to give effect to (i) the common control transaction in which Karooooo Ltd. acquired a controlling stake in Cartrack Holdings Limited and (ii) the conversion of a shareholder loan from our founder and chief executive officer, Isaías (Zak) Jose Calisto, to Karooooo Ltd. into ordinary shares of Karooooo Ltd., which took place on November 18, 2020.

There is currently no specific guidance on accounting for common control transactions under IFRS as issued by the IASB. In the absence of specific guidance Karooooo Ltd. elected to apply the “pooling of interests” method of accounting. Under “pooling of interests” the assets and liabilities of Cartrack Holdings Limited are carried over at their book values with no adjustment made for the acquisition price and prior periods are restated as if the common control transaction had occurred at the beginning of the earliest period presented. In connection with and subsequent to this offering, we will engage in the Corporate Reorganization described under “Corporate Reorganization” pursuant to which Cartrack Holdings Limited will become a wholly-owned subsidiary of Karooooo Ltd.

All references in this prospectus to “U.S. dollars,” “U.S.\$,” “\$” and “USD” refer to the currency of the United States of America, all references to “R” or “rand” refer to the currency of South Africa and all references to “S\$” or “Singapore dollar” refer to the currency of Singapore. Unless otherwise indicated, all references to currency amounts in this prospectus are in rand.

Our fiscal year ends on February 28 or February 29 of each year. References in this prospectus to a fiscal year, such as “fiscal year 2019,” relate to our fiscal year ended on February 28 or February 29, as applicable, of that calendar year.

We have made rounding adjustments to some of the figures included in this prospectus. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them.

Financial Information in U.S. Dollars

Solely for the convenience of the reader, we have translated some of the rand amounts included in this prospectus from rand into U.S. dollars. You should not construe these translations as representations by us that the amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated rand amounts into U.S. dollars using a rate of R15.4325 to U.S.\$1.00, the exchange rate as of November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System.

The rand/U.S. dollar exchange rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System was R14.6360 per U.S.\$1.00 as of November 29, 2019. The rand/U.S. dollar exchange rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System was R15.4325 per U.S.\$1.00 as of November 30, 2020, which reflected an approximately 5% depreciation in the rand against the U.S. dollar since the prior period. There can be no assurance that the exchange rate will be maintained at the current level and that the rand will not depreciate further or appreciate against the U.S. dollar.

MARKET AND INDUSTRY DATA

Certain market data and forecasts used throughout this prospectus were obtained from internal company surveys, market research, consultant surveys, reports of governmental and international agencies and industry publications and surveys. Industry publications and third-party research, surveys and reports generally indicate that their information has been obtained from sources believed to be reliable. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” in this prospectus.

TRADEMARKS

In our key markets, we have rights to use, or hold, certain trademarks relating to Cartrack, or the respective applications for trademark registration are underway. We do not hold or have rights to any other additional patents, trademarks or licenses, that, if absent, would have had a material adverse effect on our business operations. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this prospectus is the property of its respective holder.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you, and we urge you to read this entire prospectus carefully, including the “Risk Factors,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections and our consolidated financial statements and notes to those statements, included elsewhere in this prospectus, before deciding to invest in our ordinary shares. This prospectus includes forward-looking statements that involve risks and uncertainties. See “Cautionary Statement Regarding Forward-Looking Statements.”

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

We offer a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. Our software-as-a-service (“SaaS”) platform provides our customers with differentiated insights and analytics to optimize their business and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regulatory compliance and manage risk. Our business is vertically-integrated, which affords us complete autonomy with regards to the development of the capabilities and features that differentiate our applications as well as the speed of our innovation. Since we own and control every aspect of our smart device design, platform innovation and software application development, client acquisition and onboarding, customer service and the management of our back-end support, we are able to move quickly without any significant third-party dependencies and inefficiencies.

We serve customers in 23 countries across five continents, supporting more than 1.3 million subscribers as of January 31, 2021, and our highly scalable platform serves large multinational enterprises and individual consumers alike, enabling us to address a large, growing and underpenetrated global market.

Our 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. Our platform collects, processes, and analyzes data via two-way communication with our proprietary hardware technology or third party devices in each vehicle or other asset, providing our users with visibility into their fleets from a single, user friendly interface with reporting and tracking capabilities that deliver actionable insights in real-time. Our 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. We provide customers with the flexibility to deploy our solutions across a range of vehicles, including electric vehicles, and other assets and to use our platform alone or in conjunction with the systems of original equipment manufacturers (“OEMs”) and other third parties. We are committed to the continued enhancement of our customer experience and retention by driving innovation in the platform, adding functionality, new software features and integration with OEM solutions. The benefits of our platform to our customers include increased productivity, efficiency, sustainability, and regulatory compliance. We empower our customers, which range from consumers to large enterprise fleets, with actionable intelligence to enhance profitability, better serve their customers, and strengthen safety and security. We define customers at the enterprise or consumer level and subscribers as each vehicle or asset we service. We currently track 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 January 30, 2021.

Broad-based mobile connectivity and cloud applications are transforming how organizations manage assets and operate their businesses. According to Allied Market Research, the global automotive telematics market was valued at \$50.4 billion in 2018, and is projected to reach \$320.6 billion by 2026, reflecting a CAGR of 26% from 2018 to 2026. The market opportunity in automotive telematics in commercial vehicles alone is expected to grow from \$33.4 billion in 2018 to \$219.1 billion in 2026, representing a CAGR of 28%. We believe our total serviceable addressable market (“SAM”) was around \$12.2 billion in 2018 and expect it to grow to \$77.4 billion by the end of 2026. We define our SAM to consist of the automotive telematics markets in Africa, Asia Pacific, Middle East and Europe. This includes the Africa automotive telematics market, where Cartrack currently conducts a substantial majority of its operations, which was valued at \$0.9 billion in 2018, and which is projected to reach \$7.1 billion by 2026, reflecting a CAGR of 31%, according to Allied Market Research (the African market includes South Africa, Kenya, Mozambique,

Namibia, Nigeria, and Tanzania, where we currently operate, as well as countries where we do not have operations). The Asia Pacific/Middle East automotive telematics market was valued at \$4.8 billion in 2018, and is projected to reach \$30.0 billion by 2026, reflecting a CAGR of 27%, according Allied Market Research (this includes Hong Kong, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and the United Arab Emirates, where we currently operate, as well as countries where we do not have operations). The European automotive telematics market was valued at \$6.5 billion in 2018, and is projected to reach \$40.3 billion by 2026, reflecting a CAGR of 26%, according Allied Market Research (the European market includes Poland, Portugal, Spain and France, where we operate, as well as countries where we do not currently have operations). The United States automotive telematics market was \$13.3 billion in 2018. Cartrack has limited operations in the United States at this time and therefore this market is not included as part of the SAM. We believe that the expected growth of the automotive telematics market will be accompanied by increasing complexity and cost associated with operating mobile assets and managing associated workforces. We expect our customers' demand for our platform to remain strong as they use it to manage these costs and share data with their customers, who increasingly expect real-time insights with respect to vehicles, workforces and other mobile assets.

We were founded in 2001 in South Africa with an initial focus on stolen vehicle recovery ("SVR") services in the region. We have strategically grown our business and are now a leading global provider of smart transportation management and analytics. In 2020, we moved our global headquarters to Singapore, where we believe we have access to the talent and capital to maintain and further our technological and operational leadership in the industry.

Since our founding, we have gained vast expertise and enhanced our business in the following areas:

- Developing new software applications such as fleet management, mobile asset accounting, workforce management, and insurance solutions;
- Developing capabilities in data management at scale as well as a broad range of communication technologies and protocols;
- Expanding our sales and marketing focus to include commercial fleets of all sizes; and
- Expanding our geographic footprint to meet the needs of our customers who are increasingly global with larger, more complex fleets and requirements.

Our single user interface and fully integrated cloud-based platform runs on internally developed and cost-effective smart Internet of Things ("IoT") devices, enabling us to deliver a unified and comprehensive service to our customers while maintaining control of our cost structure. Our discreet, sophisticated smart devices stream data to the platform, facilitating informed decisions about optimal asset efficiency and productivity, including live tracking and location of assets. Customers utilize the platform through an easily accessible web-based portal or mobile application, which is designed to be easy to deploy across customers' entire mobile asset fleets. Our devices can be installed in a range of mobile assets independent of asset procurement, allowing our customers to integrate our solutions in existing or new vehicles. Our platform includes a wide range of reliable services to effectively serve the needs of a geographically diverse range of clients. Where appropriate, partnerships with third party technology providers are established to create incremental value to customers in the markets we serve.

Smart vehicles and other connected mobile assets are becoming more common, generating increasing amounts of data. As this trend continues, there will be a greater need for deeper insights with respect to this growing pool of data. Our leadership position, as well as the strength and breadth of our platform, will enable us to continue to target a broad base of customers across multiple industries who derive value from our end-to-end platform, its stability and affordability. We market via inside sales and relationship managers in the field, who build long-lasting relationships with customers. We believe we have a proven expansion model with well-established operations across several continents and are currently focused on scaling rapidly to address high-growth greenfield opportunities in Asia.

We believe that maintaining strong financial discipline and prudent investment of capital provides a strong foundation for growth. For the year ended February 29, 2020, we reached the milestone of one million subscribers, growing our subscriber base by 165,717 subscribers to 1,126,515 subscribers as of

February 29, 2020. For the nine months ended November 30, 2020, we grew our subscriber base by an additional 157,344 subscribers to 1,246,089 subscribers as of November 30, 2020.

Our business has experienced rapid growth, strong profitability, and capital efficiency in recent years. For the year ended February 29, 2020, we generated subscription revenues of R1,888 million 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, we generated subscription revenues of R1,635 million compared to subscription revenues of R1,385 million for the nine months ended November 30, 2019, reflecting period-over-period growth of 18%, with subscription revenue representing 98% of total revenue.

As of February 29, 2020 and February 28, 2019, our annualized recurring revenue (“ARR”), which we define as the annual run-rate subscription revenue of subscription agreements from all customers at a point in time, calculated by taking the monthly subscription revenue for all customers during that month and multiplying by 12, was R2,021.9 million and R1,674.5 million, respectively, which represents a 21% increase from period to period, as a result of strong subscriber growth and a 2% increase in average revenue per subscriber (“ARPU”). As of November 30, 2020 and November 30, 2019, ARR was R2,372.7 million and R2,020.4 million, respectively, which represents a 17% increase from period to period, as a result of continued subscriber growth despite the COVID-19 pandemic and a 2% increase in ARPU.

Our profit for the year 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%. Our operating profit for the year 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 our Adjusted EBITDA for the year 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%. Our 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%. Our operating profit for the period 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 our Adjusted EBITDA for the period 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, we believe strong net cash generated from operating activities is an important factor in supporting our robust business model and indicates our 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, we generated net cash generated from operating activities of R901.2 million and R472.3 million, respectively, reflecting year-over-year growth of 90.8%. For the nine months ended November 30, 2020 and November 30, 2019, net cash generated from operating activities totaled R714.2 million and R664.5 million, reflecting year-over-year growth of 7.5%. This growth increased profitability and improved working capital efficiency.

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information.

Industry Background

The growth in size and complexity of vehicle fleets, as well as increasing data sources and real-time connectivity, continue to provide a growing market opportunity due to increased adoption of connected device analytics and mobility management offerings as businesses and their customers are demanding more software features and greater transparency into fleet operations. In addition, the increasing costs of labor for drivers, fuel, maintenance and insurance have led to higher expenses associated with fleet operations and has driven demand for cost-effective solutions. Increasingly complex regulatory regimes and the persistent threat of crime also add to the challenges facing fleet operators. Our solutions address these challenges and favorably position us to benefit from the following industry dynamics.

Increasing global vehicle fleet. According to Fitch Solutions, the size of the global vehicle fleet is estimated at nearly 1.5 billion vehicles in 2020 and forecasted to grow to more than 2 billion vehicles by

2030. Cartrack's expansion strategy in emerging markets is designed to place it in position to capitalize on these favorable industry growth dynamics. Growing use of shared personal mobility devices, such as bicycle and scooter rental networks, is contributing to demand for mobility management solutions for large fleets of vehicles that are not traditional automobiles.

Growth of smart transportation and proliferation of data sources. Connected device analytics and mobility solutions are growing globally, and penetration is relatively low in all markets. There is growing third-party and OEM demand for remote diagnostics, maintenance management, accident and breakdown assistance and other technology products that require mobile connectivity and services. The volume of data concerning mobile assets and associated operator behavior is proliferating rapidly and growing in complexity. Immediate access to large volumes of remote data is being facilitated by the deployment and growth of 5G networks alongside expanding access to current-generation mobile connectivity technologies in developing markets. With growing urbanization and the emergence of smart cities, more organizations and individuals will deploy mobile and remote devices and rely on insights from the data that such connected devices generate.

Large and growing cost of operating mobile assets. Fleet managers are faced with significant operational costs associated with human resources, fuel, maintenance and insurance, as well as wasteful and fraudulent driver behavior, resulting in higher expenses. Fleet managers and insurance companies are increasingly relying on data to assess and manage driver risk, tailor premiums, and reconstruct accident scenes for evaluation of claims, and to monitor, influence and react to driver behavior in real-time.

Demands of consumers and large enterprises for digital transformation. Organizations are seeking to adopt SaaS solutions to leverage insights from data to reduce costs and manage mobile assets optimally. As providers like Amazon and FedEx provide real-time insight into order status and delivery tracking, both enterprises and consumers increasingly demand live visibility into operations and orders. Real-time insights can be differentiating in industries where transportation capabilities are otherwise increasingly commoditized.

Increasing regulatory complexity. Government regulations to improve safety and roadworthiness of vehicles, manage hours worked by drivers, implement road taxes by distance traveled and track and reduce carbon emissions are growing. Examples include Europe's eCall initiative to install automatic emergency call devices, the CONTRAN 245 mandate in Brazil to install vehicle-tracking devices in all new vehicles sold, and the electronic logging device ("ELD") mandate in the United States. Additionally, vehicle-to-vehicle and vehicle-to-infrastructure communication technologies are becoming increasingly important components of regulated national transportation infrastructure and will result in a corresponding growth in mobile asset data available for capture and analysis.

High rate of vehicle theft in developing markets. Consumers, fleet managers, and insurance companies all increasingly demand asset recovery services to recover vehicles and other mobile assets, manage self-insurance risk and increase levels of personal safety in developing economies in Africa and South America.

Our Platform and its Key Strengths

Our mission is to build the leading mobility and SaaS platform that maximizes the value of data.

Broad array of mobility applications. Cartrack offers real-time connectivity services through mobile devices to manage the deployment of people and vehicles and the tasks that they are required to perform. This includes communications, analytics, accounting, live video streaming, workforce management and an array of medical and roadside assistance services that are applicable to taxi/ridesharing, public transit systems and logistics businesses. With fleet management, mobile asset accounting, workforce management, and a broad set of additional software features, we offer a highly functional, unified platform for smart transportation management and analytics delivered through a single screen.

Highly scalable vertical SaaS. Cartrack's cloud architecture enables us to quickly and reliably add thousands of mobile subscriptions and integrate their corresponding data streams each month, including data from sources such as OEMs and other third-party devices. Our easy-to-use interfaces for iOS and Android, as well as our online platform for desktop, make it seamless for users to switch between devices, and

our internally developed SaaS platform caters to all types of vehicle propulsion methods (internal combustion, hybrid, and electric) and allows for flexible integration with all major OEM hardware and software platforms.

Large and growing global infrastructure. Our business is fully vertically integrated in the design, development, production, and deployment of its hardware and software offerings. Unlike many of our competitors, all systems and products that we use are proprietary. Our vertically integrated model allows us to provide our customers with the benefits of lower costs and greater flexibility without third-party vendor lock-in. Our R&D center in Singapore is staffed exclusively by our employees and is positioned to ensure our continued access to world-class talent in Southeast Asia. To provide leading service in installations, customer support, and vehicle recovery, we have established a comprehensive branch network of automotive technicians with rapid-response capabilities in each of the 23 countries in which we or our licensees operate. Our more than 665 mobile workshops serve customers globally around-the-clock. Our customer-focused approach to service is key to our leadership position in the industry and earned us recognition in South Africa's prestigious Ask Afrika Orange Index Awards for outstanding customer experience in October 2018.

Deep domain expertise, industry knowledge, and institutional intellectual property. Our experienced R&D and management teams have accumulated vast experience in the fields of data operations, GSM, radio frequency, and satellites, as well as emerging and next-generation technologies such as LPWAN and V2X communications. Each of our proprietary smart devices are compact, facilitating effective concealment, and is transferable from one vehicle to another. Personal safety considerations, specialized fleet management, and regulatory compliance will continue to require the design and development of proprietary hardware. Our trained automotive technicians carry out installations with electronic connections kept at a minimum so as not to interfere with the vehicle's electronic systems. Our products and installations are endorsed by a number of insurers and motor vehicle manufacturers.

Culture of service and innovation. The values at the heart of our culture — accountability, integrity, service orientation, relationships, and entrepreneurial leadership — are core drivers of our success. As we have grown from a small South African company to a global enterprise with more than one million subscribers, we have maintained a start-up culture that eschews hierarchy and where individual ownership and agility remain key features of our everyday behaviors and operations. We have a highly proven service delivery track record and are known for being quick to deploy and fast to respond.

Key Benefits to Our Customers

The relatively low monthly cost and material return on investment realized by our customers favorably positions us in both weak and strong macroeconomic environments. Our platform provides the following key benefits to our customers:

Lower operating costs. Research by the U.S. Department of Transportation shows implementing telematics can reduce unsafe driving by 60%, which can translate into profit margin increases of 30% in commercial fleets as well as reduced emissions. Telematics insurance has also reduced car accidents by around 35% in recent years, according to Allied Market Research. We believe that the AI-enabled real-time feedback through our platform coaches drivers to engage in behavior that lowers fuel consumption, reduces maintenance costs, and improves on-road safety.

Increased workforce and asset productivity. Real-time fleet oversight and analysis of data can assist fleet managers in planning better routes and times for vehicles to be on the road, as well as planning maintenance through alerting and scheduling. Route management and traffic mapping, powered by our platform, can reduce the distance covered by each vehicle. By providing an integrated platform for data, analytics and communications, driver and dispatch teams can work together more efficiently and empower management with greater insight into key performance indicators of asset and employee performance such as utilization, service intervals, and billable hours.

Stability and reliability. Cartrack employs the GSM/LTE network, to facilitate reliable communication between our platform and telematics devices. This technology enables recovery teams to accurately locate stolen vehicles and allows customers to track the movement of their vehicles via the web or mobile applications.

GPS satellite technology provides users with accurate positioning and monitoring of the vehicle fleet. Secondary radio homing beacons enable air and ground response teams to locate vehicles in areas where coverage may be sparse. Customers also further benefit from our 99.9% system uptime for the year ended February 29, 2020 and for the nine months ended November 30, 2020.

Road safety and accident management. The World Bank Group estimates that, on average, a 25% reduction in road traffic deaths raises per capita real GDP by several percentage points in the growth markets we target, illustrating the importance of improving driver habits and monitoring commercial vehicles. Powered by industry leading AI, we provide comprehensive driver behavior monitoring and measurement applications which are easily integrated into vehicles to extract and analyze significant amounts of data to improve driver behavior. In addition, deployment of in-vehicle telematics sensors to monitor activity on-road and within a vehicle provides performance benefits and critical data in the event of a collision.

Our Growth Strategy

Our long-term growth is driven by five key factors:

Growth of connected devices. We are enhancing our SaaS platform to be device and service provider agnostic as we further develop smart mobility capabilities, partnering with the world's leading companies in pay-as-a-service transportation. Increasing global access to these devices will further drive demand for our solutions and services. Our platform is complementary to OEM and third-party telematics systems and we conduct aftermarket installations in collaboration with OEMs.

Deeper insights from data. Our customers are increasingly reliant on our SaaS platform to optimize business intelligence relating to both assets and people on a global scale. In order to capitalize on this rapidly growing trend, we will continue to invest in technology and operating capacity across markets.

Global demand. We have seen a notable rise in demand for connected vehicles, devices and mobility data across the globe, enabling our expansion across geographic regions. All markets remain underpenetrated, and we are capitalizing on opportunities to provide scalable, customer-centric solutions that rapidly deliver value to enterprise customers and consumers alike.

New platform enhancements. We continue to expand our platform to address our customers' most critical business priorities. R&D investments allow us to meet growing expectations from customers for deeper insights quickly. We offer an easy-to-use administrative and vehicle cost accounting software called MiFleet and a mobile enabled workforce management solution called the Communicator, which can effectively manage business processes like stock control, electronic proof-of-delivery and invoicing. Recent enhancements to our platform include business intelligence and OEM integrations, our buying and selling cars platform, and advanced jobs and messaging via our Communicator routing application.

Significant barriers to entry. We enjoy a strong competitive advantage due to the global fragmentation of our market, upfront capital requirements for the development and deployment of global infrastructure and to fund cash investments in device and installation costs, and the significant R&D expenditure necessary to keep pace with technological developments. The industry has shifted from upfront payment for hardware and installations to recurring SaaS subscription contract models where the service provider retains the ownership of the device, and we have capitalized on this shift to reinforce customer retention. This high demand for SaaS solutions with no upfront fees increases the challenge facing new entrants and vendors lacking scale.

We intend to pursue the following growth strategies:

Increase subscription sales to existing customers. We believe our longstanding commitment to R&D investment positions us favorably to continue to deploy technologically advanced solutions increasingly in demand among customers of all sizes worldwide. Our customer base of more than one million subscribers represents a significant opportunity for further subscription sales expansion. Many of the growth drivers for new subscriptions will also lead to the growth of our offering within existing customers. Our scalable platform and vertically integrated infrastructure will enable us to onboard new customers quickly and easily and make new software features immediately available to our customer base worldwide.

Expand our subscriber base. Our market penetration is low worldwide. We believe there is substantial opportunity to grow our customer base. We expect growth in customer demand to come from mobile asset growth and a broad range of emerging smart mobility use cases, where we expect robust demand for SaaS-based data analytics solutions to optimize operations. We believe demand growth will be in excess of global fleet growth forecasts due to increased market penetration opportunities resulting from the realization of the benefits associated with adopting mobility offerings. We anticipate demand increases for safety and security services by governments, business, and individuals due to increasing crime rates in key markets. We serve a broad range of customers and industries and will continue to focus on growing our subscriber base among them.

Expand our geographic presence worldwide. While South Africa remains an important market for us, we expect more robust subscriber growth from the Asia-Pacific and Middle East regions, due to populous, fast-growing economies, a favorable competitive climate, including low penetration rates and unsophisticated competing solutions, and established operations that have now gained scale. We expect growth from the unmet need for improved road safety and decreased pollution levels, particularly in the Asia-Pacific and Middle East regions where vehicle populations are expected to show a material increase along with already elevated traffic congestion and pollution levels. We are looking to further increase our footprint in Europe, and our US operations are small but highly strategic in nature. As the breadth of our offering increases over time, we believe we will be able to efficiently deploy our offering across our existing multinational customers' fleets as we enter new regions where they already operate.

Expand our platform and services. We intend to expand the offering of our consumer offering into both Europe and the Asia-Pacific and Middle East region as demand grows for consumer services. For example, in Europe, the demand for accident notification and medical emergency response is growing and at our current scale, we can add these services to our business very efficiently.

Risks Affecting Us

We are subject to numerous risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flow and prospects. You should carefully consider the following risks, those risks described in "Risk Factors" and the other information in this prospectus before deciding whether to invest in our ordinary shares:

- our ability to acquire new subscribers and retain existing subscribers;
- the effects of a pandemic or widespread outbreak of an illness, such as the novel coronavirus (COVID-19) pandemic;
- our anticipated growth strategies, including our ability to increase sales to existing customers, the introduction of new solutions and international expansion;
- our ability to adapt to rapid technological change in our industry;
- our dependence on cellular networks;
- competition from industry consolidation;
- market adoption of fleet management solutions;
- automotive market conditions and the evolving nature of the automotive industry towards autonomous vehicles;
- expected changes in our profitability and certain cost or expense items as a percentage of our revenue;
- our dependence on certain key component suppliers and vendors;
- our ability to maintain or enhance our brand recognition;
- our ability to maintain our key personnel or attract, train and retain other highly qualified personnel;
- the impact and evolving nature of laws and regulations relating to the internet and data privacy;

- our ability to protect our intellectual property and proprietary technologies and address any infringement claims;
- significant disruption in service on, or security breaches of, our websites or computer systems;
- dependence on third-party technology and licenses;
- fluctuations in the value of the South African rand and inflation rates in the countries in which we conduct business;
- economic, social, political and other conditions and developments in South Africa and globally; and
- our ability to access the capital markets in the future.

Our Corporate Information

Karooooo Ltd. was incorporated in Singapore on May 19, 2018 as Karooooo Pte. Ltd., a private limited company (Company Registration No. 201817157Z) under the Companies Act (Chapter 50) of Singapore (the “Singapore Companies Act”). On February 22, 2021, we converted Karooooo Pte. Ltd. from a Singapore private limited company to Karooooo Ltd., a Singapore public limited company. Pursuant to the terms of the Corporate Reorganization to be consummated subsequent to the completion of this offering, Karooooo Ltd., as the majority shareholder of Cartrack Holdings Limited, will acquire all of the outstanding ordinary shares held by minority shareholders and, as a result, Cartrack Holdings Limited will become a wholly-owned subsidiary of Karooooo Ltd. See “Corporate Reorganization.”

Our registered office is located at 10 Anson Road, #12-14, International Plaza, Singapore 079903. Our telephone number at this location is +65 6255 4151. Our principal executive office is located at 11 Keyes Avenue, Rosebank, Johannesburg, 2196, South Africa. Our telephone number at this location is +27 11 250 3000. Our principal website is . The information on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be a part of this prospectus or in deciding whether to purchase our ordinary shares.

Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), in the assessment of our internal control over financial reporting;
- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute arrangements.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon (A) the last day of the fiscal year in which we had more than \$1.07 billion in annual revenue, (B) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC, which means the market value of our ordinary shares held by non-affiliates exceeds \$700.0 million as of the prior August 31, or (C) the date on which we have issued more than \$1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. To the extent that we take advantage of these reduced reporting burdens, the information that we provide shareholders may be different than you might obtain from other public companies in which you hold equity interests.

THE OFFERING	
Issuer	Karooooo Ltd.
Selling shareholder	(the “Selling Shareholder”).
Ordinary shares offered by us	ordinary shares.
Ordinary shares offered by the Selling Shareholder	ordinary shares (or ordinary shares if the underwriters exercise in full their option to purchase additional shares).
Offering price range	Between \$ and \$ per ordinary share.
Over-allotment option	The Selling Shareholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. We will not receive any proceeds from the sale of ordinary shares. See “Use of Proceeds.”
Ordinary shares to be outstanding before and after this offering	<p>As of the date of this prospectus, our issued and outstanding share capital consists of ordinary shares.</p> <p>Immediately after the offering (but before giving effect to the ordinary shares issued in connection with the Corporate Reorganization), we will have ordinary shares outstanding (whether or not the underwriters exercise their option to purchase additional shares).</p> <p>In connection with our Corporate Reorganization, and subsequent to the closing of this offering, Karooooo Ltd. expects to issue up to ordinary shares in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.</p>
Voting rights	Our ordinary shares have one vote per share.
Dividend policy	We cannot assure you that we will pay any dividends to holders of our ordinary shares, or as to the amount of any such dividends if our board of directors determines to do so. The board of directors of Cartrack Holdings Limited, our subsidiary, declared and paid an aggregate amount of R104.7 million in dividends to its shareholders for the year ended February 29, 2020. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend on many factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, including restrictive covenants contained in our financing agreements, the ability of our subsidiaries to distribute funds to us and such other factors as our board of directors may deem relevant. See “Dividends and Dividend Policy.”
Lock-up agreements	We have agreed with the underwriters, subject to certain exceptions, not to offer, pledge, sell, or dispose of, directly or

	indirectly, any of our or Cartrack Holdings Limited's ordinary shares or securities convertible into or exchangeable or exercisable for any of our or Cartrack Holdings Limited's ordinary shares during the 180-day period following the date of this prospectus. Members of our board of directors, our executive officers and the Selling Shareholder have agreed to substantially similar lock-up provisions, subject to certain exceptions.
Listing	<p>We have applied to list our ordinary shares on the Nasdaq Global Select Market, or Nasdaq, under the symbol "KARO."</p> <p>The ordinary shares of Cartrack Holdings Limited are currently listed on the Johannesburg Stock Exchange (the "JSE") under the symbol "CTK."</p> <p>In connection with our Corporate Reorganization, Cartrack Holdings Limited is expected to delist from the JSE and we intend to apply for a secondary listing of our ordinary shares on the JSE under the symbol "_____."</p>
Use of proceeds	<p>We estimate that the net proceeds to us from the offering will be approximately \$_____, based on the midpoint of the price range set forth on the cover of this prospectus after deducting estimated underwriting discounts and commissions and expenses of the offering that are payable by us. We intend to use the net proceeds from the offering for general corporate purposes. See "Use of Proceeds."</p> <p>We will not receive any proceeds from the sale of ordinary shares by the Selling Shareholder.</p>
Risk factors	<p>Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 15 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our ordinary shares.</p> <p>Unless otherwise indicated, all information in this prospectus assumes:</p> <ul style="list-style-type: none"> • no exercise by the underwriters of their option to purchase up to _____ additional ordinary shares from the Selling Shareholder to cover over-allotments, if any; • an initial public offering price of \$_____ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and • the consummation, subsequent to the closing of this offering, of the Corporate Reorganization. See "Corporate Reorganization."

SUMMARY FINANCIAL AND OTHER INFORMATION

The following summary financial information should be read in conjunction with the sections entitled “Presentation of Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements of Karooooo Ltd., including the notes thereto, included elsewhere in this prospectus. Our historical consolidated financial statements were prepared to give effect to (i) the common control transaction in which Karooooo Ltd. acquired a controlling stake in Cartrack Holdings Limited and (ii) the conversion of a shareholder loan from our founder and chief executive officer, Isaías (Zak) Jose Calisto, to Karooooo Ltd. into ordinary shares of Karooooo Ltd., which took place on November 18, 2020.

There is currently no specific guidance on accounting for common control transactions under IFRS as issued by the IASB. In the absence of specific guidance Karooooo Ltd. elected to apply the “pooling of interests” method of accounting. Under “pooling of interests” the assets and liabilities of Cartrack Holdings Limited are carried over at their book values with no adjustment made for the acquisition price and prior periods are restated as if the common control transaction had occurred at the beginning of the earliest period presented.

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. The summary consolidated historical financial information presented as at and for the years ended February 29, 2020 and February 28, 2019 has been derived from the audited consolidated financial statements of Karooooo Ltd. included elsewhere in this prospectus. The summary condensed consolidated historical financial information presented for the nine months ended November 30, 2020 and November 30, 2019, and the condensed consolidated balance sheet data as of November 30, 2020, have been derived from our unaudited condensed consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. Our unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of those unaudited condensed consolidated financial statements. Our historical results for any prior period are not necessarily indicative of results expected in any future period, and the results for the nine months ended November 30, 2020 are not necessarily indicative of the results to be expected for the full fiscal year.

	For the nine months ended November 30,			For the year ended February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Consolidated Statement of Profit and Loss:						
Revenue	\$ 108.5	1,674.8	1,431.3	\$ 125.8	1,941.9	1,692.7
Cost of sales	(30.1)	(464.2)	(423.3)	(37.2)	(574.8)	(484.7)
Gross profit	78.4	1,210.6	1,008.0	88.6	1,367.1	1,208.0
Other income	0.1	1.4	2.3	0.1	1.9	6.3
Expected credit losses on financial assets	(3.6)	(56.2)	(40.2)	(3.6)	(54.9)	(45.2)
Operating expenses						
Sales and marketing	(10.6)	(164.2)	(133.8)	(11.5)	(177.9)	(177.4)
General and administration	(24.1)	(371.4)	(334.5)	(29.8)	(460.4)	(443.6)
Research and development	(3.5)	(54.2)	(33.5)	(2.9)	(44.9)	(48.2)
Total operating expenses	(38.2)	(589.8)	(501.8)	(44.2)	(683.2)	(669.2)
Operating profit	36.7	566.0	468.3	40.9	630.9	499.9
Finance income	0.2	3.8	1.6	0.2	2.6	2.7
Finance costs	(0.3)	(4.8)	(14.2)	(1.1)	(16.8)	(31.4)
Profit before taxation	36.6	565.0	455.7	40.0	616.7	471.2
Taxation	(11.0)	(170.1)	(126.3)	(11.2)	(173.2)	(110.2)
Profit for the period	\$ 25.6	394.9	329.4	\$ 28.8	443.5	361.0
Profit attributable to:						
Owners of the parent	\$ 16.8	258.9	214.0	\$ 18.8	289.9	236.9
Non-controlling interest	8.8	136.0	115.4	10.0	153.6	124.1
Earnings Per Share Data of Karoo0000 Ltd.						
Earnings per share (U.S. dollars/Rand)						
Basic	\$ 0.82	12.7	10.5	\$ 0.93	14.3	9.2
Diluted	0.82	12.7	10.5	0.93	14.3	9.2
Weighted average number of shares outstanding (thousands)	20,333	20,333	20,333	20,333	20,333	20,333
Pro Forma Data of Karoo0000 Ltd.⁽²⁾:						
Pro forma earnings per share						
Basic	\$			\$		
Diluted						
Pro forma weighted average number of shares outstanding (thousands)						
<p>(1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.</p> <p>(2) The pro forma weighted average number of shares outstanding has been calculated as if the ownership</p>						

structure resulting from the Corporate Reorganization was in place since March 1, 2019. The Corporate Reorganization will eliminate the non-controlling interest in Cartrack Holdings Limited. Since Cartrack Holdings Limited is already consolidated within the consolidated financial statements of Karoo Ltd., the difference between the purchase price and the carrying value of the non-controlling interest will be reflected within equity. Based on an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and assuming that the Corporate Reorganization had taken place as of March 1, 2019, this would have reduced net assets as at November 30, 2020 by R million. Furthermore if the Corporate Reorganization had taken place on March 1, 2019, all profits for the period would have been attributable to shareholders of the parent.

	As at November 30,			As at February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Consolidated Statement of Financial Position Data:						
Non-current assets	\$ 89.3	1377.8	1184.7	\$ 82.8	1,277.8	1,048.3
Current assets	40.4	624.2	550.3	36.8	567.5	480.8
Total assets	129.7	2,002.0	1735.0	119.6	1,845.3	1,529.1
Non-current liabilities	17.0	262.7	215.1	13.8	213.2	321.2
Current liabilities	35.3	544.6	375.1	26.4	407.0	370.3
Total liabilities	52.3	807.3	590.2	40.2	620.2	691.5
Total equity	\$ 77.4	1,194.7	1,144.8	\$ 79.4	1,225.1	837.6

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

	For the Nine Months Ended November 30,			For the Year Ended February 28/29,		
	2020	2020	2019	2020	2020	2019
	(in U.S.\$ millions, except Subscribers and Free Cash Flow Margin) ⁽¹⁾	(in R millions, except Subscribers and Free Cash Flow Margin)		(in U.S.\$ millions, except Subscribers and Free Cash Flow Margin) ⁽¹⁾	(in R millions, except Subscribers and Free Cash Flow Margin)	
Key Business and Financial Metrics:						
Subscribers (as of end of period) ⁽²⁾	1,246.1	1,246.1	1,088.7	1,126.5	1,126.5	960.8
Subscription Revenue ⁽³⁾	105.9	1,635.0	1,385.1	122.3	1,887.7	1,520.5
Annualized Recurring Revenue (as of end of period) ⁽⁴⁾	153.7	2,372.7	2,020.4	131.0	2,021.9	1,674.5
Profit for the period	25.6	394.9	329.4	28.8	443.5	361.0
Adjusted EBITDA ⁽⁵⁾	55.4	855.3	699.0	60.7	937.5	738.4
Net Cash generated from Operating Activities	46.3	714.2	664.5	58.4	901.2	472.3
Free Cash Flow ⁽⁶⁾	26.6	410.5	360.6	33.2	512.5	50.2
Net Cash Generated from Operating Activities as a percentage of revenue	42.6%	42.6%	46.4%	46.4%	46.4%	27.9%
Free Cash Flow Margin ⁽⁶⁾	24.5%	24.5%	25.2%	26.4%	26.4%	3.0%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of

November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

- (2) We define the number of subscribers at the end of any particular period as the total number of vehicles or other assets using our platform at the end of such period.
- (3) Represents revenue from the sale of subscriptions to our SaaS platform.
- (4) We define ARR as the annual run-rate subscription revenue of subscription agreements from all customers at a point in time, calculated by taking the monthly subscription revenue for all customers during the last month of a period and multiplying by 12.
- (5) We define Adjusted EBITDA as profit less finance income plus finance costs, taxation, depreciation and amortization and corporate expenses of Karooooo Ltd. relating to bank charges, custody fees, legal and professional fees, loan arrangement fees, certain withholding taxes and exchange losses. In addition to our results determined in accordance with IFRS, we believe Adjusted EBITDA, a non-IFRS measure, is useful in evaluating our operating performance. We use Adjusted EBITDA in our operational and financial decision-making and believe Adjusted EBITDA is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate our competitors and to measure profitability. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Investors are encouraged to review the related IFRS financial measure and the reconciliation of this Adjusted EBITDA to profit, its most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business.

	For the Nine Months Ended November 30,		For the Year Ended February 28/29,	
	2020	2019	2020	2019
	(in R thousands)		(in R thousands)	
Profit for the Year	394,864	329,419	443,526	361,048
Less: Finance Income	(3,852)	(1,606)	(2,592)	(2,749)
Add: Finance Costs	4,833	14,238	16,831	31,438
Add: Taxation	170,130	126,329	173,157	110,182
Add: Depreciation and Amortization	289,065	219,990	295,762	238,515
EBITDA	855,040	688,370	926,684	738,434
Add: Corporate ^(A)	301	10,604	10,801	—
Adjusted EBITDA	855,341	698,974	937,485	738,434

(A) We define Corporate as the corporate expenses of Karooooo Ltd. which include bank charges, custody fees, legal and professional fees, loan arrangement fees and exchange losses.

- (6) We define free cash flow as net cash generated from operating activities less purchases of property, plant and equipment. Free cash flow margin is calculated as free cash flow divided by revenue. In addition to our results determined in accordance with IFRS, we believe free cash flow and free cash flow margin, which are non-IFRS measures, are useful in evaluating our operating performance. We believe that free cash flow and free cash flow margin are useful indicators of liquidity and the ability of the company to turn revenues into free cash flow, respectively, that provide information to management and investors about the amount of cash generated from our operations that, after the investments in property and equipment and capitalized internal-use software, can be used for strategic initiatives, including investing in our business, and strengthening our financial position. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information

presented in accordance with IFRS. Investors are encouraged to review the related IFRS financial measure and the reconciliation of free cash flow and free cash flow margin to net cash generated from operating activities and net cash generated from operating activities as a percentage of revenue, their most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business.

	For the Nine Months Ended November 30,		For the Year Ended February 28/29,	
	2020	2019	2020	2019
	(in R thousands, except free cash flow margin)		(in R thousands)	(except free cash flow margin)
Net Cash Generated from Operating Activities	714,234	664,465	901,224	472,258
Less: Purchase of Property, Plant and Equipment	(303,719)	(303,888)	(388,723)	(422,061)
Free Cash Flow	410,515	360,577	512,501	50,197
Net Cash Generated from Operating Activities as a percentage of revenue	42.6%	46.4%	46.4%	27.9%
Less: Purchase of Property, Plant and Equipment as a percentage of revenue	18.1%	21.2%	20.0%	24.9%
Free Cash Flow Margin	24.5%	25.2%	26.4%	3.0%

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this prospectus before making an investment in our ordinary shares. Our business, financial condition or results of operations could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our ordinary shares could decline and you could lose all or part of your investment. Additional risks and uncertainties not currently known to us, or which we currently deem immaterial, may also adversely affect our business, financial condition or results of operations. This prospectus also contains forward-looking statements that involve risks and uncertainties. See “Cautionary Statement Regarding Forward-Looking Statements.” Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this prospectus.

Risks Relating to Our Business and Operations

We may not be able to add new subscribers, which could have a material adverse effect on our ability to grow our business and increase revenue.

We market and sell our mobility data analytics solutions to a wide range of customers, from consumers and sole proprietors to small and medium-sized businesses and large enterprises. To grow our revenue, we must continue to add new customers and subscribers. We intend to increase new subscription sales by increasing penetration in our existing markets and with existing customers, upgrading and enhancing our platform and solutions and by opportunistically entering new markets that represent a potential source of demand. Our success in adding new subscribers may be tied to a number of factors, including demand for our SaaS platform, the rate of new vehicle sales, the success of our sales and marketing campaigns, our ability to generate leads, our relationships with channel partners, price and service competition, general economic conditions and, in the case of our safety and security services, the real and perceived threat of vehicle theft and discounts offered by insurers for risk mitigation.

Selling to consumers or sole proprietors and small business customers may, in some instances, be more difficult than selling to medium-sized businesses and large enterprise customers. Consumers and sole proprietors and small businesses may have higher default rates, are price sensitive, may be difficult to reach with targeted sales campaigns and may have higher churn rates in part because of the scale of their businesses and the ease of switching solutions.

On the other hand, the typical sales cycle for medium-sized businesses and large enterprises may be longer than that of our consumer and sole proprietor and small business customers. These customers may have more complex business, operational, procurement and integration requirements and their scale may result in less favorable contract terms. Our sales cycle runs from lead generation to the installation of the device. Our typical sales cycle for large enterprises ranges from 3 to 24 months. Medium enterprise sales cycles run between 1 to 8 months with small business and sole proprietor sale cycles running between 1 to 90 days. The consumer sales cycle runs between 1 and 60 days. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our solutions, the discretionary nature of purchasing and budget cycles, and the competitive nature of evaluation and purchasing approval processes. It may be difficult for us to predict the timing of when we will enter into subscription contracts with medium-sized businesses and large enterprises and how quickly such contracts can be implemented. This could make the timing of our revenues uncertain and difficult to predict.

We may not be able to retain or drive margin expansion with our existing customers, which could adversely affect our financial results.

We generally sell our SaaS platform pursuant to subscription agreements with an initial minimum term of 36 months. The majority of these agreements provide for automatic renewal on a month-to-month basis thereafter unless the customer elects otherwise. Our customers have no obligation to renew these agreements after the expiration of the initial term or any renewal term. If our efforts to satisfy our existing customers are not successful, we may not be able to retain them or expand our relationship with them and, as a result, our revenue and growth could be materially and adversely affected.

Customers may choose to cancel or not renew their subscriptions for a number of reasons, including the belief that our solutions are not required for their personal or business needs or are otherwise not cost-effective, a desire to reduce discretionary spending, a belief that our competitors' solutions provide better value, or economic downturn in their industries or the geography in which they operate, and customers may not renew their subscriptions when they refresh their fleet with new vehicles. Large enterprise customers may also decrease the number of vehicles covered by subscription contracts if their fleet sizes decrease. Additionally, our customers may cancel or not renew for reasons entirely out of our control, such as the dissolution of their business or personal financial distress.

Part of our growth strategy is to retain customers and drive margin expansion by providing enhanced and additional software solutions to our existing customers while keeping our costs low. Our ability to provide an advanced software platform to existing customers in a cost-effective manner will depend in significant part on our ability to anticipate industry evolution, practices and standards and to continue to enhance our platform and existing software solutions, such as integration with fuel cards, GPS navigation devices, as well as various third-party software and products manufactured by original equipment manufacturers, or OEMs, or partnership with vehicle insurance providers, or to introduce or acquire new software features on a timely basis to keep pace with technological developments both within our industry and in related industries, including integration with developing technologies and platforms such as artificial intelligence ("AI"), machine learning and big data analytics. However, we may prove unsuccessful either in developing new software features or in expanding the third-party software and products with which our SaaS platform integrates, and such third-party software and products may become incompatible or replace our solutions, and such efforts may not be cost-effective. See "— Our platform integrates with third-party technologies and if our platform becomes incompatible with these technologies, our platform would lose functionality and flexibility and our customer acquisition and retention could be adversely affected." In addition, the success of any enhancement or new feature depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or feature. Any new software applications or features we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implements new technologies before we are able to implement them, better anticipates the innovation and integration opportunities in related industries or implements them in a more cost-effective manner, those competitors may be able to provide more effective or less expensive solutions than ours, which may also negatively affect our ability to retain our existing customers and drive margin expansion.

The effects of a pandemic or widespread outbreak of an illness, such as the novel coronavirus (COVID-19) pandemic, could have a material adverse effect on our business, financial condition and results of operations.

The global spread of the COVID-19 pandemic has negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets. The extent to which the COVID-19 pandemic will impact our business will depend on a number of evolving factors, including the duration and spread of the pandemic, actions taken by governmental authorities to restrict certain business operations and social activity, impose travel restrictions or other actions, the impact of the pandemic on economic activity and consumer demand, the ability of our supply chain to deliver in a timely and cost-effective manner, the ability of our employees to operate efficiently and effectively and the continued viability and financial stability of our customers, all of which remain uncertain. In particular, the COVID-19 pandemic could affect our ability to collect payments under our subscription contracts, retain existing customers and increase sales to new customers. Most recently, the COVID-19 pandemic has resulted in limited capacity to install the in-vehicle IoT technology resulting from the various regional lockdown restrictions, and we were unable to deploy recently recruited talent currently stationed in Singapore into the Asia-Pacific region to drive growth. An extended period of global and economic disruption resulting from this pandemic and its effects could have a material adverse effect on our business, financial condition and results of operations. To the extent the COVID-19 pandemic further adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Our inability to adapt to rapid technological change in our industry and related industries could impair our ability to remain competitive and adversely affect our results of operations.

The industry in which we compete, and related industries, are characterized by rapid technological change, frequent introductions of new applications and evolving industry standards. In addition to the

telematics or fleet management industry, we are subject to changes in the automotive software and technology industry with rapid technological advancement to mobile handsets, multi-functional driver terminals, on board cameras, advanced driver-assistance systems (“ADAS”) and workflow management software. As the technology used in each of these industries evolves, we will face new integration and competition challenges. For example, as mobile handsets have evolved to include GPS tracking technology, they have become competitors against our solutions. Additionally, ADAS technology, with embedded artificial intelligence, may have features that are similar to or overlap with our solutions. Furthermore, major gains in fuel efficiency and electronic automobiles may lead to a relative decrease in the demonstrable return on investment of our solutions as perceived by our customers. If we are unable to adapt to rapid technological change, it could have a material adverse effect on our results of operations and our ability to remain competitive.

Our platform integrates with third-party technologies and if our platform becomes incompatible with these technologies, our platform would lose functionality and flexibility and our customer acquisition and retention could be adversely affected.

Our platform integrates with third-party software and devices to allow our platform to perform key functions. For example, we offer integration with work flow software products, such as business intelligence software, enterprise resource planning systems, routing and scheduling and freight management logistics billing systems, among others. Although to date this integration has been accomplished using application programming interfaces (“API”), other open software interfaces and simple physical linkages, we cannot guarantee that this ease of integration will continue or that we will be able to integrate with other products as easily or without additional cost. Newer vehicles and devices may be developed which include different ports and do not allow for our platform to be integrated through simple physical linkages. Errors, viruses or bugs may be present in third-party software that our customers use in conjunction with our platform. Changes to third-party software that our customers use in conjunction with our platform could also render our platform inoperable. Customers may conclude that our software is the cause of these errors, bugs or viruses and terminate their subscriptions. The inability to easily integrate with, or any defects in, any third-party software could result in increased costs, or in delays in software releases or updates to our platform until such issues have been resolved, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and future prospects and could damage our reputation.

Our software solutions rely on cellular (GSM/LTE) and GNSS (including GPS, Glonass, Galileo) or regionally equivalent networks (including QZSS) and any disruption, failure or increase in costs could impede our profitability and harm our financial results.

Two critical links in our current solutions are between telematics devices and GPS or equivalent Global Navigation Satellite Systems (“GNSS”) such as Glonass, Galileo and Quasi-Zenith Satellite System (“QZSS”) and between telematics devices and cellular networks, which allow us to obtain location data and transmit it to our system. Increases in the fees charged by cellular carriers for data transmission or changes in the cellular networks, such as a cellular carrier discontinuing support of the network currently used by our telematics devices, requiring retrofitting of our telematics devices could increase our costs and impact our profitability. We have initiated activities to migrate new installations to the next generation of cellular network compatibility in order to maximize expected useful life of our telematics devices, however, cellular carriers could in the future migrate allotted bandwidth from one network to another. Also, while we have included the ability to store GPS data in our telematics devices in case of temporary cellular network connectivity failure, widespread disruptions or extended failures of the cellular networks would materially and adversely affect our solutions’ functionality and utility and harm our financial results.

GPS-equivalent services like Glonass, Galileo and QZSS are satellite-based positioning systems consisting of a constellation of orbiting satellites. These satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage and it is not certain that the various government agencies will remain committed to the operation and maintenance of such satellites over a long period. In addition, technologies that rely on GPS or Glonass, Galileo and QZSS depend on the use of radio frequency bands and any modification of the permitted uses of these bands may adversely affect the functionality of such satellites and, in turn, our solutions. The GPS satellites and their ground control and monitoring stations are maintained and operated by the U.S. Department of Defense. The Department of Defense does not currently charge users for access to the satellite signals, but we

cannot assure you that they will not do so in the future. It is also possible that that agencies that operate GPS-equivalent services like Glonass, Galileo and QZSS begin to charges users for access. Any such disruption, failure or increase in costs could impede the functionality and/or cost of our solutions which could have a material adverse effect on our financial condition and results of operations.

The 5G market may take longer to materialize than we expect or, if it does materialize rapidly, we may not be able to meet customer expectations and timelines.

Growth of the 5G market and its emerging standards, including the newly defined 5G NR (New Radio) standard, is accelerating. If the market materializes faster than expected, we may have difficulty introducing new solutions in a timely manner to meet customer demands. The 5G market may require us to design hardware that meets certain technical specifications. We may have difficulty meeting such specifications on the timelines expected. 5G markets will develop at different rates and we may encounter challenges to varying degrees in different countries. If are unable to manage challenges related to 5G markets and related opportunities, it could have a material adverse effect on our financial condition and results of operations.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of personnel, office facilities, and the proper functioning of computer, telecommunication and other related systems and operations. We could potentially experience material adverse interruptions to our operations or delivery of services to clients in a disaster recovery scenario.

For example, due to historic levels of relative under-investment in infrastructure, in particular, electricity, the South African government has previously implemented electricity rationing and planned blackouts. Although we have made contingent arrangements for use of generators at our various locations, the lack of a proper supply of electricity could have a material adverse effect on our business, financial condition and results of operations.

Even with our disaster recovery arrangements, our services could be interrupted. Our suppliers and customers are also subject to the risk of catastrophic events. In those events, our ability to deliver our services in a timely manner, as well as the demand for our solutions, may be adversely impacted by factors outside our control. If our systems were to fail or be negatively impacted as a result of a natural disaster, pandemic or other catastrophic event, our ability to deliver our services to our customers would be impaired, our reputation could suffer and we could be subject to contractual penalties.

The market for SaaS fleet management solutions is highly fragmented and competitive. If we do not compete effectively in such markets, our operating results may be harmed.

The market for SaaS fleet management solutions, including tracking and mobility solutions is highly fragmented, consisting of a significant number of vendors, competitive and rapidly changing. Competition in such markets is based primarily on the level of difficulty in installing, using and maintaining solutions, total cost of ownership, product performance, functionality, interoperability, brand and reputation, distribution channels, industries and the financial resources of the vendor. We expect competition in such markets to intensify in the future with the introduction of new technologies and market entrants.

The market for SaaS fleet management solutions is highly competitive. Our growth will depend in part on a combination of the continued growth in the market for these solutions, our ability to increase our market share, and our customers' continued operation in the regions in which we operate. We compete with a number of companies in each of the geographic markets in which we operate, some of which have established sizable market shares in the relevant markets. We expect competition to intensify in the future with the introduction of new technologies, the use of mobile devices and new market entrants from outside the telematics industry, such as enterprise software vendors or large technology companies expanding into the space. As competition intensifies, we expect that price competition for telematics solutions, including SaaS

fleet management solutions, will intensify, which could cause our revenues to decline and have a material adverse effect on our results of operations.

For example, mobile service providers and global software platforms, such as Google, provide limited services at lower prices or at no charge, such as basic GPS based mapping, tracking and turn-by-turn navigation that could be expanded or further developed to more directly compete with our SaaS fleet management solutions. In addition, wireless carriers, such as Verizon, offer SaaS fleet management solutions that benefit from the carrier's scale and cost advantages, which we may be unable to match. Similarly, vehicle OEMs may provide factory embedded or after-market installed devices and effectively compete against us directly or indirectly by partnering with other fleet management service providers. Furthermore, companies such as Google, Amazon and others, have substantially greater financial, technical and marketing resources, relationships with large vendor partners, larger global presence, larger customer bases, longer operating histories, greater brand recognition and more established relationships than we do and may decide to compete in the market for SaaS fleet management and telematics solutions.

Such competition could result in reduced operating margins, increased sales and marketing expenses and the loss of market share, any of which could have a material adverse effect on our results of operations.

Industry consolidation may give our competitors advantages over us, which could result in a loss of customers and/or a reduction in revenue.

Some of our competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to offer more comprehensive services or achieve greater economies of scale. In addition, new entrants not currently considered competitors may enter our market through acquisitions, partnerships or strategic relationships. Many potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical and other resources. Industry consolidation may result in competitors with more compelling service offerings or greater pricing flexibility than we have or business practices that make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology or service functionality. These pressures could result in a loss of subscribers and/or a reduction in revenue.

Failure of businesses to adopt SaaS fleet management solutions could reduce the demand for our platform.

We derive, and expect to continue to derive, substantial revenue from the sale of subscriptions to customers choosing our SaaS platform. Widespread acceptance and usage of SaaS fleet management solutions is critical to our future revenue growth and success. If the market for SaaS fleet management solutions fails to grow, or grows more slowly than we currently anticipate, demand for our solutions would be negatively affected.

The market for SaaS fleet management solutions is subject to changing customer demand and trends in preferences. Some of the potential factors that could affect interest in and demand for fleet management solutions include:

- the effectiveness and reliability of the software platforms;
- fluctuations in fuel and vehicle maintenance costs, which are significant drivers of customer demand for SaaS fleet management solutions;
- assumptions regarding general mobile workforce inefficiency and the extent to which efficiency can be improved through SaaS fleet management solutions;
- the level of governmental and regulatory burden on the fields of transportation and occupational health and safety;
- the price, performance, features, functionality and availability of solutions that compete with ours; and
- our ability to maintain high levels of customer satisfaction.

Failure of businesses to adopt SaaS fleet management solutions could have a material adverse effect on our business, results of operations and financial condition.

Automotive market conditions and the evolving nature of the automotive industry towards autonomous vehicles could adversely affect demand for our solutions.

New vehicle sales may decline for various reasons, including adverse changes in the general economic environment, a reduction in our customers' discretionary spending or an increase in new vehicle tariffs, taxes or gas prices. A decline in vehicle production levels or labor disputes affecting the automobile industry in the markets where we operate may also impact the volume of new vehicle sales. A decline in vehicle production levels or sales of new vehicles in the markets in which we operate could result in a long-term decrease in the overall number of vehicles, and consequently, a decrease in our total addressable market, resulting in reduced demand for our solutions which could have a material adverse effect on our business, results of operations and financial condition.

The automotive industry is also increasingly focused on the development of ADAS technologies, including the utilization of artificial intelligence, with the goal of developing and introducing a commercially viable, fully automated driving experience. There has also been an increase in consumer preferences for mobility on demand ("MoD") services, such as car and ride-sharing, as opposed to automobile ownership, which may result in a long-term reduction in the number of vehicles per capita and sales of new vehicles. A reduction in the number of vehicles per capita and sales of new vehicles could reduce our addressable market for solutions.

The increase in MoD services has also attracted increased competition from entrants outside the traditional automotive industry. If we do not continue to innovate to develop or acquire new and compelling solutions that capitalize upon new technologies in response to OEM and consumer preferences, this could have a material adverse effect on our results of operations.

An increase in factory-fitted or embedded telematics technology in new vehicles in our markets could result in reduced demand for our SaaS platform, which could have a material adverse effect on our revenue.

Certain OEMs have begun embedding technology similar to our own technology in new vehicles prior to their initial sale, resulting in products and services that may overlap with our SaaS platform. This may preclude us from increasing sales to customers purchasing such vehicles. Our inability to market and sell our solutions to new customers or partner with OEMs to embed our solutions into their devices prior to their initial sale could have a material adverse effect on our ability to grow our subscriber base and increase revenue.

Our dependence on various lead generation programs could adversely affect our operating results if we need to pay more for such programs or we are unable to attract new customers at the same rate.

We use a number of lead generation channels to promote our SaaS platform, along with inside sales and field sales teams. Significant increases in the costs of one or more of our lead generation channels would increase our overall lead generation costs or cause us to choose less expensive and perhaps less effective channels. For example, a portion of our potential customers locate our website through search engines and social media platforms, representing one of the most efficient means for generating cost-effective customer leads. If search engine companies modify their search algorithms in a manner that reduces the prominence of our listing, or if our competitors' search engine optimization efforts are more successful than ours, fewer potential customers may click through to our website or lead pages. In addition, the cost of purchased listings has increased in the past and may continue to increase in the future. Additionally, in regions where we are reliant on inside sales and field sales teams, an increase in labor costs may increase our lead generation costs and cost of customer acquisition. As we add to or change the mix of our lead generation strategies, we may need to expand into channels with significantly higher costs than our current channels, which could have a material adverse effect on our cost of subscriber acquisition and results of operations. If we are unable to maintain effective advertising programs, our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially further affecting our results of operations.

If we are unable to successfully convert customer sales leads into customers on a cost-effective basis, our revenue and results of operations would be adversely affected.

We generate substantially all of our revenue from the sale of subscriptions to our SaaS platform. In order to grow, we must continue to efficiently and cost effectively convert customer leads, many of whom

have not previously used SaaS fleet management platforms, into customers. We rely on our inside sales team and our field sales representatives to drive cost-effective conversion of customer leads into customers. To execute our growth plan, we must continue to attract and retain highly qualified inside sales and field sales personnel. We may experience difficulty in hiring, training and retaining highly skilled inside sales and field sales personnel. An inability to convert customer sales leads into customers on a cost-effective basis could have a material adverse effect on our financial condition and results of operations. See “— The loss of one or more of our key management team members or personnel, or our failure to attract, train and retain other highly qualified personnel, could harm our business.”

An actual or perceived reduction in vehicle theft may adversely impact demand for certain of our applications, which could result in a loss of customers and a decline in growth.

Demand for our vehicle tracking and asset recovery solutions is influenced by prevailing or expected vehicle theft rates. Vehicle theft rates may decline as a result of various factors, such as the availability of improved security systems, implementation of improved or more effective law enforcement measures and improved economic or political conditions in markets that have high theft rates. If vehicle theft rates in our markets decline significantly, or if vehicle owners or insurance companies believe that vehicle theft rates have declined or are expected to decline, demand for some of our SaaS platform applications may decline, which could result in a loss of customers and a decline in growth.

We are subject to the risk of defaults by our customers.

Entering into subscription agreements with customers, particularly consumers and sole proprietors whose credit may not be as strong as our large enterprise clients, exposes us to credit risk in the event of customer defaults, and we may not be paid all amounts due under our subscription agreements. In deciding whether to enter into subscription agreements with prospective customers, we may rely on information furnished by or on behalf of them. We may also rely on representations of those prospective customers as to the accuracy and completeness of that information. The inaccuracy of such information or representations affects our ability to accurately evaluate the credit risk of a customer, and an increase in the default rates of our customers could have a material adverse effect on our business, results of operations and financial condition.

We provide minimum service level commitments to certain of our customers, and our failure to meet them could cause us to issue credits for future subscriptions, which could harm our results of operations.

Certain of our subscription agreements currently, and may in the future, provide minimum service level commitments regarding items such as unit and platform uptime, functionality, platform performance or operational turnaround times. If we are unable to meet the stated service level commitments for these subscribers or suffer extended periods of service unavailability, we are or may be contractually obligated to provide these subscribers with credits for future subscriptions, provide services at no cost, which could adversely impact our revenue.

Risks Relating to Our Reliance on Third Parties

The conduct of security officers engaged in stolen vehicle recovery (“SVR”) operations in support of our services from time to time involves the use of force, which could expose the Company to reputational harm or, potentially, civil and/or criminal liability.

We work with local law enforcement authorities and licensed security officers to recover our customers’ stolen vehicles. These recovery teams are armed and undergo training on recovery procedures including confrontation measures and the controlled use of force in response to threats, including being the target of gunfire by car theft suspects.

SVR operations in South Africa, which are provided in connection with our services, are conducted under an arm’s length agreement by a third party service provider, which until August 2020 was 49% owned by Cartrack. On August 31, 2020, we sold our 49% interest in the business to the majority shareholder. Our agreement requires the service provider to comply with local law and our policies and procedures related to SVR operations.

Since March 1, 2018, less than 0.1% of SVR operations conducted on our behalf have resulted in injury or death, including as a result of weapons discharge, with such operations resulting in three fatalities and five other injuries occurring during this time. While in each of these incidents local law enforcement authorities determined that the security personnel engaged in the action acted lawfully and in compliance with our policies and procedures, there can be no assurance that a later determination will not find fault on the part of such security personnel.

In light of the nature of SVR operations, future incidents in which force is required are likely to occur. If the security personnel engaged in such SVR operations are found to be at fault in any similar incident in the future, it could result in civil and/or criminal liability for us, including monetary damages or other penalties. Even if we are not found liable, we could suffer reputational harm if we are negatively associated with such incidents. While we have policies and procedures in place governing the use of force by our service provider, there can be no assurance that these policies and procedures, even if followed, would entirely mitigate any resulting reputational harm or civil and/or criminal liability resulting from any incident.

Our financial results are affected directly by the operating results of our licensees and their employees, over whom we do not have direct control.

Our operations in Botswana, Malawi, Rwanda, Eswatini and Zimbabwe, which are conducted by independent businesses that are licensees pursuant to franchise agreements with us, comprised 0.4% of our revenue in the year ended February 29, 2020 and 0.4% of our revenue in the nine months ended November 30, 2020. Our licensees generate revenue in the form of hardware and subscription revenue billed to customers. Accordingly, our financial results depend in part upon the operational and financial success of our licensees. We may have to terminate licensees due to various reasons, including non-payment. Additionally, if licensees fail to renew their license agreements, or if we decide to restructure license agreements in order to induce licensees to renew these agreements, then our revenues may decrease, and profitability from new licensees may be lower than in the past due to reduced royalties and other incentives we may need to provide.

We rely in part on our licensees and the manner in which they operate their locations to develop and promote our business in Botswana, Malawi, Rwanda, Eswatini and Zimbabwe. Although we have developed criteria to evaluate and screen prospective licensees, we cannot be certain that our licensees will have the business acumen or financial resources necessary to operate successful businesses in their franchise areas and local laws may limit our ability to terminate or modify these franchise agreements. Moreover, despite our training, support and monitoring, licensees may not successfully operate in a manner consistent with our standards and requirements, or may not hire and train qualified personnel. The failure of our licensees to operate their franchises successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective licensees and could materially adversely affect our business, financial condition or results of operations.

Our licensees and their employees could take actions that could harm our business.

Our licensees are independent businesses and the employees who work for our licensees are not our employees, and we do not exercise control over their day-to-day operations. Our licensees may not operate their businesses in a manner consistent with industry standards, or may not attract and retain qualified employees. If licensees were to provide diminished quality of service to customers, engage in fraud, misappropriation, misconduct or negligence or otherwise violate the law, including with respect to any laws relating to sanctions, our brand and reputation may suffer materially and we may become subject to liability claims based upon such actions of our licensees and their employees.

Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the way we manage our relationship with our licensees, our growth strategies or the ordinary course of our business or our licensees' business. Other incidents may arise from events that are or may be beyond our control and may damage our brand, such as actions taken (or not taken) by one or more licensees or their employees relating to health, safety, welfare or other matters; litigation and claims; failure to maintain high ethical and social standards for all of our operations and activities; failure to comply with local laws and regulations; and illegal activity targeted at us or others. Our brand value could diminish significantly if any such incidents

or other matters erode consumer confidence in us, which may result in a decrease in our revenue, which in turn would materially and adversely affect our business, financial condition and results of operations.

We depend on certain key component suppliers and vendors as part of our hardware manufacturing process. An interruption in the supply of components could impair our production capacity and affect hardware manufacturing output adversely affecting distribution.

The manufacturing of our core hardware requires advanced production planning, including the purchasing of specific components and evaluation of component-related design elements. We currently purchase the latest GSM (“Global System for Mobile” communications), including Long-Term Evolution (“LTE”), module components of our hardware, semiconductors and other passive components from certain third-party suppliers, and we also source our cameras from third-party suppliers. In addition, we currently depend principally on certain third-party suppliers to supply and manufacture components of our hardware for our PC boards and to manufacture our GSM, LTE and GNSS components. These modules and many of the other components used in the manufacture of our devices have extended lead times on orders. We do not have contracts or volume commitments in place with our third-party suppliers but instead place purchase orders on a periodic as-needed basis. These suppliers could, among other things, extend delivery times, raise prices and limit supply due to their own shortages and business requirements. While our hardware is designed such that components may be interchanged in case of supply disruptions or unavailability, any interruptions or delays in the supply of components could require us to identify and integrate our manufacturing logistics with an alternate supplier or use a substitute component. If the facilities of one of our contract manufacturers were to suffer a major casualty event, it could take up to three months or longer to replace production capacity. Interruption in the supply of components from our contract manufacturers could impair our production capacity, and further, we may not have recourse against our suppliers through contractual representations, warranties, indemnification provisions or otherwise, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to Our Growth Strategy

We have experienced growth in recent periods. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.

We increased the number of our full-time employees from 2,338 at February 28, 2019 to 2,776 at November 30, 2020. Our subscription revenue increased from R1,521 million for the year ended February 28, 2019 to R1,888 million for the year ended February 29, 2020 and our total subscribers increased from 960,798 at February 28, 2019 to 1,126,515 at February 29, 2020. Our subscription revenue increased from R1,385 million for the nine months ended November 30, 2019 to R1,635 million for the nine months ended November 30, 2020 and our total subscribers increased from 1,088,745 at November 30, 2019 to 1,246,089 at November 30, 2020. Our growth has placed, and may continue to place, a significant pressure on our managerial, administrative, operational, financial and other resources. We intend to further expand our overall business, customer base, headcount and operations. Our global organization and workforce requires substantial management effort to maintain. We will be required to continue to improve our operational and financial controls and reporting procedures and we may not be able to do so effectively. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses in any particular quarter.

We may not effectively execute on our expansion strategy, which may adversely affect our ability to maintain our historical growth and earnings trends.

Cartrack has grown rapidly over the last several years. Companies that grow rapidly can experience significant difficulties as a result of rapid growth. Our primary expansion strategy focuses on organic growth, including increased regional market penetration; however, we may not be able to successfully execute on these aspects of our expansion strategy, which may cause our future growth rate to decline below our recent historical levels, or may prevent us from growing at all.

While we operate in numerous jurisdictions and our software platform and local company websites are designed for ease of localizations, we may find it difficult to localize our local company website and software platform into certain foreign languages, and we may be required to invest significant resources in order to

do so into markets in which we do not yet operate. We may not succeed in these efforts or achieve our customer acquisition or other goals. In some international markets, customer preferences and buying behaviors may be different, and we may use business or pricing models that are different from our traditional subscription model to provide our mobility data analytics solutions to customers in those markets or we may be unsuccessful in implementing the appropriate business model. Our revenue from new foreign markets may not exceed the costs of establishing, marketing, and maintaining our international offerings.

In addition, conducting expanded international operations would subject us to new risks. These risks include:

- localization of our SaaS platform and the specific features and applications, including the addition of foreign languages and adaptation to new local practices and regulatory requirements;
- lack of experience in other geographic markets;
- strong local competitors;
- the cost and burden of complying with, lack of familiarity with, and unexpected changes in, foreign legal and regulatory requirements;
- difficulties in managing and staffing international operations;
- fluctuations in currency exchange rates or restrictions on foreign currency;
- potentially adverse tax consequences, including the complexities of transfer pricing, value-added or other tax systems, double taxation and restrictions and/or taxes on the repatriation of earnings;
- dependence on third parties, including commercial partners with whom we do not have extensive experience;
- increased financial accounting and reporting burdens and complexities;
- political, social, and economic instability, terrorist attacks, pandemics and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

Various other factors, such as economic conditions and competition may impede or restrict the growth of our operations. The success of our strategy also depends on our ability to manage our growth effectively, which in turn depends on a number of factors, including our ability to adapt our credit, operational, technology and governance infrastructure to accommodate expanded operations. Even if we are successful in continuing our growth, such growth may not offer the same levels of potential profitability, and we may not be successful in controlling costs relative to revenue. Accordingly, our inability to maintain growth or to effectively manage growth, could have a material adverse effect on our business, financial condition and results of operations.

Investments into our SaaS platform and technology infrastructure may not yield the desired results.

We have developed a scalable and proprietary SaaS platform to facilitate and integrate our business operations, data gathering analysis and online marketing capabilities and have invested significant capital and time into building and updating our SaaS platform and infrastructure. In order to remain competitive, we expect to continue to make significant investments into our technology. However, there is no guarantee that the capital and resources we have invested or will invest in the future will allow us to develop suitable SaaS platform enhancements or software applications or maintain and expand our SaaS platform and technology infrastructure as intended, which could have a material adverse effect on our ability to compete or require us to purchase expensive software solutions from third-party developers.

If our investments in our SaaS platform and technology infrastructure do not yield the desired results, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to maintain or enhance our brand recognition or reputation, our business could be harmed.

We believe that maintaining and enhancing our brand and our reputation are critical to our relationships with our customers and to our ability to attract new customers. We also believe that our brand and reputation will be increasingly important as competition in our market continues to develop. Our success in this area will depend on a wide range of factors, some of which are beyond our control, including the following:

- the efficacy of our marketing efforts;
- our ability to continue to offer stable, high-quality, innovative and error- and bug-free applications;
- our ability to retain existing customers and attract new customers;
- our ability to maintain high customer service levels and satisfaction;
- our ability to successfully differentiate our applications from those of our competitors;
- actions of competitors and other third parties;
- positive or negative publicity;
- any misuse or perceived misuse of our applications;
- interruptions, delays or attacks on our platform or applications; and
- litigation, legislative or regulatory-related developments.

If our brand promotion activities are not successful, our growth and results of operations may be harmed. Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, our partners or others associated with any of these parties, may tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity may reduce demand for our applications and could have a material adverse effect on our business, financial condition and results of operations. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time consuming, and such efforts may not ultimately be successful.

The loss of one or more of our key management team members or personnel, or our failure to attract, train and retain other highly qualified personnel, could harm our business.

We depend on the continued service and performance of our senior management team, including our founder and Chief Executive Officer, Isaias (Zak) Jose Calisto. In addition, the sales, customer service-driven and research and development focus of our business is vital to our growth plan and the loss of key personnel could disrupt our operations. To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these employees is intense, and we may not be successful in attracting and retaining qualified personnel with appropriate skills. This is particularly the case in Southeast Asia where there is increased competition for qualified personnel with the appropriate language skills. In addition, new hires require significant training and, in most cases, take significant time before they achieve full productivity. Our recent and planned hires may not become as productive as we expect, and we may be unable to hire or retain sufficient numbers of qualified employees. If we fail to attract, hire and train new personnel, or fail to retain, focus and motivate our current personnel, it could have a material adverse effect on our business and growth prospects.

Our corporate culture has contributed to our success, and if we cannot maintain this culture, we could lose the innovation, creativity and teamwork fostered by our culture, which could harm our business.

We believe that our vertically integrated and customer-centric corporate culture has been an important contributor to our success, which we believe fosters innovation, creativity and teamwork among our employees. As we continue to grow, we may have difficulties in maintaining or adapting our culture to sufficiently meet the needs of our future and evolving operations, and we must be able to effectively integrate, develop and motivate a growing number of employees. In addition, our ability to maintain our culture as a listed company in the United States, with the attendant changes in policies, practices, corporate governance and management requirements may be challenging. In addition, our ability to maintain our culture as a public company, with the attendant changes in policies, practices, corporate governance and management requirements may be challenging. Any failure to preserve our culture, particularly if we are unable to

preserve our culture across the various markets in which we operate, could also negatively affect our ability to retain and recruit personnel, maintain our performance or execute on our business strategy, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may expand by acquiring or investing in other companies, which may divert our management's attention, result in dilution to our shareholders, and consume resources that are necessary to sustain our business.

We may in the future acquire complementary platforms, solutions, technologies, or businesses. We also may enter into relationships with other businesses to expand our portfolio of solutions or our ability to provide our solutions in foreign jurisdictions. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to complete these transactions may often be subject to conditions or approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close.

An acquisition, investment, joint venture, alliance or new business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, solutions, personnel, or operations of acquired companies, particularly if the key personnel of the acquired company choose not to work for us, the acquired company's technology is not easily adapted to be compatible with ours, or we have difficulty retaining the customers of any acquired business due to changes in management or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for the development of our business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown liabilities, including litigation against the companies we may acquire. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our shareholders;
- use cash that we may need in the future to operate our business;
- lose key personnel of any acquired business;
- face challenges in successfully integrating, operating and managing acquired businesses and workforce and instilling our culture into new management and staff;
- incur debt on terms unfavorable to us or that we are unable to repay or that may place burdensome restrictions on our operations;
- incur large charges or substantial liabilities; or
- become subject to adverse tax consequences, or substantial depreciation, deferred compensation or other acquisition-related accounting charges.

Any of these risks could harm our business and results of operations.

We have entered, and expect to continue to enter, into collaboration agreements or partnerships and these activities involve risks and uncertainties.

We have entered, and expect to continue to enter, into collaboration agreements with local partners to the extent required pursuant to local laws and regulations in order to penetrate certain geographic regions to effectively grow our business. Entering into collaborations or partnerships involves risks and uncertainties, including the risk that a given partner could fail to satisfy its obligations, which may result in certain liabilities to us for guarantees and other commitments. Further, since we may not exercise control over our current or future partners, we may not be able to require our partners to take the actions that we believe are necessary to implement our business strategy. Additionally, differences in views among partners may result in delayed decision-making or failure to agree on major issues. If any of these difficulties cause any of our partners to deviate from our business strategy, or if this leads any of our collaborations or partnerships to fail to attract the intended customer base, it could have a material adverse effect on our results of operations.

Risks Relating to Our Intellectual Property, Data Privacy and Cybersecurity

Evolving regulation and changes in applicable laws relating to the Internet and data privacy may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition.

The transmission of data over the Internet and cellular networks is a critical component of our SaaS business model. As Internet commerce continues to evolve, increased regulation by federal, state or foreign

agencies becomes more likely, particularly in the areas of data privacy and data security. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the profitability and viability of Internet-based services, which could harm our business.

Our solutions enable us to collect, manage and store a wide range of data related to fleet management, vehicle location and tracking and other telematics services such as fuel usage, engine temperature, speed and mileage and, in the case of our field service application, includes customer information, job data, schedule and invoice information. A valuable component of our solutions is our ability to analyze this data to present the user with actionable business intelligence. We obtain our data from a variety of sources, including our customers and third-party sources or service providers. We cannot assure you that the data we require for our proprietary data sets will be available from these sources in the future or that the cost of such data will not increase. The United States and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Several foreign jurisdictions, including South Africa, Singapore and the European Union, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. Further, such data privacy laws and regulations may be amended in the future. Any failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The current European Union legislation related to data protection is the General Data Protection Regulation (“GDPR”), which came into effect on May 25, 2018. While we appointed a Data Protection Officer to oversee and supervise our compliance with European data protection regulations and have obtained in certain instances data privacy insurance policies and have taken steps to mitigate the risks of GDPR, we cannot provide any assurance that we are in compliance with all aspects of European data protection regulations, including GDPR. Despite our ongoing efforts to bring practices into compliance, we may not be successful either due to various factors within our control, such as limited financial or human resources, or other factors outside of our control. For example, while we seek to enter into data processing agreements with third-parties with whom we share data, or who share data with us, we may be unable to execute agreements with all such third parties. It is also possible that local data protection authorities may have different interpretations of the GDPR, leading to potential inconsistencies amongst various EU member states.

In Singapore, the Personal Data Protection Act 2012, No. 26 of 2012 of Singapore generally requires organizations to give notice and obtain consents prior to collection, use or disclosure of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). The Protection of Personal Information Act, No. 4 of 2013 (the “POPI Act”) was promulgated into law on November 26, 2013 in South Africa and final regulations were published on December 14, 2018. The majority of the POPI Act’s provisions commenced on July 1, 2020. The POPI Act allows a transitional period of one year during which responsible parties (known as “data controllers” in some jurisdictions who are entities which collect and hold certain types of personal information relating to individuals and legal entities, including suppliers, customers and employees) will have the opportunity to put measures in place to comply with the law. The provisions of the POPI Act will apply to each of our South African subsidiaries. We have updated and will continue to evaluate our group data protection and security policies, charters, and procedures to assist in maintaining data privacy and data security in line with international practices. If our privacy or data security measures fail to comply, or are perceived to fail to comply, with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities.

Moreover, if future laws and regulations limit our customers’ ability to use and share this data or our ability to store, process and share data with our clients over the Internet, demand for our solution could decrease, our costs could increase, and our results of operations and financial condition could be harmed. For example, we will have to consider the potential implications of the new privacy law in California, the California Consumer Privacy Act (“CCPA”), which went into effect on January 1, 2020. The CCPA creates new rights for consumers and will be widely applicable to businesses (regardless of location) that collect personal information about California residents. The potential effects of this legislation are far

reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase the volume of and costs associated data breach litigation. The California Attorney General may also bring enforcement actions under the CCPA resulting in financial penalties for violations.

We also run an insurance broking unit that sells short-term insurance policies and selected vehicle warranty and service plans to our customers. This results in us receiving personally identifiable information with the customer's consent. This information is increasingly subject to legislation and regulation. This legislation and regulation is generally intended to protect individual privacy and the privacy and security of personal information. We could be adversely affected if government regulations require us to significantly change our business practices with respect to this type of information or if the insurance providers who use our marketplace violate applicable laws and regulations.

Changes in applicable laws and regulations may materially increase our direct and indirect compliance and other expenses of doing business, having a material adverse effect on our business, financial condition and results of operations. If there were to be changes to statutory or regulatory requirements, we may be unable to comply fully with or maintain all required licenses and approvals. Regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals. If we do not have all requisite licenses and approvals, or do not comply with applicable statutory and regulatory requirements, the regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or monetarily penalize us, which could have a material adverse effect on our business, results of operations and financial condition.

We cannot predict whether any proposed legislation or regulatory changes will be adopted, or what impact, if any, such proposals or, if enacted, such laws could have on our business, results of operations and financial condition. If we fail to comply with applicable laws and regulations, we may be subject to investigations, criminal penalties or civil remedies, including fines, injunctions, loss of an operating license or approval, increased scrutiny or oversight by regulatory authorities, the suspension of individual employees, limitations on engaging in a particular business or redress to customers. The cost of compliance and the consequences of non-compliance could have a material adverse effect on our business, results of operations and financial condition. In addition, a failure to comply with applicable laws and regulations could have a material adverse effect on our business, results of operations and financial condition by exposing us to negative publicity and reputational damage or by harming our customer or employee relationships.

In most jurisdictions, government regulatory authorities have the power to interpret and amend applicable laws and regulations, and have discretion to grant, renew and revoke the various licenses and approvals we need to conduct our activities. Such authorities may require us to incur substantial costs in order to comply with such laws and regulations. Regulatory statutes are broad in scope and subject to differing interpretation. In some areas of our businesses, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from jurisdiction to jurisdiction. In the event those interpretations eventually prove different from the interpretations of regulatory authorities, we may be penalized or precluded from carrying on our previous activities.

Our software platform may contain undetected defects or software errors, which could result in damage to our reputation, market rejection of our products, or adversely affect our business, financial condition and results of operations.

Our continued growth depends in part on the ability of our existing and potential customers to access our solutions and platform capabilities at any time and within an acceptable amount of time. We have experienced, and may in the future experience, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our platform simultaneously, denial of service attacks, or other security-related incidents. We must update our SaaS platform quickly to keep pace with the rapidly changing market including the third-party software and devices with which our solutions integrate, and we have a history of frequently introducing new versions. Our solutions could contain undetected errors or defects, especially when first introduced or when new versions are released that are difficult to detect and correct despite third-party testing. Our solutions, including

software, may not be free from errors or defects, which could result in damage to our reputation or a material adverse effect on our results of operations.

It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our solutions and platform capabilities become more complex and our user traffic increases. If our platform is unavailable or if our users are unable to access our solutions and platform capabilities within a reasonable amount of time or at all, we may experience a loss of customers, lost or delayed market acceptance of our platform and solutions, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, and the diversion of our resources. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations may be adversely affected.

The operation of our hardware is controlled by the firmware loaded on the hardware. We generally provide firmware updates to our customers by “over-the-air” wireless communication of the updated firmware directly to our customers’ telematics devices. If the firmware does not function as expected and prevents the uploading of updated firmware, it would require direct servicing of the installed on-board computer by trained personnel resulting in significant costs. Variations among communications protocols in the markets in which we operate enhance the risk of error in the remote installation of firmware. Although we attempt to manage this risk by introducing firmware updates in stages so that the success of deployment to a small number of telematics devices can be assessed before the installment risk is expanded to a larger customer base, there can be no assurance that we will be successful in detecting firmware operation and integration problems or otherwise in managing our exposure to remediation expense related to the deployment of firmware updates.

Our “over-the-air” transmission of firmware updates could permit a third party to disable our customers’ telematics devices or introduce malware into our customers’ telematics devices, which could expose us to customer claims.

“Over-the-air” transmission of our firmware updates potentially provides the opportunity for a third party to modify or disable our customers’ operating systems or introduce malware into our customers’ operating systems. While no such incidents have occurred to date, there can be no assurance that they will not occur in the future. For example, a third party could attempt to introduce software modifications providing incorrect location data and functionality or the deletion of data. Damage to our customers’ telematics devices as a result of such incidents could only be remedied through direct servicing of their installed telematics devices by trained personnel resulting in significant costs, particularly if the incidents were widespread. Moreover, such incidents could expose us to claims by our customers under various theories of liability, the outcome of which would be uncertain. Third party interference with our over-the-air transmission of firmware or with our customers’ telematics devices during such processes could have a material adverse effect on our business, financial condition and results of operations.

Any significant disruption in service on our SaaS platform or in our computer systems, through cybersecurity breaches, computer viruses or otherwise or disruption of our platform, could damage our reputation and result in a loss of customers, which would harm our business and results of operations.

Our brand, reputation, and ability to attract, retain, and serve our customers are dependent upon the reliable performance of our service and our customers’ ability to access our solutions at all times. Our customers rely on our solutions to make operating decisions related to their fleet, as well as to measure, store and analyze valuable data regarding their businesses. Our solutions are vulnerable to interruption and our data centers are vulnerable to damage or interruption from human error, intentional bad acts, computer viruses or hackers, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could limit our customers’ ability to access our solutions. Prolonged delays or unforeseen difficulties in connection with adding capacity or upgrading our network architecture may cause our service quality to suffer. Any event that significantly disrupts our service or exposes our data to misuse could damage our reputation and harm our business and results of operations, including reducing our revenue, causing us to issue credits to customers, subjecting us to potential liability, harming our churn rates, or increasing our cost of acquiring new customers.

We host our solutions and serve all of our customers from our network servers, which are principally located at third-party data center facilities in South Africa, Singapore, the Netherlands and United Arab Emirates. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation of these facilities. Problems faced by our third-party data centers, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our third-party data center operators could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by our third-party data center operators or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Our disaster recovery systems are located at our third-party hosting facilities. While we are increasing redundancy, our systems have not been tested under actual disaster conditions and may not have sufficient capacity to recover all data and services in the event of an outage. In the event of a disaster in which our disaster recovery systems are irreparably damaged or destroyed, we would experience interruptions in access to our solutions. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, or other performance problems with our solutions could harm our reputation and may damage our data. Interruptions in our services might reduce our revenue, cause us to issue credits or refunds to customers, subject us to potential liability, or harm our customer retention rate. Compliance with the various data protection laws across nations is challenging due to the complex and sometimes contradictory nature of the different regulatory regimes. Because data protection regulations are not uniform among the various nations in which we operate, our ability to transmit consumer information across borders is limited by our ability to comply with conditions and restrictions that vary from country to country. In countries with particularly strict data protection laws, we might not be able to transmit data out of the country at all and may be required to host individual servers in each such country where we collect data.

We have experienced, and may in the future experience, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our solutions and platform capabilities simultaneously, denial of service attacks, or other security-related incidents. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our solutions and platform capabilities become more complex and our user traffic increases. If our solutions and platform capabilities are unavailable or if our users are unable to access our solutions and platform capabilities within a reasonable amount of time or at all, we may experience a loss of customers, lost or delayed market acceptance of our platform and solutions, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, and the diversion of our resources. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations may be adversely affected.

Cybersecurity incidents are increasing in frequency and evolving in nature and include, but are not limited to, installation of malicious software, unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Given the unpredictability of the timing, nature and scope of information technology disruptions, there can be no assurance that the procedures and controls we employ will be sufficient to prevent security breaches from occurring and we could be subject to manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Security or privacy breaches in our electronic transactions or data may expose us to additional liability or result in a loss of customers, either of which events could harm our business.

Use of our solutions involve the storage, transmission and processing of our customers' proprietary data, including potentially personal or identifying information. We may experience data security breaches or unauthorized disclosures of personal, confidential or proprietary information. Any inability on our part to protect the information security of our SaaS platform or the privacy of confidential information could have a material adverse effect on our profitability by exposing us to additional liability, increasing our expenses

relating to resolution of these breaches and deterring users from using our solutions. Further, unauthorized access to, or security breaches of, our solutions could result in the loss, compromise or corruption of data, loss of business, severe reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, significant costs for remediation and other liabilities. For example, under the GDPR, substantial penalties for failure to comply with the regulations can be imposed, including a fine of up to €20 million or up to 4% of the annual worldwide turnover, whichever is greater. We have incurred and expect to incur significant expenses to prevent security breaches and achieve compliance with all applicable laws and regulations including the GDPR, such as deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. Our errors and omissions insurance coverage covering certain security and privacy damages and claim expenses may not be sufficient to compensate for all liabilities we may incur.

In addition, our and our third party vendors' systems, operations and information technology systems are vulnerable to damage or interruption from human error, physical break-ins, unauthorized access, computer hackers, computer viruses, worms, malicious applications, distributed denial of service attacks, spurious spam attacks, intentional acts of vandalism and similar events. We cannot assure you that our current security methods and measures will effectively counter evolving security risks, prevent future slowdowns or disruptions, protect against extraordinary attacks while addressing the security and privacy requirements of existing and future users. Any physical or electronic break-in or other security breach or compromise of the information handled by us or our service provider may jeopardize the security or integrity of information in our computer systems and networks or those of our customers and cause significant interruptions in our and our customers' operations. Although we have developed systems and processes that are designed to protect customer information and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party vendor, such measures cannot provide absolute security. It is also possible that, despite existing safeguards, our personnel could misappropriate our customers' proprietary information or data, exposing us to a risk of loss or litigation and possible liability. Customers and other end-users who rely on our solutions for applications that are integral to their businesses may have a greater sensitivity to security vulnerabilities than customers for software solutions generally. Any such access, breach, or other loss of information could result in legal claims or proceedings, liability under applicable federal or state laws and regulatory penalties. Under certain applicable law, notice of breaches must be made to affected individuals, and for extensive breaches, notice may need to be made to the media or state attorneys general. Such a notice could harm our reputation and our ability to compete. Unauthorized access, loss, or dissemination could also damage our reputation or disrupt our operations, including our ability to conduct our analyses, deliver results, provide customer assistance, conduct research and development activities, collect, process, and prepare company financial information, and manage the administrative aspects of our business. Further, any system failures, slowdowns or disruptions will likely result in unanticipated disruptions in service to our users, decreased levels of user satisfaction and significant negative effects on our reputation, which could have a material adverse effect on our business.

We rely on third-party encryption and authentication technology to provide secure transmission of confidential information over the Internet, including customer bank account numbers. Advances in technological capabilities, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology we use to protect sensitive transaction data. If we are unable to detect and prevent unauthorized use of bank account numbers, our business could suffer. If any such compromise of our security, or the security of our customers, were to occur, it could result in misappropriation of proprietary information or interruptions in operations and have a material adverse effect on our reputation or the reputation of our customers.

Our SaaS platform relies on specific third-party software and any inability to license or use such software from third-parties could render our platform inoperable.

We rely on software and other intellectual property licensed from third parties, including mapping software, business intelligence tools and data from third party vendors such as Google, MapIT, TomTom, Here and Sisense to develop and provide solutions to our customers. In addition, we may need to obtain future licenses from third parties to use software or other intellectual property associated with our solutions.

We cannot assure you that these licenses will be available to us on acceptable terms, without significant price increases or at all. Any loss of the right or inability to obtain the right to use any such software or other intellectual property required for the development and maintenance of our solutions could result in interruptions in the provision of our solutions until equivalent technology is either developed by us, or, if available from others, is identified, obtained, and integrated, which could harm our business.

Our use of open source software may pose particular risks to our proprietary software and systems.

We use open source software in our proprietary software and systems and intend to continue using open source software in the future. The terms of many open source licenses to which we are subject have not been interpreted by Singaporean, South African or U.S. courts or courts of other jurisdictions, and there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. The licenses applicable to our use of open source software may require that source code that is developed using open source software be made available to the public and that any modifications or derivative works to certain open source software continue to be licensed under open source licenses. Moreover, we cannot ensure that we have not incorporated additional open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. In that event, we could be required to seek licenses from third parties in order to continue offering our solutions, to re-develop our solutions, to discontinue sales of our solutions, or to release our proprietary software source code under the terms of an open source license, any of which could have a material adverse effect on our business.

Although we employ open source software license screening measures, if we were to combine our proprietary software products with open source software in a certain manner we could, under certain open source licenses, be required to release the source code of our proprietary software products. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products.

From time to time, there have been claims challenging the rights in open source software against companies that incorporate it into their products. We and our customers may face claims from third parties claiming infringement of their intellectual property rights for what we believe to be permissive open source software, or demanding the release or license of the open source software or derivative works that we developed using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation that could be costly to defend, have a negative effect on our business, financial condition and results of operations, and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in or cease the sale or use of the implicated software unless and until we can re-engineer such software to avoid infringement or change the use of, or remove, the implicated open source software, which could require us to devote additional research and development resources, or take other remedial actions.

In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). Some open source projects have known vulnerabilities and architectural instabilities and are provided on an “as-is” basis which, if not properly addressed, could negatively affect the performance of our product. Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our website, our software platform and systems that rely on open source software.

Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our SaaS platform does not comply with quality standards set forth under our subscription agreements or we breach our obligations under our subscription agreements, our subscribers may assert claims for reduced payments or seek damages from us.

Under our subscription contracts, we typically provide certain representations and warranties to our subscribers, including, among others, that we have not knowingly incorporated any intellectual property which infringes the rights of any third-party, the software being delivered has been developed as per the specifications provided and is free from any patent defects and services will be provided with reasonable care. In case of any breach of these representations and warranties, we would be required to take certain remedial steps, including: modifying the solution, defending our subscribers in any litigation arising from an intellectual property rights infringement claim by a third-party, providing functionally equivalent replacements to the subscribers, rectifying the defect and indemnifying our subscribers for any direct losses arising from such a breach of representations and warranties.

Such steps may involve significant monetary costs and management time. Any inability to predict our performance and measure our productivity would further compound these risks and expose us to additional liabilities. Our subscribers could seek significant compensation from us for the losses they suffer. Although our subscription agreements typically contain provisions designed to limit our exposure to product liability claims, existing or future laws or unfavorable judicial decisions could negate these limitations. Even if not successful, a product liability claim brought against us would likely be time-consuming and costly and could seriously damage our reputation in the marketplace, making it harder for us to sell our solutions.

An assertion by a third party that we are infringing on its intellectual property could subject us to costly and time-consuming litigation or expensive licenses and our business could be harmed.

The industries in which we operate are characterized by the existence of entities, including leading companies, competitors, patent holding companies and non-practicing entities, that hold a large number of patents, copyrights, trademarks and trade secrets. Further, the industries are characterized by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Such entities may assert patent, copyright, trademark or other intellectual property claims against us, our customers and partners, and those from whom we license technology and intellectual property. Much of this litigation involves patent holding companies or other adverse patent owners who have no relevant product revenues of their own. We do not have a patent portfolio of our own and even if we did, a patent portfolio may provide little or no deterrence to such patent holding companies or non-practicing entities.

Legal proceedings involving intellectual property rights are highly uncertain, and can involve complex legal and scientific questions. We cannot assure you that we will prevail in any current or future intellectual property infringement or other litigation given the complex technical issues and inherent uncertainties in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays, or require us to enter into royalty or licensing agreements. Insurance may not cover or be insufficient for any such claim. In addition, we could be obligated to indemnify our customers against third parties' claims of intellectual property infringement based on our solutions. If our solutions violate any third-party intellectual property rights, we could be required to withdraw those solutions from the market, re-develop those solutions or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our solutions, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition and results of operations. Withdrawal of any of our solutions from the market could also harm our business, financial condition and results of operations. Further, we may not have the ability to terminate or amend our supplier contracts in connection with such solutions being withdrawn from the market, nor may we have recourse through representations, warranties, indemnification provisions or otherwise in such supplier contracts.

In addition, we incorporate open source software into our platform. Given the nature of open source software, third parties might assert copyright and other intellectual property infringement claims against us

based on our use of certain open source software programs, particularly in the United States. The terms of many open source licenses to which we are subject have not been interpreted by U.S. courts or courts of other jurisdictions, and there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. In that event, we could be required to seek licenses from third parties in order to continue offering our solutions, to re-develop our solutions, to discontinue sales of our solutions, or to release our proprietary software source code under the terms of an open source license, any of which could have a material adverse effect on our business.

If we are unable to protect our intellectual property and proprietary technologies, our business may be adversely affected.

Our future success and competitive position depend in large part on our ability to protect our intellectual property and proprietary technologies. We rely on a combination of trademark, copyright, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property rights, all of which provide only limited protection and may not currently or in the future provide us with a competitive advantage.

We enter into confidentiality agreements with our employees, independent contractors and other individual advisors and enter into confidentiality agreements with licensees and other third parties, including suppliers and partners. We have not entered into invention assignment agreements with licensees and third parties. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how and trade secrets. Moreover, no assurances can be given that these agreements effectively prevent access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of confidential or proprietary information. Further, these agreements may not provide adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. In addition, others may independently discover our trade secrets or develop similar technologies and processes, and, in either event we would not be able to assert trade secret rights.

We also rely to a limited extent on trademark and copyright law. We have no patents or patent applications. We cannot make any assurances that any future trademark registrations will be issued for pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights. Intellectual property rights protection is territorial in nature and therefore, successfully obtaining intellectual property rights protection in one jurisdiction may not necessarily provide protection in another jurisdiction. For example, while we have obtained certain registered trademarks in South Africa, Namibia, Nigeria and Tanzania, we have not obtained registered trademarks in all of the jurisdictions in which we operate or plan to operate. Accordingly, we rely primarily on common law or unregistered rights in such jurisdictions, which may not provide the same scope of protection as registered trademarks and may be insufficient for our business. In addition, third-parties have filed, and may in the future file, for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names.

We cannot assure you that any patents or trademarks will issue from any future patent or trademark applications, that any patents or trademarks that issue from such applications will give us the protection that we seek, or that any such patents or trademarks will not be challenged, invalidated, or circumvented. Any patents or trademarks that may issue in the future from future patent and trademark applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers.

Even upon intellectual property rights registration, there is no certainty that our intellectual property rights will provide us with substantial protection or commercial benefit. Despite our efforts to protect our intellectual property, some of our innovations may not be protectable, and our intellectual property rights may offer insufficient protection from competition or unauthorized use, lapse or expire, be challenged, narrowed, invalidated, or misappropriated by third-parties, or be deemed unenforceable or abandoned, which, could have a material adverse effect on our business, financial condition, results of operations and prospects and the legal remedies available to us may not adequately compensate us.

We cannot assure you that the steps we take will be adequate to protect our technologies and intellectual property, any patent and trademark applications will lead to issued patents or registered trademarks, others will not develop or patent similar or superior technologies or solutions, or that our trademarks and other intellectual property will not be challenged, invalidated, or circumvented by others. Furthermore, effective patent, trademark, copyright, and trade secret protection may not be available in every country in which our solutions are available or where we have employees or independent contractors. In addition, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights in Internet-related industries are uncertain and still evolving. The steps we have taken and will take may not prevent unauthorized use, reverse engineering, or misappropriation of our technologies and we may not be able to detect any of the foregoing. Defending and enforcing our intellectual property rights may result in litigation, which can be costly and divert management attention and resources. Any such litigation may not be successful even if such rights have been infringed, and an adverse decision could limit the scope of such rights. If our efforts to protect our technologies and intellectual property are inadequate, the value of our intangible assets may be diminished and competitors may be able to replicate our solutions and methods of operations. Any of the foregoing events could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Legal Proceedings

We may incur material losses and costs as a result of lawsuits or claims that may be brought against us which are related to product liability, warranty, product recalls, client service interruptions or other matters, and any litigation against us could be costly and time-consuming to defend and could harm our business, financial condition and results of operations.

We are exposed to product liability and warranty claims in the normal course of business, in the event that our solutions actually or allegedly fail to perform as expected, or the use of our solutions results, or is alleged to result, in bodily injury and/or property damage. Our safety and security services may be disabled or prove to be ineffective as a result of techniques employed by car thieves or the discovery of technological weaknesses by such persons.

Additionally, we provide asset recovery warranty coverage of up to R1.0 million on certain contracts in the event we fail to recover a stolen vehicle. If our recovery rate for stolen vehicles falls, we may be subject to an increased number of claims. We could experience material warranty costs in the future and incur significant costs to defend ourselves against these claims. If there were a systematic failure of any of our solutions, we could suffer significant damage to our reputation and any product liability insurance we maintain might not be sufficient to prevent us from suffering a material economic loss. While we carry insurance and maintain reserves for product liability claims, we have not established a liability reserve under these warranties. Our insurance coverage may be inadequate if such claims do arise, and any defense costs and liability not covered by insurance could have a material adverse impact on our financial condition, results of operations or cash flow. A future claim could involve the imposition of punitive damages, the award of which, pursuant to local laws, may not be covered by insurance. In addition, warranty and certain other claims are not typically covered by insurance. Any product liability or warranty issues may adversely impact our reputation as a manufacturer of high-quality, effective and safe solutions and could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, we have in the past and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our clients or vendors in connection with commercial disputes or employment claims made by our current or former employees. Internal fraud, which may include the stealing and dissemination of client personally identifiable information, may also create significant client distrust and result in litigation against us. Actions taken by security officers involved in SVR operations as part of our services may also result in legal proceedings and claims which could then result in reputational harm to us or criminal and/or civil liability, including monetary damages or other penalties. See “Risk Factors — Risks Relating to Our Reliance on Third Parties — The conduct of security officers engaged in stolen vehicle recovery (“SVR”) operations in support of our services from time to time involves the use of force, which could expose the Company to reputational harm or, potentially, civil and/or criminal liability.”

We are unable to predict the outcome of such legal proceedings. Such proceedings might result in substantial costs, regardless of the outcome, and may divert management's attention and resources, which might seriously harm our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially resulting in a material adverse effect on our business, financial condition, and results of operations.

Risks Relating to Our Operations in South Africa and Other Emerging Markets

We conduct a substantial amount of our business in foreign currencies, which heightens our exposure to the risk of exchange rate fluctuations.

We are subject to fluctuations in foreign exchange rates between the South African rand, our reporting currency, and currencies of other countries where we market our solutions or source our raw components, for example the euro, Mozambican metical, the Singapore dollar and Polish zloty. Such fluctuations may result in significant increases or decreases in our reported revenue and other results as expressed in South African rand, and in the reported value of our assets, liabilities and cash flows. In addition, currency fluctuation may adversely affect receivables, payables, debt, firm commitments and forecast transactions denominated in foreign currencies. In particular, translation risks arise where parts of the cost of sales are not denominated in the same currency of such sales. The U.S. dollar/South African rand exchange rates have historically been volatile and we expect this volatility to continue. Fluctuation in exchange rates, depreciation of local currencies, changes in monetary and/or fiscal policy or inflation in the countries in which we operate could negatively impact the prices at which the ordinary shares trade and have a material adverse effect on our business, financial condition, results of operations and prospects.

Exchange controls may restrict the ability of our subsidiaries to convert or transfer sums in foreign currencies.

Our ability to generate operating cash flows at the holding company level depends on the ability of our subsidiaries, including Cartrack, to upstream funds. In particular, companies operating in South Africa are subject to exchange control limitations. Exchange controls in South Africa are administered by the South African Reserve Bank ("SARB") pursuant to the Exchange Control Regulations, 1961, as amended, which regulates transactions between South African residents and non-residents. While exchange controls have been relaxed in recent years and may continue to be relaxed, South African companies remain subject to restrictions on their ability to export capital outside of the Common Monetary Area, which includes South Africa, Namibia, Lesotho and Eswatini. In addition, as the cash flows of certain countries are highly dependent on the export of certain raw materials, the ability to convert such currencies can be limited by the timing of payments for such exports, which may require us to organize our currency conversions around such constraints. These restrictions may affect the manner in which we finance our transactions outside South Africa and the geographic distribution of our debt.

We can offer no assurance that additional restrictions on currency exchange will not be implemented in the future or that these restrictions will not limit the ability of our subsidiaries to transfer cash to us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The markets in which we operate are exposed to high inflation and interest rates which could increase our operating costs and thereby reduce our profitability.

The economies of countries in which we operate, including South Africa, Mozambique, Tanzania, Kenya and Nigeria in the past have been, and in the future may continue to be, characterized by rates of inflation and interest rates that are substantially higher than those prevailing in the United States and other highly developed economies. High rates of inflation could increase our costs in such regions and decrease our operating margins.

In particular, the inflation rate in South Africa, where we have significant operations, is relatively high compared to developed, industrialized countries. As of November 2020, the annual CPI stood at 3.2% compared to 3.6% in November 2019 and 5.2% in November 2018. Inflation in South Africa generally results in an increase in our operational costs in rand, unless such inflation is accompanied by a concurrent

devaluation of the rand against the dollar. Higher and sustained inflation in the future, with a consequent increase in operational costs could have a material adverse effect on our results of operations and our financial condition and could result in operations being discontinued or reduced or rationalized, which could have a material adverse effect on our business, financial condition and results of operations.

Although higher interest rates would increase the amount of income we earn on our cash balances, they would also adversely affect our ability to obtain cost-effective debt financing in certain countries in which we operate.

The laws and regulations which we are subject to, such as U.S. and other anti-corruption laws, trade controls, economic sanctions and similar laws and regulations in the jurisdictions which we operate, are complex and the regulatory and political regimes under which we operate are volatile. Our failure to comply with the relevant laws and regulations could subject us to civil, criminal and administrative penalties and harm our reputation.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various foreign jurisdictions, including those not specifically related to our industry. These laws and regulations place restrictions on our operations, trade practices, partners and investment decisions. In particular, our operations are subject to U.S. and foreign anti-corruption and trade control laws and regulations, such as the Foreign Corrupt Practices Act (the “FCPA”), export controls and economic sanctions programs, including those administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”). As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption and trade control laws and sanctions regulations.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. It also requires us to keep books and records that accurately and fairly reflect our transactions. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, the United Kingdom Bribery Act (the “Bribery Act”) has been enacted and came into effect on July 1, 2011. The provisions of the Bribery Act extend beyond bribery of foreign public officials and also apply to transactions with individuals not employed by a government. The provisions of the Bribery Act are also more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption.

Economic sanctions programs restrict our business dealings with certain sanctioned countries, persons and entities, such as Zimbabwe, a country in which we conduct business.

Violations of anti-corruption and trade control laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We have established policies and procedures designed to assist our compliance with applicable U.S. and international anti-corruption and trade control laws and regulations, including the FCPA, the Bribery Act and trade controls and sanctions programs administered by OFAC, and have trained our employees to comply with these laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or other associated persons will not take actions in violation of our policies and these laws and regulations, and that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage or provide a defense to any alleged violation. In particular, we may be held liable for the actions that our local strategic partners take inside or outside of the United States, even though our partners may not be subject to these laws. Such a violation, even if our policies prohibit it, could have a material adverse effect on our reputation, business, results of operations and financial condition. Our continued international expansion, including in developing countries, and our development of new partnerships and joint venture relationships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future.

Additionally, our software contains encryption technologies, certain types of which are subject to U.S. and foreign export control regulations and, in some foreign countries, restrictions on importation and/or use. Any failure on our part to comply with encryption or other applicable export control requirements could result in financial penalties or other sanctions under the U.S. export regulations, including restrictions on

future export activities, which could harm our business and results of operations. Regulatory restrictions could impair our access to technologies needed to improve our solutions and may also limit or reduce the demand for our solutions in certain geographic regions.

Furthermore, we currently sell regulated insurance products in South Africa through an authorized Financial Services Provider (“FSP”) that is a wholly owned subsidiary of ours. FSPs are subject to a variety of regulations, including the Financial Advisory and Intermediary Services Act, No. 37 of 2002. We may from time to time face challenges resulting from changes in applicable law and regulations in South Africa, or changes in approach to oversight of our business from insurance or other regulators in South Africa.

Additionally, we have to comply with the South African anti-corruption law, the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, as amended (“PRECCA”). This law prohibits public and private bribery and criminalizes various categories of corrupt activities. PRECCA also contains a reporting obligation to authorities of known or suspected corrupt activities which is triggered when the value of any known or suspected acts of corruption exceeds R100,000. Failure to report said corrupt activities is a criminal offense under PRECCA and imposes significant penalties those convicted of corrupt activities. Regulation 43 of the South African Companies Act No. 71 of 2008 (“South African Companies Act”) also contains a number of anti-corruption compliance obligations that we must adhere to.

Although we have policies and procedures in place to comply with financial crime regulation, these policies and procedures may not prevent all situations of money laundering, bribery, fraud or corruption, including actions by our employees, for which we might be held responsible. Any such event may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Operating in emerging markets, such as South Africa, subjects us to greater political, economic and market risks than those we would face if we only operated in more developed markets, which could increase our operating costs.

For the year ended February 29, 2020, 73% of our revenue was derived from South Africa. For the nine months ended November 30, 2020, 72% of our revenue was derived from South Africa. Emerging markets, including South Africa, are subject to greater risks than more developed markets. The political, economic and market conditions in many emerging markets present risks that could make it more difficult to operate our business successfully. These risks include:

- the strength of emerging market economies;
- fluctuations in interest rates;
- political and economic instability, including higher rates of inflation and currency fluctuations;
- high levels of crime and unemployment;
- higher levels of corruption, including bribery of public officials;
- loss due to civil strife, acts of war or terrorism, guerrilla activities and insurrection;
- a lack of well-developed legal systems which could make it difficult for us to enforce our intellectual property and contractual rights;
- potential adverse changes in laws and regulatory practices, including import and export license requirements and restrictions, tariffs, taxation and other laws or policies affecting foreign trade or investment;
- restrictions on the right to convert or repatriate currency or export assets;
- introduction or changes to indigenization and empowerment programs;
- logistical and communications challenges;
- difficulties in staffing and managing operations and ensuring the safety of our employees;
- greater risk of uncollectible accounts and longer collection cycles; and

- future downgrades of the debt ratings of the countries in which we operate, particularly in South Africa, where the three major rating agencies have all downgraded South Africa's sovereign debt credit rating below investment-grade status;

If we are unable to effectively manage these risks, it could have a material adverse effect on our business, financial condition and results of operations.

We have operations in other African and Asian countries, and governments in Africa and Asia have in the past intervened in the economies of their respective countries and occasionally made significant changes in policy and regulations. Governmental actions have often involved, among other measures, nationalizations and expropriations, price controls, currency devaluations, mandatory increases on wages and employee benefits, capital controls, limits on imports and arbitrary interference with private ownership of contract rights. Our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations, including such factors as exchange rate and exchange control policies, inflation control policies, price control policies, consumer protection policies, import duties and restrictions, liquidity of domestic capital and lending markets, electricity rationing, tax policies, including tax increases and retroactive tax claims, and other political, diplomatic, social and economic developments in or affecting the countries where we operate. In the future, the level of intervention by African and Asian governments may continue to increase. It is difficult to predict the future political, economic and market environment in these countries, and these or other measures could have a material adverse effect on the economy of the countries in which we operate and, consequently, could have a material adverse effect on our business, financial condition and results of operations.

We face the risk of disruption from labor disputes and changes to labor laws, which could result in significant additional operating costs or alter our relationship with our employees.

We are required to comply with extensive labor regulations in each of the countries in which we have employees, including with respect to wages, social security benefits and termination payments. In particular, South African laws relating to labor regulate work time, provide for mandatory compensation in the event of termination of employment for operational reasons, and impose monetary penalties for non-compliance with administrative and reporting requirements in respect of affirmative action policies, could result in significant costs.

Recent amendments to the labor legislation in South Africa have introduced more stringent requirements in relation to the relationship with the employees. For example, under the Labour Relations Amendment Act, No. 66 of 1995 (as amended) (the "LRA"), an employee on a fixed term contract must be permanently employed unless the employer can establish justification for employment on a fixed term basis. The reasons available to an employer for justifying a fixed term contract are limited. Temporary employees are required to be given the same pay and benefits as permanent employees, including pensions and medical insurance coverage. The LRA provides strict penalties for failure to comply with its provisions and in certain instances breach of the legislation amounts to a criminal offense.

Furthermore, the Employment Equity Act, No. 55 of 1998 (as amended) (the "EEA") creates obligations and administrative requirements in respect of non-discrimination and equity in employment matters. Fines of up to 10% of revenue may be imposed in the event of non-compliance with certain provisions of the EEA.

In addition, future changes to South African legislation and regulations relating to labor may increase our costs or alter our relationship with our employees. Resulting disruptions could have a material adverse effect on our business, results of operations and financial condition.

If we do not achieve applicable black economic empowerment objectives in our South African operations, we risk early termination of certain of our subscription contracts and the loss of the corresponding revenue.

The South African government, through the Broad-Based Black Economic Empowerment Act No. 53 of 2003 (as amended), and the codes of good practice and industry charters published pursuant thereto, has established a legislative framework for the promotion of broad-based black economic empowerment, or "B-BBEE". Achievement of specified B-BBEE objectives is measured by a scorecard which establishes a weighting for the various objectives of B-BBEE, which include procuring goods and services from black-owned businesses (or from businesses that have earned good B-BBEE scores) and achieving certain levels of

black South African employment and management participation, which is then translated to an entity's "contributor level". Compliance may affect the ability of a company to secure contracts in the public and private sectors in South Africa. We have four customers which require us to maintain specific/specified B-BBEE contributor levels as measured under the Amended Broad-Based Black Economic Empowerment Information and Communication Technology Sector Code. We currently maintain a level 8 B-BBEE contributor level. Customers with such requirements collectively represented 0.9% of our total revenue for the year ended February 29, 2020, and 1.7% of our total revenue for the nine months ended November 30, 2020.

Failing to achieve or maintain a specified B-BBEE contributor level could affect our ability to maintain existing customers or to sell to large enterprise customers in South Africa, which could have an adverse effect on our business, financial condition and results of operations.

Tax regulations and challenges by tax authorities could have a material adverse effect on us and we may be subject to challenges by tax authorities.

We operate in a number of countries and are therefore regularly examined by and remain subject to numerous tax regulations. Changes in our global mix of earnings could affect our effective tax rate. Furthermore, changes in tax laws could result in higher tax-related expenses and payments. Legislative changes in any of the countries in which our businesses operate could materially impact our tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities. Additionally, the uncertain tax environment in some regions in which our businesses operate may limit our ability to successfully challenge adverse determination by any local tax authorities. Some of our businesses operate in countries with complex tax rules, which may be interpreted in a variety of ways and could affect our effective tax rate. Future interpretations or developments of tax regimes or a higher than anticipated effective tax rate could have a material adverse effect on our tax liability, return on investments and business operations.

In addition, we and our businesses operate in, are incorporated in and are tax residents of, various jurisdictions. The tax authorities in the various jurisdictions in which we and our businesses operate, or are incorporated, may disagree with and challenge our assessments of our transactions, tax position, deductions, exemptions, where we or our subsidiaries or businesses are tax resident, or other matters. If we, or our businesses, are unsuccessful in responding to any such challenge from a tax authority, we, or our businesses, may be required to pay additional taxes, interest, fines or penalties, we, or our businesses, may be subject to taxes for the same business in more than one jurisdiction or may also be subject to higher tax rates, withholding or other taxes. A successful challenge could potentially result in payments to the relevant tax authority of substantial amounts that could have a material adverse effect on our financial condition and results of operations.

Even if we, or our businesses, are successful in responding to challenges by taxing authorities, responding to such challenges may be expensive, consume time and other resources, or divert management's time and focus from our operations or businesses or from the operations of our businesses. Therefore, a challenge as to our, or our businesses, tax position or status or transactions, even if unsuccessful, may have a material adverse effect on our business, financial condition, results of operations or liquidity or the business, financial condition, results of operations or liquidity of our businesses.

A breach of any of the covenants or other provisions contained in our credit facilities could result in an event of default, which could result in amounts outstanding under our credit facilities becoming immediately due and payable as well as foreclosure by our lenders upon our critical assets.

Our term loan facility entered into between the wholly-owned subsidiary of Cartrack Holdings Limited, Cartrack Proprietary Limited, and Rand Merchant Bank contains certain covenants, including without limitation, those limiting our and our guarantor subsidiaries', as applicable, ability to, among other things, incur indebtedness, incur liens, or sell or acquire assets or businesses.

Our obligations under our credit facility agreement with Rand Merchant Bank are secured by one of our significant subsidiaries and are secured by a lien on bank accounts, cash and cash equivalent investments, intellectual property, insurance policies, insurance proceeds and a pledge of the shares of certain of our subsidiaries incorporated in South Africa. A breach of any of these covenants or other provisions of our

credit facilities could result in an event of default, which if not cured or waived, could result in amounts outstanding under our credit facilities becoming immediately due and payable. In the event that some or all of the amounts outstanding under our credit facilities are accelerated and become immediately due and payable, we may not have the funds to repay, or the ability to refinance, such outstanding amounts under our credit facilities, or our lenders could foreclose upon critical assets, which could have a material adverse effect on our business, results of operations and financial condition.

Changes in practices of insurance companies in the markets in which we provide our solutions could have an adverse effect on demand for products and services.

We depend in part on the practices of insurance companies in some of our markets to support demand for our SaaS platform. For example, in South Africa, which is currently our largest market based on new subscriber additions, insurance companies either mandate the installation of tracking devices as a prerequisite for providing insurance coverage to owners of certain vehicles, or provide insurance premium discounts to encourage vehicle owners to subscribe to vehicle tracking and mobile asset recovery solutions such as ours. We benefit from this continued practice in the South African and certain other markets of:

- accepting mobile asset location technologies such as ours as a preferred security product;
- providing premium discounts for using location and recovery products and services such as ours;
- and mandating the use of our products and services, or similar products and services, for certain vehicles.

If any of these policies or practices change, revenues from sale of our solutions could decline, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to Investments in Singapore Companies

We are incorporated in Singapore, and our shareholders may have more difficulty in protecting their interests than they would as shareholders of a corporation incorporated in the United States.

Our corporate affairs are governed by our constitution and by the laws governing companies incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of our board of directors under Singapore law may be different from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interests in connection with actions taken by us, our management, members of our board of directors or our controlling shareholder than they would as shareholders of a corporation incorporated in the United States. For example, controlling shareholders in corporations incorporated in Delaware are subject to fiduciary duties while controlling shareholders in Singapore companies are not subject to such duties.

In addition, only persons who are registered as shareholders in our register of members are recognized under Singapore law as our shareholders. Only registered shareholders have legal standing to institute shareholder actions against us or otherwise seek to enforce their rights as shareholders. Investors in our ordinary shares who are not specifically registered as shareholders in our register of members (for example, where such shareholders hold ordinary shares indirectly through the DTC) are required to be registered as shareholders in our register of members in order to institute or enforce any legal proceedings or claims against us, our directors or our executive officers relating to shareholder rights. The administrative process of becoming a registered shareholder could result in delays prejudicial to any such legal proceeding or enforcement action. See “Description of Share Capital — Comparison of Shareholder Rights” for a discussion of certain differences between Singapore and Delaware corporation law.

It may be difficult for you to enforce any judgment obtained in the United States against us, our directors, officers or our affiliates.

A majority of our directors and officers reside outside the United States. In addition, a majority of our assets and the assets of those persons are located outside the United States. As a result, it may be difficult to enforce in the United States any judgment obtained in the United States against us or any of these persons, including judgments based upon the civil liability provisions of the US securities laws. In addition, in

original actions brought in courts in jurisdictions located outside the United States, it may be difficult for investors to enforce liabilities based upon US securities laws.

There is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters and a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would, therefore, not be automatically enforceable in Singapore. It is not clear whether a Singapore court may impose civil liability on us or our directors and officers who reside in Singapore in an action brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States.

In addition, holders of book-entry interests in the ordinary shares (for example, where such shareholders hold ordinary shares indirectly through the DTC) will be required to be registered shareholders as reflected in our register of members in order to have standing to bring a shareholder action and, if successful, to enforce a foreign judgment against us, our directors or our executive officers in the Singapore courts. Any such enforcement action would be subject to applicable Singapore laws. The administrative process of becoming a registered shareholder could result in delays that could be prejudicial to any legal proceeding or enforcement action. In making a determination as to enforceability of a judgment of a state court or a federal court of the United States, the Singapore courts would have regard to, among others, whether the judgment was final and conclusive, given by a court of law of competent jurisdiction, expressed to be for a fixed sum of money, whether it was procured by fraud, or in breach of principles of natural justice, or whether the enforcement thereof would be contrary to public policy.

Accordingly, there can be no assurance that the Singapore courts would enforce against us, our directors or our officers, judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

Subject to the general authority to allot and issue new ordinary shares provided by our shareholders, the Singapore Companies Act and our constitution, our directors may allot and issue new ordinary shares on terms and conditions and for such purposes as may be determined by our board of directors in its sole discretion. Any issuance of new shares would dilute the percentage ownership of existing shareholders and could adversely impact the market price of our ordinary shares.

Under Singapore law, we may only allot and issue new ordinary shares with the prior approval of our shareholders in a general meeting. Subject to the general authority to allot and issue new ordinary shares provided by our shareholders, the provisions of the Singapore Companies Act, and our constitution, we may allot and issue new ordinary shares on such terms and conditions as our directors may think fit to impose. Such terms and conditions may be adverse to the rights of holders of our ordinary shares. Any additional issuances of new ordinary shares could dilute the percentage ownership of our existing shareholders and may adversely impact the market price of our ordinary shares.

Because new issuances of ordinary shares are subject to shareholder approval, if a sufficient number of shares have not been approved for issuance in any given year, we may be delayed in raising capital through equity offerings or delayed or prevented from consummating an acquisition using our ordinary shares. Assuming shareholders have approved the issuance of new shares, we may seek to raise capital in the future, including to fund acquisitions, future investments and other growth opportunities. We may, for these and other purposes, issue additional ordinary shares or securities convertible into ordinary shares. Any additional issuances of new ordinary shares could dilute the percentage ownership of our existing shareholders and may also adversely impact the market price of our ordinary shares.

We are subject to the laws of Singapore, which differ in certain material respects from the laws of the United States.

As a Singapore-incorporated company, we are required to comply with the laws of Singapore, certain of which are capable of extra-territorial application, as well as our constitution. In particular, we are required to comply with certain provisions of the Securities and Futures Act, Chapter 289 of Singapore, which prohibit certain forms of market conduct and information disclosures, and impose criminal and civil penalties on corporations, directors and officers in respect of any breach of such provisions. In addition, the

Singapore Code on Take-Overs and Mergers, or “Singapore Take-over Code”, which specifies, among other things, certain circumstances in which a general offer is to be made upon a change in control of a Singapore-incorporated public company, and further specifies the manner and price at which voluntary and mandatory general offers are to be made.

The laws of Singapore and of the United States differ in certain significant respects. The rights of our shareholders and the obligations of our directors and officers under Singapore law may be different from those applicable to US corporations, including those incorporated in Delaware, in material respects, and our shareholders may have more difficulty and less clarity in protecting their interests in connection with actions taken by our management, members of our board of directors or our controlling shareholders than would otherwise apply to US corporations, including those incorporated in Delaware. See “Comparison of Shareholder Rights” for a discussion of certain differences between Singapore and Delaware corporation law.

In addition, the application of Singapore law, in particular, the Singapore Companies Act may, in certain circumstances, impose more restrictions on us, our shareholders, directors and officers than would otherwise be applicable to US corporations, including those incorporated in Delaware. For example, the Singapore Companies Act requires a director to act with reasonable degree of diligence in the discharge of the duties of his office and, in certain circumstances, imposes criminal liability for specified contraventions of particular statutory requirements or prohibitions. In addition, pursuant to the provisions of the Singapore Companies Act, shareholders holding 10% or more of the total number of paid-up shares as at the date of the deposit carrying the right of voting at general meetings (disregarding paid-up shares held as treasury shares) may by depositing a requisition, require our directors to convene an extraordinary general meeting. If our directors do not within 21 days after the date of deposit of the requisition proceed to convene a meeting, the requisitioning shareholders, or any of them representing more than 50% of the total voting rights represented of all of them, may themselves, proceed to convene such meeting, and we will be liable for the reasonable expenses incurred by such requisitioning shareholders. We are also required by the Singapore Companies Act to deduct corresponding amounts from fees or other remuneration payable by us to such of the directors as are in default.

Singapore take-over laws contain provisions that may vary from those in other jurisdictions.

The Singapore Take-over Code applies to, among others, corporations with a primary listing of their equity securities in Singapore. While the Singapore Take-over Code is drafted with, among others, listed public companies in mind, unlisted public companies with more than 50 (fifty) shareholders and net tangible assets of S\$5.0 million or more, must also observe the letter and spirit of the general principles and rules of the Singapore Take-Over Code, wherever this is possible and appropriate. Public companies with a primary listing overseas may apply to Securities Industry Council (“SIC”) to waive the application of the Singapore Take-over Code. As at the date of this prospectus, no application has been made to SIC to waive the application of the Singapore Take-over Code in relation to us.

In this regard, the Singapore Take-Over Code contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of us. Under the Singapore Take-Over Code, except with the consent of SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30% or more of our voting shares is required to extend a take-over offer for all remaining voting shares in accordance with the procedural and other requirements under the Singapore Take-Over Code.

Except with the consent of SIC, such a take-over offer is also required to be made if a person holding between 30% and 50% (both inclusive) of our voting shares, either on his own or together with parties acting in concert with him, acquires additional voting shares representing more than 1% of our voting shares in any six-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among shareholders in take-over or merger situations, its provisions could substantially impede the ability of the shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the ordinary shares and the ability to realize any benefit from a potential change of control.

Risks Relating to Our Ordinary Shares and the Offering

We do not know whether a market for our ordinary shares will develop to provide you with adequate liquidity. If our stock price fluctuates after this offering, you could lose a significant part of your investment.

There is no established trading market for our ordinary shares in the United States. We intend to apply to list our ordinary shares on the Nasdaq. The ordinary shares of Cartrack Holdings Limited, our subsidiary, are listed on the JSE under the symbol “CTK.” Cartrack Holdings Limited is expected to delist from the JSE in connection with our Corporate Reorganization and we intend to apply for a secondary listing of our ordinary shares on the JSE.

There is no guarantee that active trading markets will develop. If an active trading market does not develop, you may have difficulty selling any of our ordinary shares that you buy. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the Nasdaq or the JSE, or otherwise or how liquid such markets might become. The initial public offering price for the ordinary shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell our ordinary shares at prices equal to or greater than the price paid by you in this offering. In addition to the risks described above, the market price of our ordinary shares may be influenced by many factors, some of which are beyond our control, including:

- actual or anticipated variations in our operating results;
- the failure of financial analysts to cover our ordinary shares after this offering;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any of these estimates, or changes in the recommendations of any financial analysts that elect to follow our ordinary shares or the shares of our competitors;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships or joint ventures;
- future sales of our shares by us or our shareholders;
- investor perceptions of us and the industry in which we operate;
- general economic, industry or market conditions; and
- the other factors described in this “Risk Factors” section.

In addition, the stock market in general has experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our ordinary shares, regardless of our operating performance. In the past, following periods of volatility in the market price of certain companies’ securities, securities class action litigation has been instituted against these companies. This litigation, if instituted against us, could have a material adverse effect on our business, financial condition and results of operations.

The ordinary shares will be traded on more than one stock exchange and this may result in price variations between the markets.

The ordinary shares will be listed on each of the Nasdaq and the JSE. Trading in the ordinary shares therefore will take place in different currencies (U.S. dollars on the Nasdaq and South African Rand on the JSE), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and South Africa). The trading prices of the ordinary shares on these two markets may differ as a result of these, or other, factors. Any decrease in the price of ordinary shares on either of these markets could cause a decrease in the trading prices of ordinary shares on the other market.

Sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales may occur, could cause the market price of our ordinary shares to decline.

Sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales may occur, could cause the market price of our ordinary shares to decline. This could also impair our

ability to raise additional capital through the sale of our equity securities. Under our authorized share capital, we are authorized to issue up to _____ ordinary shares, of which

_____ ordinary shares will be outstanding following this offering. We, our directors and officers and certain of our shareholders have agreed with the underwriters, subject to certain exceptions, not to offer, sell, or dispose of any shares of our share capital or securities convertible into or exchangeable or exercisable for any shares of our share capital during the 180-day period following the date of this prospectus. Although we have been advised that there is no present intent to do so, certain of the underwriters may, in their sole discretion and without notice, release all or any portion of the ordinary shares from the restrictions in any of the lock-up agreements described above. Sales of ordinary shares by our shareholders could have a material adverse effect on the trading price of our shares. We also intend to enter into a registration rights agreement pursuant to which we will grant demand and piggyback registration rights to our Chief Executive Officer, Isaias (Zak) Jose Calisto. See “Shares Eligible for Future Sale” for a more detailed description of the shares that will be available for future sale upon completion of this offering.

In addition, following the expiration of the lock-up period, certain of our existing shareholders will have the right to demand that we file a registration statement covering the offer and sale of their securities under the Securities Act of 1933, as amended (the “Securities Act”), for as long as each holds unregistered securities. Registration of these shares under the Securities Act would result in the shares becoming freely tradable. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements described in the “Underwriting” section of this prospectus.

Although Cartrack Holdings Limited has paid dividends in the past, our ability to pay dividends in the future depends on many factors and we cannot guarantee you that we will continue to pay dividends in the future.

Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions (including in the agreements governing our credit facilities or other debt instruments), capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, pursuant to the Singapore Companies Act, no dividends may be paid except out of profits. Furthermore, existing and future financing arrangements may contain covenants that impose restrictions on our business and on our ability to pay dividends under certain circumstances.

We cannot provide assurances regarding the amount or timing of dividend payments and may decide not to pay dividends in the future. As a result, you should not rely on an investment in our ordinary shares to provide dividend income and if we do not pay dividends, capital appreciation, if any, of our ordinary shares will be a shareholder’s sole source of gain in the near future. See “Dividends and Dividend Policy.”

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our ordinary shares and our trading volume could decline.

The trading market for our ordinary shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no or too few securities or industry analysts commence coverage of our company, the trading price for our ordinary shares would likely be negatively affected. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our ordinary shares or publish inaccurate or unfavorable research about our business, the price of our ordinary shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our ordinary shares could decrease, which might cause the price of our ordinary shares and trading volume to decline.

Transformation into a public company with securities listed on a stock exchange in the United States may increase our costs and disrupt the regular operations of our business.

This offering will have a significant transformative effect on us. We expect to incur significant additional legal, accounting, reporting and other expenses as a result of having publicly traded ordinary shares in the United States. We will also incur costs which we have not incurred previously, including, but not limited to, costs and expenses for directors’ fees, increased directors and officers insurance, investor relations, and various other costs relating to being a public company registered in the United States.

We also anticipate that we will incur costs associated with United States corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), as well as rules implemented by the SEC, Nasdaq and the JSE. We expect these rules and regulations to increase our legal and financial compliance costs and make some management and corporate governance activities more time-consuming and costly, particularly after we are no longer an “emerging growth company.” These rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. This could have an adverse impact on our ability to recruit and bring on a qualified independent board.

The additional demands associated with being a public company registered in the United States may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue producing activities to management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our businesses. Any of these effects could have a material adverse effect on our business, financial condition and results of operations.

For as long as we are an “emerging growth company” under the recently enacted JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We could be an emerging growth company for up to five years. See “Summary — Implications of Being an Emerging Growth Company.” Furthermore, after the date we are no longer an emerging growth company, our independent registered public accounting firm will only be required to attest to the effectiveness of our internal control over financial reporting depending on our market capitalization. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may still decline to attest to our management’s assessment or may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, in connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. Failure to comply with Section 404 could subject us to regulatory scrutiny and sanctions, impair our ability to raise capital, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect our share price.

As a foreign private issuer and “controlled company” within the meaning of the Nasdaq rules, we are permitted to, and we will, rely on exemptions from certain corporate governance standards. Our reliance on such exemptions may afford less protection to holders of our ordinary shares.

Nasdaq’s corporate governance rules require listed companies to have, among other things, a majority of independent directors and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we will, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the Nasdaq corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, and that certain of our board committees consist entirely of independent directors. Therefore, our board of directors’ approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our company may be more limited than if we were subject to all of the Nasdaq corporate governance standards.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the “controlled company” exemption under the Nasdaq corporate governance rules. A “controlled company” under the Nasdaq corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Following this offering, our controlling shareholder will control a majority of the combined voting power of our outstanding common shares, making us a “controlled company” within the meaning of the Nasdaq corporate governance rules. As a controlled company, we would be eligible to elect not to comply with certain of the Nasdaq corporate governance standards, including

the requirement that a majority of directors on our board of directors are independent directors and that certain of our board committees consist entirely of independent directors. We may utilize some of these exemptions.

Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

We have not yet completed our evaluation of our internal control over financial reporting in compliance with Section 404 of SOX and if we fail, for any reason, to effectively or efficiently implement new internal control procedures for compliance with Section 404 of SOX, such failure could materially and adversely affect our business, results of operations and financial condition.

Following the completion of the offering, we will be required to comply with the internal control evaluation and certification requirements of Section 404 of SOX by the end of our 2022 fiscal year. While we intend to achieve compliance within the time required, we may not be able to meet the Section 404 requirements in a timely manner. If it is determined that we are not in compliance with Section 404, we will be required to implement new internal control procedures and re-evaluate our financial reporting. We may experience higher than anticipated operating expenses as well as outside auditor fees during the implementation of these changes and thereafter. We will need to hire additional qualified personnel in order for us to be compliant with Section 404. During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify weaknesses and deficiencies in our internal control over financial reporting. If we fail, for any reason, to implement these changes effectively or efficiently, such failure could harm our operations, financial reporting or financial results and the trading price of our ordinary shares, expose us to increased risk of fraud or misuse of corporate assets, subject us to regulatory investigations and civil or criminal sanctions and could result in our conclusion that our internal control over financial reporting is not effective.

Insiders will continue to have substantial control over us after this offering and may have interests that are different from the interests of our other shareholders.

Certain of our major shareholders may have interests that are different from, or are in addition to, the interests of our other shareholders. In particular, our Chief Executive Officer and certain of his affiliates, may be deemed to beneficially own approximately % of our issued and outstanding shares after giving effect to this offering and excludes any ordinary shares to be issued pursuant to the Reinvestment. See “Corporate Reorganization.” For so long as such shareholders continue to own a significant percentage of our ordinary shares, they will be able to significantly influence the composition of our board of directors and the approval of actions requiring shareholder approval through their voting power. Additionally, as a consequence of our “staggered” board of directors, as further described in “Management — Board Composition,” only a minority of the board of directors will be considered for election at any annual meeting and such shareholders, because of their ownership position, will have considerable influence regarding the outcome of the election. Accordingly, for such period of time, they will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as such shareholders continue to own a significant percentage of our ordinary shares, they may be able to cause or prevent a change of control of our company and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your ordinary shares as part of a sale of our company and ultimately might affect the market price of our ordinary shares.

We may lose our foreign private issuer status which would then require us to comply with the Exchange Act’s domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (a) more than 50% of our outstanding voting securities must be either directly or indirectly owned of record by non-residents of the United States or (b) if more than 50% of our outstanding voting securities are owned either directly or indirectly owned of record by residents of the United States, (i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. If we lose this status,

we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We would be required under current SEC rules to prepare our financial statements in accordance with GAAP, rather than IFRS, and modify certain of our policies to comply with corporate governance practices associated with U.S. domestic issuers. Such conversion of our financial statements to GAAP would involve significant time and cost. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the costs we will incur as a foreign private issuer.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our ordinary shares less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our ordinary shares less attractive because we will rely on these exemptions. If some investors find our ordinary shares less attractive as a result, there may be a less active trading market for our ordinary shares and our share price may be more volatile.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ordinary shares.

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the value of its assets (generally determined based on the average of the quarterly values of its gross assets) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and gains from the sale or exchange of investment property. Cash is a passive asset for these purposes. Goodwill is generally characterized as an active asset if it is associated with business activities that produce active income.

Based on the current and expected composition of our income and assets and value of our assets, including the estimated value of our goodwill, which is based on the current market price of Cartrack Holdings Limited shares and the expected price of our ordinary shares in this offering, we do not expect to be a PFIC for our current taxable year or in the foreseeable future. However, our PFIC status for any taxable year is an annual determination that can be made only after the end of that year, and will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill, which may be determined in part by reference to the market price of the ordinary shares, which could be volatile). We will hold a substantial amount of cash following this offering and our PFIC status for any taxable year may also depend on how, and how quickly, we use our liquid assets and cash (including cash raised in this offering). Because the value of our goodwill may be determined by reference to our market capitalization, we could become a PFIC for any taxable year if the price of our ordinary shares declines significantly while we hold a substantial amount of cash and financial investments. In addition, the application of the PFIC rules is subject to certain uncertainties and the proper characterization of some of our income and assets is not entirely clear. Accordingly, there can be no assurance that we will not be a PFIC for our current or any future taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer owned ordinary shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and “excess distributions” and additional reporting requirements. See “Tax Considerations — Material U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Rules.”

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements.” Forward-looking statements are based on our beliefs and assumptions and on information currently available to us, and include, without limitation, statements regarding our business, financial condition, strategy, results of operations, certain of our plans, objectives, assumptions, expectations, prospects and beliefs and statements regarding other future events or prospects. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “seek,” “anticipate,” “estimate,” “predict,” “potential,” “assume,” “continue,” “may,” “will,” “should,” “could,” “shall,” “risk” or the negative of these terms or similar expressions that are predictions of or indicate future events and future trends.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, the development of the industry in which we operate and the effect of acquisitions on us are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that may cause our actual results to differ materially from those expressed or implied by the forward-looking statements in this prospectus include, but are not limited to, the risks described under “Risk Factors.” For example, factors that could cause actual results to vary from projected results include, but are not limited to:

- our ability to acquire new customers and retain existing customers;
- our ability to acquire new subscribers and retain existing subscribers;
- the effects of a pandemic or widespread outbreak of an illness, such as the novel coronavirus (COVID-19) pandemic;
- our anticipated growth strategies, including our ability to increase sales to existing customers, the introduction of new solutions and international expansion;
- our ability to adapt to rapid technological change in our industry;
- our dependence on cellular networks;
- competition from industry consolidation;
- market adoption of SaaS fleet management solutions;
- automotive market conditions and the evolving nature of the automotive industry towards autonomous vehicles;
- expected changes in our profitability and certain cost or expense items as a percentage of our revenue;
- our dependence on certain key component suppliers and vendors;
- our ability to maintain or enhance our brand recognition;
- our ability to maintain our key personnel or attract, train and retain other highly qualified personnel;
- the impact and evolving nature of laws and regulations relating to the internet and data privacy;
- our ability to protect our intellectual property and proprietary technologies and address any infringement claims;
- significant disruption in service on, or security breaches of, our websites or computer systems;
- dependence on third-party technology and licenses;

- fluctuations in the value of the South African rand and inflation rates in the countries in which we conduct business;
- economic, social, political and other conditions and developments in South Africa and globally;
- our ability to access the capital markets in the future; and
- other risk factors discussed under “Risk Factors.”

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

USE OF PROCEEDS

We expect to receive total estimated net proceeds of approximately \$, based on the midpoint of the range set forth on the cover page of this prospectus after deducting estimated underwriting discounts and commissions and expenses of the offering that are payable by us. Each \$1.00 increase (decrease) in the public offering price per common share would increase (decrease) our net proceeds, after deducting estimated underwriting discounts and commissions and expenses, by \$.

We intend to use the net proceeds from this offering for general corporate purposes. We will not receive any proceeds from the sale of ordinary shares by the Selling Shareholder.

DIVIDENDS AND DIVIDEND POLICY

Dividends are declared at the discretion of our board of directors and we cannot assure you that we will pay any dividends to holders of our ordinary shares, or as to the amount of any such dividends if our board of directors determines to do so. The board of directors of Cartrack Holdings Limited, our subsidiary, declared and paid an aggregate amount of R104.7 million in dividends to its shareholders for the financial year ended February 29, 2020, and an aggregate amount of R148.5 million in dividends to its shareholders for the financial year ended February 28, 2019.

Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend on many factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, including restrictive covenants contained in our financing agreements, the ability of our subsidiaries to distribute funds to us and such other factors as our board of directors may deem relevant. See “Risk Factors — Although Cartrack Holdings Limited has paid dividends in the past, our ability to pay dividends in the future depends on many factors and we cannot guarantee you that we will continue to pay dividends in the future.”

We may, by ordinary resolution, declare dividends at a general meeting of our shareholders, but no dividend shall be payable except out of our profits, and the amount of any such dividend shall not exceed the amount recommended by our board of directors. Subject to our constitution and in accordance with the Singapore Companies Act, our board of directors may, without the approval of our shareholders, declare and pay interim dividends, but any final dividends the board declares must be approved by an ordinary resolution at a general meeting of our shareholders.

EXCHANGE RATES

The following table shows the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of South African rand for U.S. Dollars (per \$1.00) for the periods and dates indicated. Since exchange rates are determined by the market, there can be no assurance that the exchange rate will be maintained at current levels.

Year	Period-end	Average⁽¹⁾	Low	High
2016	13.700	14.682	13.273	16.885
2017	12.375	13.294	12.300	14.493
2018	14.378	13.226	11.550	15.473
2019	13.973	14.448	13.285	15.415
2020	14.6500	16.5568	14.1220	19.0400
Month	Period-end	Average⁽²⁾	Low	High
September 2020	16.693	16.734	16.223	17.188
October 2020	16.250	16.433	16.100	16.708
November 2020	15.433	15.550	15.218	16.225
December 2020	14.6500	14.8818	14.5300	15.3250
January 2021	15.1375	15.1379	14.7400	15.4863
February 2021 (through February 19, 2021)	14.6250	14.7944	14.5200	15.0500

(1) Represents the average of the exchange rates on the closing of each business day during the year.

(2) Represents the average of the exchange rates on the closing of each business day during the month.

On _____, the exchange rate of South African rand for U.S. Dollars, as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System, was R _____ per \$1.00.

CORPORATE REORGANIZATION

Pursuant to the terms of a corporate reorganization that will be completed in connection with this offering, Karooooo Ltd., as the majority shareholder of Cartrack Holdings Limited, will acquire for cash all of the outstanding ordinary shares held by the minority shareholders of Cartrack Holdings Limited as described below, and, as a result, Cartrack Holdings Limited will become a wholly owned subsidiary of Karooooo Ltd.

The corporate reorganization will be undertaken pursuant to a scheme of arrangement under Section 114(1) (as read with Section 115) of the South African Companies Act (the “Scheme”), whereby Karooooo Ltd. will acquire for cash all of the outstanding ordinary shares of Cartrack Holdings Limited at a price equal to R42.00 per share (the “Scheme Consideration”). The Scheme Consideration will be payable in cash upon the operative date of the Scheme, subject to the Reinvestment (as defined below). Upon the implementation of the Scheme, Cartrack Holdings Limited will be delisted from the JSE. The Scheme was approved by the shareholders of Cartrack Holdings Limited on February 17, 2021, but remains conditional upon, among other things, the Nasdaq approving of the listing of ordinary shares of Karooooo Ltd. on the Nasdaq and the effectiveness of the registration statement of which this prospectus forms a part. Approval for the Corporate Reorganization, to the extent required, has been obtained from the SARB. The Scheme is expected to become effective subsequent to the completion of this offering.

In connection with the Scheme, Karooooo Ltd. will permit the minority shareholders of Cartrack Holdings Limited from whom it purchases shares pursuant to the Scheme to elect to use all or a portion of the cash consideration received to subscribe for one ordinary share in Karooooo Ltd. for every ten shares held by such shareholder in Cartrack Holdings Limited (rounded down to the nearest whole number) at a price per share equal to the Scheme Consideration (the “Reinvestment”). In connection with the Reinvestment, Karooooo expects to issue up to ordinary shares in a transaction exempt from, or not subject to, the registration requirements under the Securities Act, subsequent to the closing of this offering and the effectiveness of the Scheme.

We refer to the corporate reorganization pursuant to which (i) Karooooo Ltd. will acquire for cash all of the outstanding ordinary shares of Cartrack Holdings Limited except for those held by Karooooo Ltd. so that Cartrack Holdings Limited becomes a wholly owned subsidiary of Karooooo Ltd. and (ii) the delisting of Cartrack Holdings Limited from the JSE as our “Corporate Reorganization.” Our business will continue to be conducted through Karooooo Ltd. and its subsidiaries upon the completion of the Corporate Reorganization.

CAPITALIZATION

The table below sets forth our cash and cash equivalents and our capitalization as of November 30, 2020:

- on an actual basis (reflecting the capitalization of Karooooo Ltd.); and
- on an as adjusted basis to reflect the sale by us of _____ ordinary shares in this offering at the assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and our receipt of the estimated net proceeds from this offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with “Selected Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Corporate Reorganization” and our consolidated financial statements, and the related notes thereto, included elsewhere in this prospectus.

	As at November 30, 2020			
	Actual U.S.\$ millions ⁽¹⁾	Actual R millions	As Adjusted U.S.\$ millions ⁽¹⁾	As Adjusted R millions
Cash and cash equivalents	\$ 4.3	66.7	\$	
Liabilities ⁽²⁾ :				
Non-current liabilities	\$17.0	262.7	\$	
Shareholders’ equity:				
Ordinary shares, no par value, issued and outstanding actual, and issued and outstanding as adjusted ⁽³⁾	—	—		
Investment by owner	2.0	30.4		
Foreign currency translation reserve	0.7	11.1		
Retained earnings	52.9	816.7		
Non-controlling interest ⁽⁴⁾	21.8	336.5		
Total shareholders’ equity	77.4	1,194.7		
Total capitalization	\$94.4	1,457.4	\$	

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) This amount does not include the amounts drawn under a loan agreement which we entered into in December 2020 with Orient Victoria Pte. Ltd. pursuant to which Orient Victoria Pte. Ltd. provided us with a loan in an aggregate amount of \$65 million for purposes of facilitating the Corporate Reorganization. The loan bears interest at a rate of 1.25% per annum and has no fixed terms of repayment. As of December 29, 2020, we had outstanding borrowings of \$58.5 million under the loan.
- (3) Ordinary share capital amounts to R10,000, which when rounded is 0.0. As adjusted ordinary shares do not reflect the issuance of up to _____ ordinary shares that we expect to issue in the Reinvestment subsequent to the closing of this offering in connection with the Corporate Reorganization. See “Corporate Reorganization.”
- (4) Non-controlling interest represents the minority shareholding in Cartrack that we expect to purchase in connection with the Corporate Reorganization. See “Corporate Reorganization.”

DILUTION

If you invest in our ordinary shares, your interest will be diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share after this offering.

At November 30, 2020, we had a net tangible book value of R1,013 million (\$ 65.7 million), corresponding to a net tangible book value of R49.84 per share (\$3.22 per share). Net tangible book value represents the amount of our total assets less our total liabilities, excluding goodwill and other intangible assets, divided by the total number of our shares outstanding at November 30, 2020.

After giving effect to the sale by us of the ordinary shares offered by us in the offering and considering an offering price of \$ per common share (the midpoint of the range set forth on the cover of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value estimated at November 30, 2020 would have been \$, representing \$ per share. This represents an immediate increase in net tangible book value of \$ per share to existing shareholders and an immediate dilution in net tangible book value of \$ per share to new investors purchasing ordinary shares in this offering. Dilution for this purpose represents the difference between the price per ordinary shares paid by these purchasers and net tangible book value per common share immediately after the completion of the offering.

Assumed initial public offering price per share	\$
Historical net tangible book value per share at November 30, 2020	\$
Increase in net tangible book value per share attributable to new investors	_____
Pro forma net tangible book value per share after the offering	
Dilution per common share to new investors	\$

Each \$1.00 increase (decrease) in the offering price per common share, respectively, would increase (decrease) the net tangible book value after this offering by \$ per common share and the dilution to investors in the offering by \$ per common share.

The following table summarizes, as of November 30, 2020, the total number of ordinary shares purchased from us, the total cash consideration paid to us, and the average price per share paid by existing owners and by investors in this offering. The table below reflects an assumed initial public offering price of \$ per share (the midpoint of the range set forth on the cover page of this prospectus), for ordinary shares purchased in this offering and excludes underwriting discounts and commissions and estimated offering expenses payable by us.

(in thousands, except percentages and per share amounts)	Ordinary Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Pre-IPO owners		%	\$	%	\$
Investors in this offering		%	\$	%	\$
Total		%	\$	%	\$

Each \$1.00 increase (decrease) in the offering price per common share, respectively, would increase (decrease) total consideration paid by investors in this offering and total consideration paid by all shareholders by \$ million.

The dilution information above is for illustrative purposes only. Our as adjusted net tangible book value following the consummation of this offering is subject to adjustment based on the actual initial public offering price of our ordinary shares, other terms of this offering determined at pricing and the issuance of up to ordinary shares that we expect to issue in the Reinvestment subsequent to the closing of this offering in connection with our Corporate Reorganization. See “Corporate Reorganization.”

SELECTED FINANCIAL AND OTHER INFORMATION

The following selected financial information should be read in conjunction with the sections entitled “Presentation of Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements of Karooooo Ltd., including the notes thereto, included elsewhere in this prospectus. Our historical consolidated financial statements were prepared to give effect to (i) the common control transaction in which Karooooo Ltd. acquired a controlling stake in Cartrack Holdings Limited and (ii) the conversion of a shareholder loan from our founder and chief executive officer, Isaías (Zak) Jose Calisto, to Karooooo Ltd. into ordinary shares of Karooooo Ltd., which took place on November 18, 2020.

There is currently no specific guidance on accounting for common control transactions under IFRS as issued by the IASB. In the absence of specific guidance Karooooo Ltd. elected to apply the “pooling of interests” method of accounting. Under “pooling of interests” the assets and liabilities of Cartrack Holdings Limited are carried over at their book values with no adjustment made for the acquisition price and prior periods are restated as if the common control transaction had occurred at the beginning of the earliest period presented. We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. The summary consolidated historical financial information presented as at and for the years ended February 29, 2020 and February 28, 2019 has been derived from the audited consolidated financial statements of Karooooo Ltd. included elsewhere in this prospectus. The summary condensed consolidated statement of profit and loss for the nine months ended November 30, 2020 and November 30, 2019, and the condensed consolidated statement of financial position data as of November 30, 2020, have been derived from our unaudited condensed consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. Our unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of those unaudited condensed consolidated financial statements. Our historical results for any prior period are not necessarily indicative of results expected in any future period, and the results for the nine months ended November 30, 2020 are not necessarily indicative of the results to be expected for the full year.

	For the nine months ended November 30,			For the year ended February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Consolidated Statement of Profit and Loss:						
Revenue	\$108.5	1,674.8	1,431.3	\$125.8	1,941.9	1,692.7
Cost of sales	(30.1)	(464.2)	(423.3)	(37.2)	(574.8)	(484.7)
Gross profit	78.4	1,210.6	1,008.0	88.6	1,367.1	1,208.0
Other income	0.1	1.4	2.3	0.1	1.9	6.3
Expected credit losses on financial assets	(3.6)	(56.2)	(40.2)	(3.6)	(54.9)	(45.2)
Operating expenses						
Sales and marketing	(10.6)	(164.2)	(133.8)	(11.5)	(177.9)	(177.4)
General and administration	(24.1)	(371.4)	(334.5)	(29.8)	(460.4)	(443.6)
Research and development	(3.5)	(54.2)	(33.5)	(2.9)	(44.9)	(48.2)
Total operating expenses	(38.2)	(589.8)	(501.8)	(44.2)	(683.2)	(669.2)
Operating profit	36.7	566.0	468.3	40.9	630.9	499.9
Finance income	0.2	3.8	1.6	0.2	2.6	2.7
Finance costs	(0.3)	(4.8)	(14.2)	(1.1)	(16.8)	(31.4)
Profit before taxation	36.6	565.0	455.7	40.0	616.7	471.2
Taxation	(11.0)	(170.1)	(126.3)	(11.2)	(173.2)	(110.2)
Profit for the period	<u>\$ 25.6</u>	<u>394.9</u>	<u>329.4</u>	<u>\$ 28.8</u>	<u>443.5</u>	<u>361.0</u>

	For the nine months ended November 30,			For the year ended February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Profit attributable to:						
Owners of the parent	\$ 16.8	258.9	214.0	\$ 18.8	289.9	236.9
Non-controlling interest	8.8	136.0	115.4	10.0	153.6	124.1
Earnings Per Share Data of Karooooo Ltd.						
Earnings per share (U.S. dollars/Rand)						
Basic	0.82	12.7	10.5	0.93	14.3	9.2
Diluted	0.82	12.7	10.5	0.93	14.3	9.2
Weighted average number of shares outstanding (thousands)	20,333	20,333	20,333	20,333	20,333	20,333
Pro Forma Data of Karooooo Ltd. (2):						
Pro forma earnings per share						
Basic						
Diluted						
Pro forma weighted average number of shares outstanding (thousands)						

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.
- (2) The pro forma weighted average number of shares outstanding has been calculated as if the ownership structure resulting from the Corporate Reorganization was in place since inception, assuming the issuance of ordinary shares in connection with the Reinvestment. The Corporate Reorganization will eliminate the non-controlling interest in Cartrack Holdings Limited. Since Cartrack Holdings Limited is already consolidated within the consolidated financial statements of Karooooo Ltd., the difference between the purchase price and the carrying value of the non-controlling interest will be reflected within equity. Based on an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and assuming that the Corporate Reorganization had taken place as of March 1, 2019, this would have reduced net assets by R million. Furthermore if the Corporate Reorganization had taken place on March 1, 2019, all profits for the period would have been attributable to shareholders of the parent.

	As of November 30,			As of February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Consolidated Statement of Financial Position Data:						
Non-current assets	\$ 89.3	1,377.8	1,184.7	\$ 82.8	1,277.8	1,048.3
Current assets	40.4	624.2	550.3	36.8	567.5	480.8
Total assets	129.7	2,002.0	1,735.0	119.6	1,845.3	1,529.1

	As of November 30,			As of February 29 or 28,		
	2020	2020	2019	2020	2020	2019
	U.S.\$ millions ⁽¹⁾	R millions	R millions	U.S.\$ millions ⁽¹⁾	R millions	R millions
Non-current liabilities	17.0	262.7	215.1	13.8	213.2	321.2
Current liabilities	35.3	544.6	375.1	26.4	407.0	370.3
Total liabilities	52.3	807.3	590.2	40.2	620.2	691.5
Total equity	77.4	1,194.7	1,144.8	79.4	1,225.1	837.6

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

	For the nine months ended November 30,			For the Year Ended February 28/29,		
	2020	2020	2019	2020	2020	2019
	(in U.S.\$ millions, except Subscribers in thousands and Free Cash Flow Margin in percentage) ⁽¹⁾	(in R millions, except Subscribers in thousands and Free Cash Flow Margin in percentage)		(in U.S.\$ millions, except Subscribers in thousands and Free Cash Flow Margin in percentage) ⁽¹⁾	(in R millions, except Subscribers in thousands and Free Cash Flow Margin in percentage)	
Key Business and Financial Metrics:						
Subscribers (as of end of period) ⁽²⁾	1,246.1	1,246.1	1,088.7	1,126.5	1,126.5	960.8
Subscription Revenue ⁽³⁾	105.9	1,635.0	1,385.1	122.3	1,887.7	1,520.5
Annualized Recurring Revenue (as of end of period) ⁽⁴⁾	153.7	2,372.7	2,020.4	131.0	2,021.9	1,674.5
Profit for the period	25.6	394.9	329.4	28.8	443.5	361.0
Adjusted EBITDA ⁽⁵⁾	55.4	855.3	688.4	60.7	937.5	738.4
Net Cash generated from Operating Activities	46.3	714.2	699.0	58.4	901.2	472.3
Free Cash Flow ⁽⁶⁾	26.6	410.5	360.6	33.2	512.5	50.2
Net Cash Generated from Operating Activities as a percentage of revenue	42.6%	42.6%	46.4%	46.4%	46.4%	27.9%
Free Cash Flow Margin ⁽⁶⁾	24.5%	24.5%	25.2%	26.4%	26.4%	3.0%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) We define the number of subscribers at the end of any particular period as the total number of vehicles or other assets using our platform at the end of such period.
- (3) Represents revenue from the sale of subscriptions to our SaaS platform.
- (4) We define ARR as the annual run-rate subscription revenue of subscription agreements from all customers at a point in time, calculated by taking the monthly subscription revenue for all customers during that month and multiplying by 12.

- (5) We define Adjusted EBITDA as profit less finance income plus finance costs, taxation, depreciation and amortization and corporate expenses of Karooooo Ltd. relating to bank charges, custody fees, legal and professional fees, loan arrangement fees, certain withholding taxes and exchange losses. In addition to our results determined in accordance with IFRS, we believe Adjusted EBITDA, a non-IFRS measure, is useful in evaluating our operating performance. We use Adjusted EBITDA in our operational and financial decision-making and believe Adjusted EBITDA is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate our competitors and to measure profitability. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Investors are encouraged to review the related IFRS financial measure and the reconciliation of Adjusted EBITDA to profit, its most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business. See “Summary Financial and Other Information” for a reconciliation of profit, the most directly comparable IFRS financial measure, to Adjusted EBITDA.
- (6) We define free cash flow as net cash generated from operating activities less purchases of property, plant and equipment. Free cash flow margin is calculated as free cash flow divided by revenue. In addition to our results determined in accordance with IFRS, we believe free cash flow and free cash flow margin, which are non-IFRS measures, are useful in evaluating our operating performance. We believe that free cash flow and free cash flow margin are useful indicators of liquidity and the ability of the company to turn revenues into free cash flow, respectively, that provide information to management and investors about the amount of cash generated from our operations that, after the investments in property and equipment and capitalized internal-use software, can be used for strategic initiatives, including investing in our business, and strengthening our financial position. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Investors are encouraged to review the related IFRS financial measure and the reconciliation of free cash flow and free cash flow margin to net cash generated operating activities and net cash generated from operating activities as a percentage of revenue, their most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business. See “Summary Financial and Other Information” for a reconciliation of net cash generated from operating activities, the most directly comparable IFRS financial measure, to free cash flow.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes thereto, included elsewhere in this prospectus, as well as the information presented under "Presentation of Financial Information" and "Selected Financial and Other Information." The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed elsewhere in this prospectus. See "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Overview

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

We offer a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. Our software-as-a-service ("SaaS") platform provides our customers with differentiated insights and analytics to optimize their business and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regulatory compliance and manage risk. Our business is vertically integrated, which affords us complete autonomy with regards to the development of the capabilities and features that differentiate our applications as well as the speed of our innovation. Since we own and control every aspect of our smart device design, platform innovation and software application development, client acquisition and onboarding, customer service and the management of our back-end support, we are able to move quickly without any significant third-party dependencies and inefficiencies.

We serve customers in 23 countries across five continents, supporting more than 1.3 million subscribers as of January 31, 2021 and our highly scalable platform serves large multinational enterprises and individual consumers alike, enabling us to address a large, growing and underpenetrated global market.

Since our founding, Cartrack has gained vast expertise and enhanced our business in the following areas:

- Developing new software applications such as fleet management, mobile asset accounting, workforce management, and insurance solutions;
- Developing capabilities in data management at scale as well as a broad range of communication technologies and protocols;
- Expanding our sales and marketing focus to include commercial fleets of all sizes; and
- Expanding our geographic footprint to meet the needs of our customers who are increasingly global with larger, more complex fleets and requirements.

Our single user interface and fully integrated cloud-based platform runs on internally developed and cost-effective smart IoT devices, enabling us to deliver a unified and comprehensive service to our customers while maintaining control of our cost structure. Our discreet, sophisticated smart devices stream data to the platform, facilitating informed decisions about optimal asset efficiency and productivity, including live tracking and location of assets. Customers utilize the platform through an easily accessible web-based portal or mobile application, which is designed to be easy to deploy across customers' entire mobile asset fleets. Our devices can be installed in a range of mobile assets independent of asset procurement, allowing our customers to integrate our solutions in existing or new vehicles. Our platform includes a wide range of reliable services to effectively serve the needs of a geographically diverse range of clients. Where appropriate, partnerships with third party technology providers are established to create incremental value to customers in the markets we serve.

We believe that maintaining strong financial discipline and prudent investment of capital provides a strong foundation for growth. For the nine months ended November 30, 2020, we grew our subscriber base by an additional 157,344 subscribers to 1,246,089 as of November 30, 2020 despite the effects of the

COVID-19 pandemic. During the year ended February 29, 2020, we reached the milestone of one million subscribers, growing our subscriber base by 165,717 subscribers to 1,126,515 subscribers as of February 29, 2020. Our business has experienced rapid growth, strong profitability, and capital efficiency in recent years. For the year ended February 29, 2020, we generated subscription revenues of R1,888 million 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, we generated subscription revenues of R1,635 million compared to subscription revenues of R1,385 million for the nine months ended November 30, 2019, reflecting period-over-period growth of 18%, with subscription revenue representing 98% of total revenue.

Our 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%. Our operating profit for the year 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 our Adjusted EBITDA for the year 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%. Our 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%. Our operating profit for the period 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 our Adjusted EBITDA for the period 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, we believe strong net cash generated from operating activities is an important factor in supporting our robust business model and indicates our 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, we generated net cash generated from operating activities of 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.

Factors Affecting Our Results of Operations

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this prospectus titled “Risk Factors.”

Subscriber Growth

We derive substantially all of our revenue from the sale of subscriptions to our SaaS platform. For the year ended February 29, 2020, subscription revenue accounted for 97% of our total revenue compared to 90% for the year ended February 28, 2019. For the nine months ended November 30, 2020, subscription revenue accounted for 98% of our total revenue compared to 97% for the nine months ended November 30, 2019. We are focused on growing our subscription revenue by acquiring subscriptions with new customers and retaining and expanding subscriptions with existing customers, and we seek to utilize innovative feature enhancements on our SaaS platform and value-added services as part of our customer acquisition and retention strategy.

We measure our success at growing our subscriber base by measuring our net subscriber growth. We calculate net subscriber growth as the difference between gross subscriber additions and gross subscriber churn over a given period. For the year ended February 29, 2020, our gross subscriber additions were 342,238 and net subscriber growth was 165,717 compared to gross subscriber additions of 325,426 and net subscriber growth of 209,418 for the year ended February 28, 2019. We were able to achieve robust net subscriber growth despite making a strategic decision to focus on cost efficiencies for the year ended February 29, 2020, as compared to the year ended February 28, 2019, during which we significantly increased operating expenditures related to sales and marketing. For the nine months ended November 30, 2020, our gross subscriber additions were 257,070 and net subscriber growth was 157,344 compared to gross subscriber

additions of 260,335 and net subscriber growth of 169,704 for the nine months ended November 30, 2019. For the nine months ended November 30, 2020, we were able to deliver double digit period over period sales growth despite the impact of the COVID-19 pandemic, as compared to the nine months ended November 30, 2019 primarily due to the success of our e-commerce marketing and direct marketing sales efforts.

We believe an increase in the number of subscribers is an indicator of our ability to penetrate a market, our future growth opportunities in that market, our ability to acquire new customers and our ability to retain subscribers as well as to add subscribers to existing customers.

We rely on our proprietary internal systems and processes as well as our own sales teams to drive subscriber growth in order to minimize third-party risks in acquiring subscribers.

We offer our SaaS platform to a broad range of customers seeking a variety of mobility solutions. Neither our ability to acquire nor retain subscribers is dependent on any specific industry, and we have not historically been materially exposed or vulnerable to cyclical or niche business sectors. Moreover, as a result of this industry agnostic approach and our generally consistent ARPU in each region, our subscriber mix has not materially affected our results of operations. We do, however, monitor our subscriber mix to ensure that our sales and marketing efforts continue to be effective and evaluate exposure to customer concentration or other material risks in our subscriber base.

We divide our subscriber base into the following five categories: (i) consumers and sole proprietors, (ii) small businesses, (iii) medium-sized businesses, (iv) large enterprises and (v) other connected devices. We define consumers and sole proprietors as individuals and business owners whose vehicles are used for personal and/or business use; these customers typically have between one to five vehicles under subscription. We define small businesses as commercial customers with up to 24 vehicle subscriptions. We define medium-sized businesses as fleets with between 25 and 99 vehicle subscriptions and large enterprises as having fleets with 100 or more vehicle subscriptions. Other connected devices are smart IoT devices or mobile handsets that connect to our platform making use of various applications.

For the year ended February 29, 2020, 1,067,282 of our subscribers had connected vehicles and 59,233 had other connected devices, which are smart IoT devices or mobile handsets that connect to our platform making use of various applications, compared to 905,028 and 55,770 respectively, for the year ended February 28, 2019. For the nine months ended November 30, 2020, 1,188,449 of our subscribers had connected vehicles and 57,640 had other connected devices, compared to 1,028,325 and 60,420 respectively, for the nine months ended November 30, 2019.

We also monitor the number of subscribers who have access to the majority of our SaaS platform applications and the number of subscribers who choose to only access our safety and asset tracking applications. For the year ended February 29, 2020, 77% of our total subscribers had access to the majority of our SaaS platform applications and 23% had access only to our safety and asset tracking applications compared to 71% and 29%, respectively, for the year ended February 28, 2019. For the nine months ended November 30, 2020, 77% of our total subscribers had access to the majority of our SaaS platform applications and 23% had access only to our safety and asset tracking applications compared to 76% and 24%, respectively, for the nine months ended November 30, 2019.

As of February 29, 2020, we had 485,843 consumers and sole proprietor customers, 61,754 small business customers, 2,189 medium-sized business customers and 409 large enterprise customers, compared to 397,227 consumers and sole proprietor customers, 54,368 small business customers, 1,787 medium-sized business customers and 341 large enterprise customers, as of February 28, 2019. As of November 30, 2020, we had 553,255 consumers and sole proprietor customers, 68,505 small business customers, 2,343 medium-sized business customers and 427 large enterprise customers, compared to 475,185 consumers and sole proprietor customers, 60,403 small business customers, 2,065 medium-sized business customers and 367 large enterprise customers, as of November 30, 2019. Our strategy for generating scale in a region is to initially build customer volume. We subsequently target larger businesses.

As of February 29, 2020, more than 60 of our large enterprise customers had 500 vehicles or more under subscription with us and no customer accounted for more than 2.2% of our total subscription revenue, which represented more than 29,500 vehicles under subscription. As of November 30, 2020, more

than 65 of our large enterprise customers had 500 vehicles or more under subscription with us and no customer accounted for more than 1.9% of our total subscription revenue, which represented more than 25,500 vehicles under subscription. At an industry level, our car rental customers represented 1.1% of subscription revenue and just over 16,900 vehicles under subscription as of November 30, 2020, demonstrating our broad industry approach and low customer and industry concentration.

For the year ended February 29, 2020, 77% of our total subscribers and 73% of our total revenues were derived from our South African operations, compared to 78% and 74% as of and for the year ended February 28, 2019, respectively. For the nine months ended November 30, 2020, 77% of our total subscribers and 72% of our total revenues were derived from our South African operations, compared to 77% and 73% as of and for the nine months ended November 30, 2019, respectively. We seek to capitalize on the growth opportunities in our other regional markets, with subscribers currently located in 23 countries worldwide. In addition to driving subscription revenue growth, we believe that our presence across multiple geographic markets and our exposure to multiple industry sectors can mitigate the risk of changing economic conditions.

The Asia-Pacific, Middle East and USA segment and Europe segment are our key global growth focus areas. For the year ended February 29, 2020, the Asia-Pacific, Middle East and USA segment and Europe segment recorded a 30% and 20% increase in subscribers, respectively, while South Africa and Africa-Other achieved a 17% and 7% increase in subscribers, respectively, for the same period. For the nine months ended November 30, 2020, the Asia-Pacific, Middle East and USA segment and Europe segment recorded a 25% and 13% increase in subscribers, respectively, while South Africa and Africa-Other achieved a 14% and 3% increase in subscribers, respectively, for the same period.

Cost of Acquiring a Subscriber

We believe that our cost of subscriber acquisition differentiates us from others in our industry and is an important indicator of our ability to achieve sustainable subscriber growth and maintain our margins while continuing to offer compelling pricing to our subscribers. We define cost of subscriber acquisition, which is calculated on a per subscriber basis, as the sum of (i) the cost of the telematics device, (ii) the cost of installation, together with any related labor costs for our automotive technicians and (iii) the cost of the direct sales commission. We believe that our low cost of subscriber acquisition is due to our vertically integrated business model, which allows us to control costs, improve efficiencies and be in direct contact with our customers instead of relying on third parties. We use a proprietary design, development and manufacturing process, and we have a mobile in-house team of field automotive technicians who install our devices at a site convenient to the customer as well as an in-house sales team who are paid commission-based salaries.

Our cost of subscriber acquisition for the year ended February 29, 2020 was R1,488 per subscriber, compared to R1,814 per subscriber for the year ended February 28, 2019, which represents a 18% decrease from period to period due to the lower relative cost of our next-generation telematics devices and the increased efficiency of our sales team. Our cost of subscriber acquisition for the nine months ended November 30, 2020 was R1,509 per subscriber, compared to R1,517 per subscriber for the nine months ended November 30, 2019, which represents a 0.5% decrease over the prior period due to a decrease in hardware costs.

Salaries paid to our sales team and direct marketing costs are a significant component of the cost of subscriber acquisition. However, these costs, excluding commissions that are paid to our sales team, are not capitalized but fully expensed as our sales and marketing function is entirely in-house as part of our vertically integrated business model. If we outsourced our sales and marketing, such expenses would be fully capitalized as sales commissions resulting in a short-term margin benefit. As a result, the cost of expansion could have a negative effect on margins while we grow.

Subscriber Contract Life Cycle

We believe that the term of a subscriber contract is an important indicator of our ability to retain customers and drive margin expansion. We complete a detailed actuarial assessment annually on the expected lifecycle of subscriber contracts across the company. Based upon an internal actuarial assessment,

the estimated average useful life of a subscriber contract for each of the years ended February 29, 2020 and February 28, 2019 and for each of the nine months ended November 30, 2020 and 2019 was approximately 60 months.

Average Cost to Service a Subscriber

We measure our operational efficiency by calculating the average cost to service a subscriber. We define the cost of servicing a subscriber, which is calculated on a per subscriber basis, as (i) operating expenses, less (ii) sales and marketing expenses, divided by (iii) the average subscriber balance for such period which is calculated as the average of the (a) the opening subscriber balance for the period, plus (b) the closing subscriber balance for a period. We believe that our low average cost of servicing a subscriber is driven by our vertically integrated business model, prudent cost control and the efficiency created by our proprietary business systems.

Our average cost of servicing a subscriber per month for the year ended February 29, 2020 was R54 per subscriber, compared to R59 per subscriber for the year ended February 28, 2019, which represents a 9% decrease from period to period due to growing economies of scale. Our average cost of servicing a subscriber per month for the nine months ended November 30, 2020 was R57 per subscriber, compared to R60 per subscriber for the nine months ended November 30, 2019, which represents a 5% improvement from period to period due to improved internal efficiencies, greater operational scale and a reduction in significant expansion costs as a result of our inability to deploy additional capital into expanding our business due to the constraints imposed by the COVID-19 pandemic.

We believe expansion costs may increase the cost of servicing a subscriber as we invest in operational support ahead of subscriber growth.

Foreign Currency Fluctuations

While we conduct business in multiple countries and currencies, our reporting currency is the South African rand. We are exposed to changes in our revenue, costs and net assets arising out of fluctuations of other currencies vis-a-vis the South African rand. Continued depreciation of the local currencies against the South African rand can favorably affect our results of operations and, conversely, appreciation would adversely impact our results.

COVID-19 Pandemic

The COVID-19 pandemic has negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets. Our global operations are subject to risks associated with actions taken by governmental authorities to restrict certain business operations, trade or travel in response to the pandemic. Although we operate as an essential service in South Africa, Singapore and certain other countries, the pandemic has resulted in extended work stoppages and travel restrictions, decreases in vehicle production schedules, increases in customer defaults, disruptions to our supply chain and other adverse global economic impacts. Such restrictions led to a 35% decline in new subscriber contracts in the three months ended May 31, 2020 compared to the prior year period, although new subscriber additions rebounded in the six months ended November 30, 2020. While we experienced a decline in cash collections in the three months ended May 31, 2020 compared to the prior year period, primarily as a result of deferring certain payments by large enterprise customers and due to difficulty in contacting small and medium-sized business customers subject to COVID-19 related closure requirements, cash collections improved incrementally over the six months ended November 30, 2020 when compared to the first three months of the year. However, we have seen an increase in subscriber cancellations in the nine months ended November 30, 2020 as a percentage of the opening subscriber base when compared to the prior year period. We continue to take steps to prudently manage costs, including a temporary hiring freeze which was implemented in the first half of fiscal year 2020, as well as a reduction in significant expansion costs as a result of the COVID-19 pandemic. Although we are unable to predict the ultimate impact to our business due to a number of evolving factors, including the duration and spread of the pandemic, the severity of the impact of the pandemic on economic activity, and the changing actions of governmental authorities across the globe, we may experience adverse effects to our financial results. While our subscription revenue and the number of total subscribers increased by 18% and 14%, respectively, for the nine months ended November 30, 2020

compared to the corresponding prior year period, we believe growth was constrained in part due to limited capacity to install the in-vehicle IoT technology resulting from the various regional lockdown restrictions. We were also unable to optimally deploy talent recruited early in the year, who are currently stationed in Singapore, into the Asia-Pacific region to drive growth. While the impact of the COVID-19 pandemic cannot be quantified, we expect that disruptions caused by COVID-19 will continue to impact our results for the three months ending February 28, 2021. We continue to actively monitor the ongoing potential impacts of COVID-19 to seek to mitigate and minimize its impact on our business.

Key Business Metrics

We review a number of operating and financial metrics, including the following key business metrics, to evaluate the performance of our business, identify trends, formulate business plans, make strategic decisions and assess operational efficiencies. Our calculation of the key business metrics and other measures discussed below may differ from other similarly titled metrics used by other companies, securities analysts or investors.

Number of Subscribers

We have demonstrated a history of growing our subscriber base through growth in customers as a result of our sales-centric culture, competitive pricing and proprietary platform with next-generation functionality and software features. We believe that our ability to attract a range of diversified new customers and grow our subscriber base is key to building a sustainable business model. The number of subscribers on our platform directly drives our subscription revenue, which made up 97% of our total revenue for the fiscal year ended February 29, 2020. See “—Subscription Revenue.”

We define the number of subscribers at the end of any particular period as the total number of vehicles or other mobile assets using our platform at the end of such period. As of February 29, 2020, and February 28, 2019, we had 1,126,515 and 960,798 subscribers, respectively, which represents net subscriber growth of 165,717 or a 17% increase from period to period as a result of gross subscriber sales of 342,238 and gross subscriber churn of 176,521. As of November 30, 2020, and November 30, 2019, we had 1,246,089 and 1,088,745 subscribers, respectively, which represents net subscriber growth of 157,344 or a 14% increase period over period as a result of gross subscriber sales of 257,070 and gross subscriber churn of 99,726.

	As of November 30,		Change	As of February 28/29,		Change
	2020	2019	%	2020	2019	%
Subscribers (as of end of period)	1,246,089	1,088,745	14.5%	1,126,515	960,798	17.2%

Subscription Revenue

Subscription revenue is a key metric we use to evaluate our business, since we derive substantially all of our revenue from the sale of subscriptions to our next-generation SaaS platform. For the years ended February 29, 2020 and February 28, 2019, subscription revenue was R1,887.7 million and R1,520.5 million, respectively, which represents a 24% increase from period to period, as a result of strong subscriber growth. For the nine months ended November 30, 2020 and November 30, 2019, subscription revenue was R1,635.0 million and R1,385.1 million, respectively, which represents a 18% increase period over period, as a result of resilient subscriber growth.

	For the Nine Months Ended November 30,				For the Year Ended February 28/29,			
	2020	2020	2019	%	2020	2020	2019	%
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)			(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Subscription Revenue	105,948	1,635,041	1,385,124	18.0%	122,321	1,887,717	1,520,540	24.1%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered

representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Adjusted Earnings Before Interest Depreciation Taxation and Amortization (“Adjusted EBITDA”)

In addition to our results determined in accordance with IFRS, we believe Adjusted EBITDA, a non-IFRS measure, is useful in evaluating our operating performance. We define Adjusted EBITDA as profit less finance income plus finance costs, taxation, depreciation and amortization and corporate expenses of Karooooo Ltd. relating to bank charges, custody fees, legal and professional fees, loan arrangement fees, certain withholding taxes and exchange losses. We use Adjusted EBITDA in our operational and financial decision-making and believe Adjusted EBITDA is useful to investors because similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate our competitors and to measure profitability. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Investors are encouraged to review the related IFRS financial measure and the reconciliation of this non-IFRS financial measure to its most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business.

	For the Nine Months Ended November 30,		For the Year Ended February 28/29,	
	2020	2019	2020	2019
	(in R thousands)			
Profit for the Year	394,864	329,419	443,526	361,048
Less: Finance Income	(3,852)	(1,606)	(2,592)	(2,749)
Add: Finance Costs	4,833	14,238	16,831	31,438
Add: Taxation	170,130	126,329	173,157	110,182
Add: Depreciation and Amortization	289,065	219,990	295,762	238,515
EBITDA	855,040	688,370	926,684	738,434
Add: Corporate ⁽¹⁾	301	10,604	10,801	—
Adjusted EBITDA	855,341	698,974	937,485	738,434

- (1) We define Corporate as the corporate expenses of Karooooo Ltd. which include bank charges, custody fees, legal and professional fees, loan arrangement fees and exchange losses.

For the years ended February 29, 2020 and February 28, 2019, Adjusted EBITDA was R937.5 million and R738.4 million, respectively, which represents a 27.0% increase from period to period, largely due to an increase in profitability as a result of strong subscriber and subscription revenue growth with improving operational efficiencies due to the expansion of proprietary internal systems and increase in scale. For the nine months ended November 30, 2020 and November 30, 2019, Adjusted EBITDA was R855.3 million and R699.0 million, respectively, which represents a 22.4% increase period over period, primarily due to increased profitability as a result of robust subscriber and subscription revenue growth coupled with prudent cost control measures during the pandemic, including a reduction in expansion costs.

Free Cash Flow and Free Cash Flow Margin

In addition to our results determined in accordance with IFRS, we believe free cash flow and free cash flow margin, which are non-IFRS measures, are useful in evaluating our operating performance. Free cash flow is a non-IFRS financial measure that we calculate as net cash generated from operating activities less purchases of property, plant and equipment. Free cash flow margin is calculated as free cash flow divided by revenue. We believe that free cash flow and free cash flow margin are useful indicators of liquidity and the ability of the company to turn revenues into free cash flow, respectively, that provide information to management and investors about the amount of cash generated from our operations that, after the investments in property and equipment and capitalized internal-use software, can be used for strategic

initiatives, including investing in our business, and strengthening our financial position. However, non-IFRS financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. In particular, free cash flow does not reflect any restrictions on the transfer of cash and cash equivalents within the group or any requirement to repay the group's borrowings and does not take into account cash flows that are available from disposals or the issue of shares. Management therefore takes such factors into account in addition to free cash flow when determining the resources available for acquisitions and for distribution to shareholders. Investors are encouraged to review the related IFRS financial measure and the reconciliation of this non-IFRS financial measure to its most directly comparable IFRS financial measure, and not to rely on any single financial measure to evaluate our business.

	For the Nine Months Ended November 30,		For the Year Ended February 28/29,	
	2020	2019	2020	2019
	(in R thousands, except percentages)			
Net Cash Generated from Operating Activities	714,234	664,465	901,224	472,258
Less: Purchase of Property, Plant and Equipment	(303,719)	(303,888)	(388,723)	(422,061)
Free Cash Flow	410,515	360,577	512,501	50,197
Net Cash Generated from Operating Activities as a percentage of revenue	42.6%	46.4%	46.4%	27.9%
Less: Purchase of Property, Plant and Equipment as a percentage of revenue	18.1%	21.2%	20.0%	24.9%
Free Cash Flow Margin	24.5%	25.2%	26.4%	3.0%

We calculate free cash flow as net cash generated from operating activities less purchases of property, plant and equipment. Free cash flow margin is calculated as free cash flow divided by revenue. For the years ended February 29, 2020 and February 28, 2019, free cash flow was R512.5 million and R50.2 million, respectively, which represents a 921.0% increase from period to period largely due to an increase in profit before taxation, depreciation and amortization and an improvement in working capital management (relating to inventory, trade receivables and trade payables), as well as lower costs for purchasing property, plant and equipment. For the nine months ended November 30, 2020 and November 30, 2019, free cash flow was R410.5 million and R360.6 million, respectively, which represents a 13.8% increase period over period primarily due to growth in profit before taxation and depreciation and amortization partially offset by an increase in working capital.

Free cash flow margin was 26.4% and 3.0%, respectively, for the years ended February 29, 2020 and February 28, 2019, respectively, and free cash flow margin was 24.5% and 25.2% for the nine months ended November 30, 2020 and November 30, 2019, respectively.

Annualized Recurring Revenue ("ARR")

We use ARR as a measure of our revenue trend and an indicator of our future revenue opportunity from existing recurring customer contracts, assuming zero cancellations. We define ARR as the annual run-rate subscription revenue of subscription agreements from all customers at a point in time, calculated by taking the monthly subscription revenue for all customers during that month and multiplying by 12. ARR is not adjusted for the impact of any known or projected future customer cancellations, service upgrades or downgrades or price increases or decreases.

The amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to subsequent changes in our pricing, service cancellations, upgrades or downgrades and acquisitions or divestitures. Our calculation of ARR may differ from similarly titled metrics presented by other companies. The following table shows our ARR for each of the periods presented:

	As at November 30,			Change	As at February 28/29,			Change
	2020	2020	2019	%	2020	2020	2019	%
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)			(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Annualized Recurring Revenue	\$153,747	2,372,705	2,020,420	17.4%	\$131,014	2,021,880	1,674,522	20.7%

(1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

As at February 29, 2020 and February 28, 2019, ARR was R2,021.9 million and R1,674.5 million, respectively, which represents a 21% increase from period to period, as a result of strong subscriber growth and a 2% increase in ARPU. As at November 30, 2020 and November 30, 2019, ARR was R2,372.7 million and R2,020.4 million, respectively, which represents a 17% increase from period to period, as a result of continued subscriber growth despite the COVID-19 pandemic and a 2% increase ARPU.

Average Revenue Per Subscriber (“ARPU”)

We measure monetization of our platform through our average revenue per subscriber metric. We calculate ARPU by dividing subscription revenue by the average of the opening subscriber balance at the beginning of a fiscal year or reporting period and closing subscriber balances at the end of such fiscal year or reporting period. We believe ARPU is an indicator of our pricing efficiency, competitiveness and market positioning.

We calculate ARPU for the Company as a whole and for each segment because we currently monetize subscribers in different geographies at different average rates. We believe that ARPU of approximately R150 provides attractive margins and sustainable growth in most countries.

The following table shows our ARPU by operating segment for each of the periods presented:

	South Africa	Africa-Other	Europe	Asia-Pacific, Middle East and USA	Total
	(in R)				
ARPU for the fiscal year ended February 29, 2020	143	153	154	218	151
ARPU for the fiscal year ended February 28, 2019	141	147	153	216	148
ARPU for the nine months ended November 30, 2020	143	143	176	220	153
ARPU for the nine months ended November 30, 2019	142	154	154	221	150

Components of Our Results of Operations

Revenue

We derive substantially all of our revenue from the provision of mobility data analytics solutions on a subscription-based model typically under monthly SaaS subscription contracts. Our revenue is driven primarily by the number of assets under subscription to our SaaS platform and the price per asset under subscription contracts. In addition, we generate revenue by selling additional platform solutions to our customers, such as live video-streaming, workforce management and fleet administration for commercial customers.

Hardware sales, including sales to our licensees, installation revenue and royalties we receive from our licensees make up a minimal component of total revenue.

Our initial contract terms are generally 36 months with automatic monthly renewals thereafter and may not be cancelled without penalty prior to the completion of the initial term. The average duration of our subscription contracts is approximately 60 months. We charge our customers for a ratable portion of the contract on a periodic basis, generally in advance on a monthly basis and in certain regions we apply annual escalations to the contract pricing. However, our customers may prepay all or part of their contractual obligations for the full initial contract term.

Cost of Sales

Cost of sales consists primarily of costs related to the depreciation and amortization of capitalized subscriber acquisition costs, which includes the telematics device, the cost of the installation and direct commissions paid to our sales staff. Other components of cost of sales include non-capitalized automotive technician costs, machine to machine (“M2M”) network communications costs and the costs of delivering safety and asset recovery services to our customers, including such costs incurred by our licensees.

We capitalize the cost of installed telematics devices and direct sales commissions and depreciate these costs over the expected useful life of the subscriber, which is currently 60 months. We pay commissions to our sales staff only once a telematics device is installed and activated. If a customer subscription agreement is cancelled prior to the end of the expected useful life of the subscriber, the depreciation period is accelerated resulting in the carrying capitalized value being expensed in the then-current period. If an installed telematics device requires replacement for defect, the cost is taken as an expense in the replacement period.

Less significant cost of sales items includes expenditures incurred in connection with our asset recovery warranty program, (which is determined based on historical loss data observed over a period of at least the past five years) and mapping costs.

Our cost of sales are generally driven by the number of assets under subscription and solutions provided. We expect the cost of sales in absolute terms to increase with subscriber growth.

Other Income

Other income substantially consists of the profit on sales of fixed assets and other less significant items.

Expected Credit Losses on Financial Assets

Expected credit losses on financial assets consist of bad debts expensed, the movement on the expected credit loss provision and any bad debts recovered.

Operating Expenses

Other operating expenses consist of sales and marketing, research and development and administration and other.

Sales and Marketing

Sales and marketing expenses consist primarily of wages and benefits for sales and marketing personnel and other marketing, advertising and promotional costs. Marketing and advertising costs consist primarily of pay-per-click advertising with search engines, social media advertising and other online and traditional advertising media, as well as the costs to create and produce these advertisements. Marketing and advertising costs are expensed as incurred.

We plan to continue to invest in sales and marketing in order to drive subscriber growth and continue to build brand and category awareness. We expect sales and marketing expenses to increase in absolute terms

and to continue to be one of our largest components of operating expenses, although they may fluctuate as a percentage of subscription revenue from period to period.

General and Administration

General and administration expenses consist primarily of wages and benefits for administrative services, human resources, internal information technology support, executive, legal, finance and accounting personnel; professional fees; expenses for business application software licenses; non-income related taxes; other corporate expenses, such as insurance; and general office related expenses, such as rent and utilities.

In addition to the above, general and administration expenses consist of depreciation relating to other property, plant and equipment, excluding those related to subscriber acquisition costs, which are included in cost of sales, and the amortization of intangible assets including capitalized development costs and purchased computer software.

We expect that administration and other expenses will increase as we continue to add personnel in connection with the anticipated growth of our business. In addition, we anticipate that we will also incur additional personnel expenses, professional service fees, including auditing and legal fees, and insurance costs related to operating as a public company in the United States of America.

Research and Development

Research and development expenses consist primarily of wages and benefits for hardware engineers, product management and software development personnel. We have focused our research and development efforts on improving ease of use, functionality and technological scalability of our SaaS platform as well as on expanding and developing new offerings. The majority of our research and development employees are located in our development centers in Singapore, South Africa and Portugal. Research and development costs that qualify for capitalization, such as costs related to new generation smart devices and our SaaS platform are capitalized and amortized over their estimated useful life.

We believe that continued investment in our technology is important for our future growth, and as a result, we expect research and development expenses to increase in absolute dollars, although they may fluctuate as a percentage of subscription revenue from period to period.

Finance Income

Finance income consists of interest earned on positive bank balances.

Finance Costs

Finance costs consist of interest paid on bank overdraft facilities, installment sale obligations, interest bearing loans, lease obligations and interest charges on outstanding taxes.

Taxation

Taxation consists primarily of current and deferred income tax and a minimal component of withholding tax.

Non-Controlling Interest

The non-controlling interest principally relates to the public shareholders in Cartrack Holdings Limited. See “Corporate Reorganization.”

Our Segments

We have four operating segments aligned with our geographical business units: (1) South Africa; (2) Africa-Other, consisting of operations in Mozambique, Tanzania, Kenya, Namibia, Nigeria, Botswana, Malawi, Rwanda, Eswatini and Zimbabwe; (3) Europe, consisting of operations in Portugal, Poland and Spain;

and (4) Asia-Pacific Middle East and USA, consisting of operations in Singapore, Thailand, the Philippines, Hong Kong, Malaysia, Indonesia, the UAE, New Zealand and the United States.

Our operations in Botswana, Malawi, Rwanda, Eswatini and Zimbabwe are conducted by licensees pursuant to franchise agreements entered into between us and Cartrack Botswana (PTY) Ltd., Cartrack Malawi Ltd., ISOC Intersec Security, Cartrack Holdings — Swaziland and Trac-King (PVT) Ltd, for our operations in each of Botswana, Malawi, Rwanda, Eswatini and Zimbabwe, respectively. Under such franchise agreements, the relevant counterparties are granted exclusive territorial licenses to deploy our solutions through the term of such agreement. While such entities are not consolidated into our financial statements, the purchases of equipment from us and royalties which are collected by us are reflected as revenue and any costs associated with such franchise agreements are reflected in our financial statements as cost of sales.

Results of Operations

The following table sets forth our results of operations for the periods presented.

	For the Nine Months Ended November 30,			% Change	For the Year Ended February 28/29,			% Change
	2020	2020	2019		2020	2020	2019	
	(in U.S.\$ thousands ⁽¹⁾)	(in R thousands)			(in U.S.\$ thousands ⁽¹⁾)	(in R thousands)		
Revenue	\$108,524	1,674,802	1,431,323	17.0%	\$125,831	1,941,893	1,692,708	14.7%
Cost of sales	(30,082)	(464,247)	(423,260)	9.7%	(37,244)	(574,770)	(484,700)	18.6%
Gross profit	78,442	1,210,555	1,008,063	20.1%	88,587	1,367,123	1,208,008	13.2%
Other income	88	1,356	2,339	(42.0)%	121	1,867	6,279	(70.3)%
Expected credit losses on financial assets	(3,645)	(56,249)	(40,206)	39.9%	(3,556)	(54,872)	(45,171)	21.5%
Operating expenses								
Sales and Marketing	(10,635)	(164,131)	(133,815)	22.7%	(11,526)	(177,870)	(177,351)	0.3%
General and Administration	(24,064)	(371,351)	(334,525)	11.0%	(29,833)	(460,402)	(443,562)	3.8%
Research and Development	(3,512)	(54,205)	(33,476)	61.9%	(2,911)	(44,924)	(48,284)	(7.0)%
Total operating expenses	(38,211)	(589,687)	(501,816)	17.5%	(44,270)	(683,196)	(669,197)	2.1%
Operating Profit	36,674	565,975	468,380	20.8%	40,883	630,922	499,919	26.2%
Finance income	250	3,852	1,606	139.9%	168	2,592	2,749	(5.7)%
Finance costs	(313)	(4,833)	(14,238)	(66.1)%	(1,091)	(16,831)	(31,438)	46.5%
Profit before taxation	36,611	564,994	455,748	24.0%	39,960	616,683	471,230	30.9%
Taxation	(11,024)	(170,130)	(126,329)	34.7%	(11,220)	(173,157)	(110,182)	57.2%
Profit for the period	\$ 25,587	394,864	329,419	19.9%	\$ 28,740	443,526	361,048	22.8%
Profit attributable to:								
Owners of the parent	\$ 16,775	258,875	214,036	20.9%	\$ 18,784	289,882	236,930	22.3%
Non-controlling interests	8,812	135,989	115,383	17.9%	9,956	153,644	124,118	23.8%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Comparison of Results for the Nine Months Ended November 30, 2020 and November 30, 2019

Revenue

Revenue increased by R243.5 million, or 17%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. Subscription revenue increased by R249.9 million, or 18%, to R1,635.0 million (or 98% of total revenue) for the nine months ended November 30, 2020 from R1,385.1 million (or 97% of total revenue) for the nine months ended November 30, 2019. This was primarily due to a 14% increase in net subscribers to 1,246,089 from 1,088,745 for the relevant periods and an increase in ARPU to R153 for the nine months ended November 30, 2020 from R150 for the nine months ended November 30, 2019. Net subscriber growth decreased 7% to 157,344 for the nine months ended November 30, 2020 from 169,704 for the nine months ended November 30, 2019 due to higher gross subscriber cancellations when compared to the prior period. Despite the effects of the COVID-19 pandemic, we achieved gross subscriber additions of 257,070 for the nine months ended November 30, 2020, only 1% lower period over period, when compared to 260,335 for the nine months ended November 30, 2019.

Hardware and other revenue decreased 14% to R39.8 million (or 2% of total revenue) for the nine months ended November 30, 2020 from R46.2 million (or 3% of total revenue) for the nine months ended November 30, 2019 primarily as a result of the continuing trend of increasing bundled sales.

Cost of Sales

Cost of sales increased R41.0 million, or 10%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. This was primarily due to an increase in the depreciation expense relating to the capitalization of telematics devices of R68.5 million as a result of an increase in bundled subscription sales, an increase in the accelerated depreciation on telematics devices relating to cancelled subscriptions as a result of the COVID-19 pandemic of R2.2 million, offset by a decrease in hardware cost of sales of R16.8 million. Other cost of sales decreased by R12.9 million primarily due to a decrease in non-capitalized technician costs, a decrease in warranty expenditure and a reduction in hardware and consumables used for repairs.

Other Income

Other income decreased R1.0 million, or 42%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. This was primarily due to a decrease in the profit on disposal of property, plant and equipment of R0.5 million.

Expected Credit Losses on Financial Assets

Expected credit losses on financial assets increased R16.0 million, or 40%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. This was primarily due to revenue growth in line with business growth offset by pandemic related bad debt expense in the first quarter of fiscal year 2021.

Operating Expenses

Operating expenses increased R87.9 million, or 18%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019 for the reasons set forth below:

Sales and Marketing

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Sales and Marketing	\$10,635	164,131	133,815	22.7%
Sales and Marketing costs as a percentage of subscription revenue	—	10.0%	9.7%	

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Sales and marketing costs increased by R30.3 million to R164.1 million for the nine months ended November 30, 2020 compared to R133.8 million for the nine months ended November 30, 2019. This increase was primarily due to sales and marketing salaries increasing by R19.1 million and marketing expenses increasing by R11.2 million as a result of increasing sales personnel and increasing the allocation of spend to direct and digital marketing during the pandemic.

Sales and marketing costs as a percentage of subscription revenue increased to 10.0% for the nine months ended November 30, 2020 compared to 9.7% for the nine months ended November 30, 2019.

General and Administration

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
General and Administration	\$24,064	371,351	334,525	11%
General and Administration as a percentage of subscription revenue	—	22.7%	24.2%	—

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

General and administration expenses increased by R36.8 million, or 11.0%, to R371.4 million for the nine months ended November 30, 2020 from R334.5 million for the nine months ended November 30, 2019. The increase was primarily due to the hiring of additional operational personnel of R25.5 million largely to support expansion, increase in depreciation and amortization of other property, plant and equipment and intangible assets of R13.4 million and an decrease in other expenses of R2.1 million.

General and administration expenses as a percentage of subscription revenue decreased to 22.7% for the nine months ended November 30, 2020 compared to 24.2% for the nine months ended November 30, 2019. The continued realization of economies of scale and increased staff productivity as a result of investment in internal systems resulted in a smaller increase in general and administration expenses than prior years, and accordingly, such expenses were a lower relative portion of subscription revenue compared to prior periods.

Research and Development

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Research and Development	\$3,512	54,205	33,476	61.9%
Research and Development as a percentage of subscription revenue	—	3.3%	2.4%	—

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Research and development expenditure increased by 61.9% to R54.2 million for the nine months ended November 30, 2020 compared to R33.5 million for the nine months ended November 30, 2019. However, for the nine months ended November 30, 2020, R30.9 million was capitalized against new projects compared with R18.2 million being capitalized for the nine months ended November 30, 2019 resulting in total capital allocated to research and development being R85.1 million or 5.2% of subscription revenue for the nine months ended November 30, 2020 and R51.7 million or 3.7% of subscription revenue for the nine months ended November 30, 2019. Research and development costs as a percentage of subscription revenue increased to 3.3% for the nine months ended November 30, 2020 compared to 2.4% for the nine months ended November 30, 2019. The increase in total capital allocated to research and development is as a result of our sustained commitment to investment in our SaaS Platform.

Finance Income

Finance income increased R2.2 million, or 139.9%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. This was primarily due to an increase in interest earned on positive bank balances during the period.

Finance Costs

Finance costs decreased R9.4 million, or 66.1%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019. This was primarily due to lower loan balances and reduced capitalized lease obligations.

Taxation

Our total effective tax rate for the nine months ended November 30, 2020 was 30.1%, which increased from 27.7% for the nine months ended November 30, 2019. This was primarily due to an increase in dividends withholding tax of R15.4 million, as well as additional operating entities becoming more profitable and as a result, taxable in the nine-month period.

Non-Controlling Interest

Net income attributable to non-controlling interest, which principally relates to the public shareholders in Cartrack Holdings Limited, increased by R20.6 million or 17.9%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019.

Segment Information

The following table sets forth our subscriber numbers by segment at the end of the periods presented.

	As of November 30,		% Change
	2020	2019	
South Africa	961,775	841,161	14.3%
Africa-Other	61,678	60,040	2.7%
Europe	107,515	95,401	12.7%
Asia-Pacific, Middle East and USA	115,121	92,143	24.9%
Total by operating segment	1,246,089	1,088,745	14.5%

The following table sets forth our segment revenue for the periods presented.

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	\$ 78,082	1,204,996	1,042,206	15.6%
Africa-Other	5,646	87,134	88,460	(1.5)%
Europe	10,881	167,926	127,129	32.1%
Asia-Pacific, Middle East and USA	13,915	214,746	173,528	23.8%
Total by operating segment	\$108,524	1,674,802	1,431,323	17.0%

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

The following table sets forth our segment subscription revenue for the periods presented.

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	76,583	1,181,860	1,013,343	16.6%
Africa-Other	5,069	78,228	80,921	(3.3)%
Europe	10,605	163,665	123,569	32.4%
Asia-Pacific, Middle East and USA	13,691	211,288	167,291	26.3%
Total by operating segment	105,948	1,635,041	1,385,124	18.0%

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

The following table sets forth our segment adjusted EBITDA for the periods presented. See Note 4 to the accompanying consolidated financial statements included elsewhere in this prospectus for additional information about segment adjusted EBITDA.

	For the Nine Months Ended November 30,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	\$43,136	665,694	556,389	19.6%
Africa-Other	2,176	33,577	33,272	0.9%
Europe	5,394	83,245	59,809	39.2%
Asia-Pacific, Middle East and USA	4,719	72,825	49,504	47.1%
Total by operating segment	\$55,425	855,341	698,974	22.4%

- (1) For convenience purposes only, amounts in South African rand as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S.

dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

South Africa

Segment revenue for South Africa increased R162.8 million, or 16%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, primarily due to a 17% increase in subscription revenue of R168.5 million as a result of net subscriber growth of 120,614 and an increase in ARPU to R143 for the nine months ended November 30, 2020 from R142 for the prior comparative period. This was partially offset by a decrease in hardware and other revenue of R5.7 million due to a higher proportion of bundled subscription sales resulting in the total revenue growth percentage being lower than subscription revenue growth.

Segment adjusted EBITDA increased R109.3 million, or 20%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019 as a result of subscription revenue growth and improved efficiencies from our recently deployed proprietary internal platform.

Africa-Other

Segment revenue for Africa-Other decreased by R1.3 million or 1% for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, primarily due to a decrease in subscription revenue of R2.7 million, which offset an increase in hardware and other revenue of R1.4 million.

The decrease in subscription revenue of R2.7 million was primarily due to a decrease in ARPU to R143 for the nine months ended November 30, 2020 from R154 for the prior comparative period against subscriber growth of 1,638 commercial fleet management subscribers for the same period. The decrease in ARPU was a result of currency movements and COVID-19 related discounts.

Segment adjusted EBITDA was 1% higher for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019 primarily as a result of our ongoing cost control initiatives to cut non-performing and expensive management overhead.

Europe

Segment revenue for Europe increased R40.8 million, or 32%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, primarily due to an increase in subscription revenue of R40.1 million and an increase in hardware and other revenue of R0.7 million.

The increase in subscription revenue was primarily due to net subscriber growth of 12,114 in commercial fleet management subscribers, and an increase in ARPU to R176 for the nine months ended November 30, 2020 from R154 compared to the nine months ended November 30, 2019 primarily due to currency movements.

Segment adjusted EBITDA was 39% higher for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019 primarily as a result of increased earnings as a result of subscriber growth, improved operational efficiencies and currency strength.

Asia-Pacific, Middle East and USA

Segment revenue for Asia-Pacific, Middle East and USA increased R41.2 million, or 24%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, due to a 26% increase in subscription revenue of R44.0 million primarily due to continued strong net subscriber growth in Thailand. This growth was partially offset by a 45% decrease in hardware and other revenue of R2.8 million due to a higher proportion of bundled subscription sales.

The increase in subscription revenue was primarily due to net subscriber growth of 22,978 in commercial fleet management subscribers, which was offset by a slight decrease in ARPU to R220 for the nine months ended November 30, 2020 compared to R221 for the nine months ended November 30.

Segment adjusted EBITDA was 47% higher for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019 as a result of this strong growth in subscribers and subscription revenue together with cost management initiatives.

Our investment in the United States is strategic in nature, as it continues to yield key insights that have positively contributed to the Company, despite its relative size.

Comparison of Results for the Year Ended February 29, 2020 and February 28, 2019

Revenue

Revenue increased R249 million, or 15%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. Subscription revenue increased by R367 million, or 24%, to R1,887.7 million (or 97% of total revenue) for the year ended February 29, 2020 from R1,520.5 million (or 90% of total revenue) for the year ended February 28, 2019. This was primarily due to a 17% increase in net subscribers from 960,798 to 1,126,515 for the relevant periods and an increase in ARPU from R148 for the year ended February 28, 2019 to R151 for the year ended February 29, 2020. Net subscriber growth decreased 21% from 209,418 for the year ended February 28, 2019 to 165,717 for the year ended February 29, 2020 due to higher gross subscriber cancellations when compared to the prior year. Despite the decrease in net subscriber growth, we achieved year-over-year growth in gross subscriber additions of 5%.

Hardware and other revenue decreased 69% to R54.2 million (or 3% of total revenue) for the year ended February 29, 2020 from R172.2 million (or 10% of total revenue) for the year ended February 28, 2019 primarily as a result of a higher proportion of bundled subscription sales.

Cost of Sales

Cost of sales increased R90.1 million, or 19%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. This was primarily due to an increase in the depreciation expense relating to the capitalization of telematics devices of R51.3 million, offset by a decrease in hardware cost of sales of R44.6 million, each as a result of an increase in bundled subscription sales and reduced hardware costs. Other cost of sales increased by R83.4 million with increases in GSM communication costs, asset recovery costs, mapping costs and partner commissions, partially offset by a reduction in non-capitalized technical installation costs, in line with the increase in subscribers from period to period.

Other Income

Other income decreased R4.4 million, or 70%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. This was primarily due to a decrease in the profit on sale of fixed assets of R1.6 million.

Expected Credit Losses on Financial Assets

Expected credit losses on financial assets increased R9.7 million, or 21%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. This was primarily due to an increase in expected credit losses in the Africa-Other, Asia-Pacific, Middle East and USA and the European segments of R6.5 million, R3.8 million and R1.2 million respectively while expected credit losses on financial assets decreased in South Africa by R1.8 million.

Operating Expenses

Operating expenses increased R14.0 million, or 2.1%, for the year ended February 29, 2020 compared to the year ended February 28, 2019 for the reasons set forth below:

Sales and Marketing

	For the Year Ended February 28/29,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Sales and Marketing	\$11,526	177,870	177,351	0.3%
Sales and Marketing costs as a percentage of subscription revenue	—	9%	12%	—

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Sales and marketing costs remained largely flat despite our gross subscriber additions growing 5% from 342,238 for the year ended February 29, 2020 to 325,426 for the year ended February 28, 2019. The R0.5 million increase was due to sales and marketing salaries increasing by R7.2 million, partially offset by a decrease in marketing expenses by R6.7 million as a result of a planned slow-down in sales headcount growth and greater marketing spend efficiency.

Sales and marketing costs as a percentage of subscription revenue fell to 9% for the year ended February 29, 2020 compared to 12% for the year ended February 28, 2019.

General and Administration

	For the Year Ended February 28/29,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
General and Administration	\$29,833	460,402	443,562	3.8%
General and Administration as a percentage of subscription revenue	—	24.4%	29.2%	—

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

General and administration expenses increased by 3.8% to R460.4 million for the year ended February 29, 2020 from R443.6 million for the year ended February 28, 2019. The increase in general and administration expenses was due to R10.8 million in expenses incurred by Karoo0000 Ltd., which were mostly expenses which were non-operating in nature, such as bank charges, custody fees, legal and professional fees, loan arrangement fees, and exchange losses relating to the corporate operations of Karoo0000 Ltd.

General and administration expenses as a percentage of subscription revenue fell to 24.4% for the year ended February 29, 2020 compared to 29.2% for the year ended February 28, 2019. The realization of economies of scale and increased staff productivity as a result of investment in internal systems resulted in a smaller increase in general and administration expenses than prior years, and accordingly, such expenses were a lower relative portion of subscription revenue compared to prior periods.

Research and Development

	For the Year Ended February 28/29,			
	2020	2020	2019	% Change
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Research and Development	\$2,911	44,924	48,284	(7.0)%
Research and Development as a percentage of subscription revenue	—	2%	3%	—

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Research and development expenditure decreased by 7.0% to R44.9 million for the year ended February 29, 2020 compared to R48.3 million for the year ended February 28, 2019. However, for the year ended February 29, 2020, R31.2 million was capitalized against new projects compared with R13.6 million being capitalized for the year ended February 28, 2019. Research and development costs as a percentage of subscription revenue fell to 2% for the year ended February 29, 2020 compared to 3% for the year ended February 28, 2019. While research and development expenses charged to operating expenses decreased year-over-year, total capital allocated to research and development increased as a result of the increase in capitalized expenditures.

Finance Income

Finance income decreased R0.2 million, or 6%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. This was primarily due to a decrease in interest earned on positive bank balances during the course of the year.

Finance Costs

Finance costs decreased R14.6 million, or 46%, for the year ended February 29, 2020 compared to the year ended February 28, 2019. This was primarily due to a decrease in interest paid on installment sale obligations of R0.6 million relating to the purchase of motor vehicles for our mobile workshops, a decrease in interest paid on late tax payment of R4.9 million and a decrease in interest paid on bank overdraft facilities of R15.9 million as a result of higher average bank and cash balances when compared to the prior year, partially offset by an increase in interest paid in interest bearing loans of R6.8 million.

Taxation

Our total effective tax rate for the year ended February 29, 2020 was 28.1%, which increased from 23.4% for the year ended February 28, 2019. This was primarily as a result of a tax overprovision for the year ended February 28, 2018 relating to commission expenses believed to be non-deductible at the time of computing the tax accrual. These expenses were subsequently determined to be deductible for tax purposes on assessment by the relevant tax authorities. See Note 23 to the accompanying consolidated financial statements included elsewhere in this prospectus for a detailed reconciliation of the taxation expense.

Non-Controlling Interest

Net income attributable to non-controlling interest, which principally relates to the public shareholders in Cartrack Holdings Limited, increased by R29.5 million or 23.8%, for the year ended February 29, 2020 compared to the year ended February 28, 2019.

Segment Information

The following table sets forth our subscriber numbers by segment at the end of the periods presented.

	As of February 28/29,		% Change
	2020	2019	
South Africa	868,736	745,555	16.5%
Africa-Other	60,128	56,370	6.7%
Europe	98,928	82,743	19.6%
Asia-Pacific, Middle East and USA	98,723	76,130	29.7%
Total by operating segment	1,126,515	960,798	17.2%

The following table sets forth our segment revenue for the periods presented.

	For the Year Ended February 28/29,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	\$ 91,849	1,417,465	1,245,746	13.8%
Africa-Other	7,515	115,974	115,637	0.3%
Europe	11,227	173,266	147,592	17.4%
Asia-Pacific, Middle East and USA	15,240	235,188	183,733	28.0%
Total by operating segment	\$125,831	1,941,893	1,692,708	14.7%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

The following table sets forth our segment subscription revenue for the periods presented.

	For the Year Ended February 28/29,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	\$ 89,680	1,383,980	1,116,829	23.9%
Africa-Other	6,932	106,977	97,605	9.6%
Europe	10,906	168,314	142,204	18.4%
Asia-Pacific, Middle East and USA	14,803	228,446	163,902	39.4%
Total by operating segment	\$122,321	1,887,717	1,520,540	24.1%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

The following table sets forth our segment adjusted EBITDA for the periods presented. See Note 4 to the accompanying consolidated financial statements included elsewhere in this prospectus for additional information about segment adjusted EBITDA.

	For the Year Ended February 28/29,			% Change
	2020	2020	2019	
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
South Africa	\$48,419	747,229	607,285	23.0%
Africa-Other	2,728	42,098	41,628	1.1%
Europe	5,299	81,782	57,642	41.9%
Asia-Pacific, Middle East and USA	4,301	66,376	31,879	108.2%
Total by operating segment	\$60,747	937,485	738,434	27.0%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

South Africa

Segment revenue for South Africa increased R171.7 million, or 14%, for the year ended February 29, 2020 compared to the year ended February 28, 2019, primarily due to a 24% increase in subscription revenue of R267.2 million as a result of net subscriber growth of 123,181 and an increase in ARPU to R143 for the year ended February 29, 2020 from R141 for the prior year period. This was partially offset by a decrease in hardware and other revenue of R95.4 million due to a higher proportion of bundled subscription sales resulting in the total revenue growth percentage being lower than subscription revenue growth.

Segment adjusted EBITDA increased R139.9 million, or 23%, for the year ended February 29, 2020 compared to the year ended February 28, 2019 as a result of subscription revenue growth and cost control.

Africa-Other

Segment revenue for Africa-Other remained flat for the year ended February 29, 2020 compared to the year ended February 28, 2019, primarily due to an increase in subscription revenue of R9.4 million, which was offset by a decrease in hardware and other revenue of R9.0 million due to a higher proportion of bundled subscription sales.

The increase in subscription revenue of R9.4 million was primarily due to net subscriber growth of 3,758 in commercial fleet management subscribers, and an increase in ARPU to R153 for the year ended February 29, 2020 from R147 for the prior year period.

Segment adjusted EBITDA was 1% higher for the year ended February 29, 2020 compared to the year ended February 28, 2019 primarily as a result of our cost control initiatives to cut non-performing and expensive management overhead.

Europe

Segment revenue for Europe increased R25.7 million, or 17%, for the year ended February 29, 2020 compared to the year ended February 28, 2019, primarily due to an increase in subscription revenue of R26.1 million, partially offset by a decrease in hardware and other revenue of R0.4 million due to a higher proportion of bundled subscription sales.

The increase in subscription revenue was primarily due to net subscriber growth of 16,185 in commercial fleet management subscribers, and an increase in ARPU to R154 for the year ended February 29, 2020 from R153 in the prior year period.

Segment adjusted EBITDA was 42% higher for the year ended February 29, 2020 compared to the year ended February 28, 2019 primarily as a result of lower operating expenses through a reduction in non-productive salaries in general and administration, and sales and marketing.

Asia-Pacific, Middle East and USA

Segment revenue for Asia-Pacific, Middle East and USA increased R51.5 million, or 28%, for the year ended February 29, 2020 compared to the year ended February 28, 2019, primarily due to a 39% increase in subscription revenue of R64.5 million primarily due to strong net subscriber growth in Thailand. This growth was partially offset by a decrease in hardware and other revenue of R13.1 million due to a higher proportion of bundled subscription sales.

The increase in subscription revenue was primarily due to net subscriber growth of 22,593 in commercial fleet management subscribers, and an increase in ARPU to R218 for the year ended February 29, 2020 from R216 in the prior year period.

Segment adjusted EBITDA was 108.0% higher for the year ended February 29, 2020 compared to the year ended February 28, 2019 as a result of the strong growth in subscribers and subscription revenue together with cost management initiatives.

Our investment in the United States is strategic in nature, as it continues to yield key insights that have positively contributed to the Company, despite its relative size.

Quarterly Financial Information and Other Information

The following table sets forth our unaudited quarterly financial information for each of the eight most recent quarters for the period ended November 30, 2020. We have prepared the unaudited quarterly financial information on a consistent basis with the consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited quarterly financial information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of this data. This information should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of results for a full year or for any future period.

	Three Months Ended							
	February 28, 2019	May 31, 2019	August 30, 2019	November 30, 2019	February 29, 2020	May 31, 2020	August 30, 2020	November 30, 2020
	(in R thousands)							
Revenue	461,976	468,339	469,819	493,165	510,570	534,991	551,144	588,667
Subscription Revenue	410,652	441,496	455,264	488,364	502,593	526,289	541,563	567,189
Hardware & Installation Revenue	40,683	20,628	13,315	3,303	358	5,936	5,695	16,886
Other revenue	10,641	6,215	1,240	1,498	7,619	2,766	3,886	4,592
Cost of sales	(147,772)	(143,152)	(139,145)	(140,963)	(151,510)	(144,807)	(153,039)	(166,401)
Gross profit	314,204	325,187	330,674	352,202	359,060	390,184	398,105	422,266
Other income	2,576	1,320	7	1,012	(472)	178	340	838
Expected credit losses on financial assets	(17,783)	(12,693)	(12,660)	(14,853)	(14,666)	(27,330)	(10,734)	(18,185)
Operating expenses								
Sales and Marketing	(54,160)	(43,468)	(45,341)	(45,006)	(44,055)	(49,779)	(52,522)	(61,830)
General and Administration	(110,111)	(100,192)	(114,388)	(119,945)	(125,877)	(112,932)	(127,820)	(130,599)
Research and Development	(7,005)	(11,237)	(11,743)	(10,496)	(11,448)	(18,051)	(21,882)	(14,272)
Total operating expenses	(171,276)	(154,897)	(171,472)	(175,447)	(181,380)	(180,762)	(202,224)	(206,701)
Operating profit	127,721	158,917	146,549	162,914	162,542	182,270	185,487	198,218
Finance income	533	596	568	442	986	1,443	1,027	1,382
Finance costs	(10,355)	(6,786)	(4,223)	(3,229)	(2,593)	(1,577)	(1,760)	(1,496)
Profit before taxation	117,899	152,727	142,894	160,127	160,935	182,136	184,754	198,104
Taxation	(20,628)	(40,602)	(42,030)	(43,697)	(46,828)	(49,279)	(55,629)	(65,222)
Profit for the period	97,271	112,125	100,864	116,430	114,107	132,857	129,125	132,882
Profit attributable to:								

	Three Months Ended							
	February 28, 2019	May 31, 2019	August 30, 2019	November 30, 2019	February 29, 2020	May 31, 2020	August 30, 2020	November 30, 2020
	(in R thousands)							
Owners of the parent	62,454	74,115	62,465	77,456	75,846	87,741	83,736	87,398
Non-controlling interests	34,817	38,010	38,399	38,974	38,261	45,116	45,389	45,484

The following table shows selected operating metrics for the eight fiscal quarters indicated. For definitions of our key operating metrics, see “— Key Business Metrics and non-IFRS Measures” above.

	As at							
	February 28, 2019	May 31, 2019	August 30, 2019	November 30, 2019	February 29, 2020	May 31, 2020	August 30, 2020	November 30, 2020
Subscribers	960,798	990,073	1,038,970	1,088,745	1,126,515	1,133,547	1,175,173	1,246,089
Annualized Recurring Revenue (in R thousands)	1,674,522	1,787,245	1,855,319	2,020,420	2,021,880	2,106,111	2,212,548	2,372,705

In the table below, we have provided a reconciliation of Adjusted EBITDA to our profit for the quarter, the most directly comparable financial measure calculated and presented in accordance with IFRS. For more information regarding the definition and our use of Adjusted EBITDA, see “Selected Financial and Other Information.”

	Three Months Ended							
	February 28, 2019	May 31, 2019	August 30, 2019	November 30, 2019	February 29, 2020	May 31, 2020	August 30, 2020	November 30, 2020
	(in R thousands)							
Profit for the period	97,271	112,125	100,864	116,430	114,107	132,857	129,125	132,882
Less: Finance Income	(533)	(596)	(568)	(442)	(986)	(1,443)	(1,027)	(1,382)
Add: Finance Costs	10,355	6,786	4,223	3,229	2,593	1,577	1,760	1,496
Add: Taxation	20,628	40,602	42,030	43,697	46,828	49,279	55,629	65,222
Add: Depreciation and Amortization	65,809	76,898	72,531	70,561	75,772	84,004	103,941	101,120
EBITDA	193,530	235,815	219,080	233,475	238,314	266,274	289,428	299,338
Add: Corporate ⁽¹⁾	—	—	10,399	205	197	59	83	159
Adjusted EBITDA	193,530	235,815	229,497	233,680	238,511	266,333	289,511	299,497

(1) We define Corporate as the corporate expenses of Karooooo Ltd. which include bank charges, custody fees, legal and professional fees, loan arrangement fees, certain withholding taxes and exchange losses.

Liquidity and Capital Resources

Since our inception, we have financed our operations and capital expenditures primarily through the cash flows generated by operations and borrowings available under our term loan facilities. Our principal sources of liquidity following this offering are expected to be our cash generated from operations, cash and cash equivalents on hand and borrowings available under our term loan facility. Cash and cash equivalents consist primarily of cash on deposit with banks. Cash and cash equivalents totaled R66.7 million as of November 30, 2020.

We believe that our cash generated from operations, cash and cash equivalents on hand and availability under our term loan facility will be sufficient to fund our working capital and capital expenditure requirements for at least the next twelve months. In addition, we may choose to raise additional funds at any time through equity or debt financing arrangements, if required for additional working capital, capital expenditures or other strategic investments. Our belief concerning liquidity is based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of credit or other sources of financing may be reduced, and our liquidity could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those

described in the section of this prospectus titled “Risk Factors.” Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

For a discussion of the impact of COVID-19 on our liquidity, see “— COVID-19 Pandemic” above.

The following table sets forth our cash flows for the period indicated:

	For the Nine Months Ended November 30,				For the Year Ended February 28/29,			
	2020	2020	2019	% Change	2020	2020	2019	% Change
	(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)			(in U.S.\$ thousands) ⁽¹⁾	(in R thousands)		
Net cash generated from operating activities	\$ 46,281	714,234	664,465	7.5%	\$ 58,398	901,224	472,258	90.8%
Net cash utilized from investing activities	(21,475)	(331,411)	(322,234)	2.8%	(27,697)	(427,436)	(429,215)	0.4%
Net cash (utilized)/generated from financing activities	(30,443)	(469,811)	(257,180)	82.7%	(23,861)	(368,230)	83,406	(541.5)%

- (1) For convenience purposes only, amounts in South African rand as of February 29, 2020 and as of November 30, 2020 have been translated to U.S. dollars using an exchange rate of R15.4325 to U.S.\$1.00, the exchange rate for U.S. dollars at November 30, 2020 as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

Operating Activities

Strong net cash generated from operating activities is an important factor in supporting our robust business model, and is an indication of our ability to provide the capital necessary to invest in subscriber growth and territorial expansion.

Net cash generated from operating activities increased R49.8 million, or 7.5%, for the nine months ended November 30, 2020 compared to the nine months ended November 30, 2019, primarily due to an increase in cash generated from operations before working capital changes of R180.0 million and an increase in working capital (relating to inventory, trade receivables and trade payables) of R23.6 million due to a strategic investment into additional inventory, with an increase in trade receivables and payables in line with business growth. This was partially offset by a decrease in the amounts received in advance of R67.8 million, an increase in the cash flows associated with capitalized sales commissions of R16.8 million and an increase in taxation paid of R26.1 million.

Net cash generated from operating activities increased R429.0 million, or 90.8%, for the year ended February 29, 2020 compared to the prior year period, primarily due to an increase in cash generated from operations before working capital changes of R201.2 million, an improvement in working capital management (relating to inventory, trade receivables and trade payables) of R88.5 million. The investment into internal systems has resulted in improved efficiency, productivity and effectiveness of credit control which has had a positive effect on collections and trade receivables and our next generation hardware has a lower manufactured cost allowing us to hold an optimal level of inventory at a lower cost. This was partially offset by an increase in amounts received in advance of R122.1 million, a decrease in the cash flows associated with capitalized sales commissions of R7.0 million and an increase in taxation paid of R3.8 million.

Investing Activities

Net cash utilized by investing activities increased R9.2 million, or 2.8%, for the nine months ended November 30, 2020 compared to the prior nine-month period, primarily due to a decrease in capitalized

property, plant and equipment of R0.2 million, an increase in capitalized research and development costs of R13.6 million and an increase in proceeds from the disposal of property, plant and equipment of R4.3 million.

Net cash utilized by investing activities decreased R1.8 million, or 0.4%, for the year ended February 29, 2020 compared to the prior year period, primarily due to an increase in capitalized telematics devices of R15.5 million, a decrease in capitalized other property, plant and equipment of R48.8 million, an increase in capitalized research and development costs of R20.6 million and a loan to a related party of R11.0 million.

Financing Activities

Net cash utilized by financing activities increased R212.6 million, or 82.7%, for the nine months ended November 30, 2020 compared to the prior nine-month period, primarily due to dividends paid of R409.0 million during the period.

Net cash utilized by financing activities decreased R451.6 million, or 541.5%, for the year ended February 29, 2020 compared to the prior year period, primarily due to the repayment of interest-bearing loans of R217.8 million as well as due to dividends paid of R92.0 million.

Indebtedness

Term Loan Facility

General

Our wholly owned subsidiary, Cartrack Proprietary Limited, entered into a term loan facility (the “Term Loan Facility”) with Rand Merchant Bank pursuant to a facilities agreement, in December 2019 between Cartrack Proprietary Limited as borrower and FirstRand Bank Limited (acting through its Rand Merchant Bank division). The Term Loan Facility consists of an uncommitted term facility of R550 million and a committed term facility of R50 million.

As of February 29, 2020, R550 million was available for borrowing under the uncommitted term facility and R47.24 million was available for borrowing under the committed term facility. The uncommitted term facility matures in a period of three years from the utilization date and the committed term facility matures on January 31, 2025.

Interest Rate

Both facilities bear interest at the South African prime rate less 1.70%.

Cartrack Proprietary Limited has no obligations to prepay loans under our Term Loan Facility and may voluntarily prepay our Term Loan Facility, in whole or in part, subject to certain penalties and restrictions.

Covenants

The Term Loan Facility contains certain financial maintenance covenants as well as customary negative covenants, including, but not limited to, restrictions on Cartrack Proprietary Limited and its restricted subsidiaries’ ability to merge and consolidate with other companies, incur indebtedness, make investments, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates.

Events of Default

The Term Loan Facility provides that, upon the occurrence of certain events of default, Cartrack Proprietary Limited's obligations under the Term Loan Facility may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, breach of the financial maintenance covenants, cross-defaults to other material indebtedness, voluntary and

involuntary bankruptcy proceedings, material money judgements, certain change of control events and other customary events of default.

Security and Guarantees

Cartrack Proprietary Limited's borrowings under the Term Loan Facility are guaranteed by Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited. Security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender.

The Term Loan Facility was terminated and all outstanding borrowings were repaid in full in February 2021.

Euro Denominated Loan

Our wholly owned subsidiary, Cartrack Portugal, S.A., has a €1.5 million loan from Caixa Geral de Depósitos S.A. pursuant to the loan agreement dated December 14, 2018 by and between Cartrack Portugal S.A. and Caixa Geral de Depósitos S.A. The loan bears interest at a rate of 3.00% and payment on the loan is due in equal monthly installments over a five-year period. As of February 29, 2020, R20.2 million remained outstanding under the loan.

Revolving Credit Facility

General

In February 2021, Cartrack Proprietary Limited entered into a revolving credit facility agreement (the "Revolving Credit Facility") with The Standard Bank of South Africa Limited ("Standard Bank"). The Revolving Credit Facility consists of a R925 million revolving credit funding facility, which includes an uncommitted term facility of R850 million and a committed term facility of R75 million. Each facility matures in a period of three years from the utilization date. As of the date of this prospectus, there were no borrowings under the Revolving Credit Facility.

Interest Rate

Both facilities bear interest at the Johannesburg Interbank Average Rate plus 2.05%, provided that with respect to the uncommitted term facility, such rate is subject to variation as determined by Standard Bank in its sole discretion dependent on prevailing market conditions at the time of utilization, as notified by the Standard Bank to the Cartrack Proprietary Limited by no later than the applicable utilization date. Cartrack Proprietary Limited has no obligations to prepay loans under our Revolving Credit Facility and may voluntarily prepay the Revolving Credit Facility, in whole or in part, subject to certain penalties and restrictions.

Covenants

The Revolving Credit Facility contains certain financial maintenance covenants as well as customary negative covenants, including, but not limited to, restrictions on Cartrack Proprietary Limited and its restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, make investments, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates.

Events of Default

The Revolving Credit Facility provides that, upon the occurrence of certain events of default, Cartrack Proprietary Limited's obligations under the agreement and its obligations under the Term Loan Facility may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, breach of the financial maintenance covenants, cross-defaults to other material indebtedness, the suspension or cessation of a material part of the business of Cartrack Proprietary Limited, litigation which is reasonably likely to have a material adverse effect and other customary events of default.

Security and Guarantees

Cartrack Proprietary Limited's borrowings under the Term Loan Facility are guaranteed by Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited. Security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender.

Overdraft Facility

In February 2021, Cartrack Proprietary Limited entered into an unsecured R75 million overdraft facility with Mercantile Bank, a division of Capitec Bank Limited ("Mercantile Bank"), pursuant to the Addendum to the Short Term Facility Letter dated February 12, 2021 by and between Cartrack Proprietary Limited and Merchant Bank (the "Overdraft Facility"). Amounts due under the Overdraft Facility bear interest at Mercantile Bank's prime lending rate, which as of the date of this prospectus was 7.00%, and the overdraft facility expires on January 31, 2022. As of the date of this prospectus, R35 million was outstanding under the Overdraft Facility.

Contractual Obligations

The following table summarizes our contractual obligations as of February 29, 2020.

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
		(in R thousands)			
Interest-bearing loans ⁽¹⁾⁽²⁾⁽³⁾	25,177	5,583	11,166	4,810	3,618
Capitalized lease liabilities ⁽²⁾	108,974	49,532	40,428	6,378	12,636
Trade and other payables ⁽²⁾	148,812	148,812	—	—	—
Loans ⁽²⁾	8,362	8,362	—	—	—
Total	291,325	212,289	51,594	11,188	16,254

- (1) Includes scheduled principal payments on bank debt outstanding as of February 29, 2020. Additional information about our bank borrowings is included in Note 30.2 to the audited consolidated financial statements included elsewhere in this prospectus.
- (2) Includes interest payments.
- (3) This amount does not include the amounts drawn under a loan agreement which we entered into in December 2020 with Orient Victoria Pte. Ltd. pursuant to which Orient Victoria Pte. Ltd. provided us with a loan in an aggregate amount of \$65 million for purposes of facilitating the Corporate Reorganization. The loan bears interest at a rate of 1.25% per annum and has no fixed terms of repayment. As of December 29, 2020, we had outstanding borrowings of \$58.5 under the loan. We may not declare any dividends until such time that any outstanding amounts under the loan, including any accrued and unpaid interest, have been paid in full.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet activities or have any arrangements or relationships with unconsolidated entities, such as variable interest, special purpose, and structured finance entities.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency exchange rates and interest rates.

Please refer to Note 30 to the accompanying consolidated financial statements included elsewhere in this prospectus for information about quantitative and qualitative disclosures about market risk.

Foreign Currency Risk

Foreign currency risk primarily relates to the extent that sales, purchases, and borrowings of our foreign operations are denominated in currencies other than the functional currency of the legal entity in which the transaction is recorded by us. Assets and liabilities arising from such transactions are translated into the legal entity's functional currency using the exchange rate in effect at the balance sheet date. Income and expenses are translated using the average exchange rate over the relevant period. Any gain or loss resulting from currency fluctuations is recorded on a separate line in our consolidated statements of operations.

For the year ended February 29, 2020, 27% of our revenue and 40% of our operating expenses were generated by subsidiaries whose functional currency is not the South African rand and therefore are subject to foreign currency translation exposure.

Currently, our largest foreign currency exposures are those with respect to the Euro, Mozambican metical, the Singapore dollar, Polish zloty and US dollar. Relative to foreign currency exposures existing at February 29, 2020, a 10% unfavorable movement in foreign currency exchange rates would expose us to losses in earnings. For the year ended February 29, 2020, we estimated that a 10% unfavorable movement in foreign currency exchange rates would have decreased pre-tax income by R0.9 million. The estimates used assume that all currencies move in the same direction at the same time. The potential change noted above is based on a sensitivity analysis performed on our financial position as of February 29, 2020. We have experienced and we will continue to experience fluctuations in our net income (loss) as a result of revaluing our assets and liabilities that are not denominated in the functional currency of the entity that recorded the asset or liability.

At this time, we do not hedge our foreign currency risk.

Interest Rate Risk

Interest rate risk primarily relates to our loan obligations with variable interest rates. For example, amounts outstanding under our Term Loan Facility accrue interest at variable rates linked to the South African prime rate and expose us to interest rate risk. Short-term deposits held at banking institutions also carry interest rates at prevailing market conditions.

An increase of 100 basis points at February 29, 2020 would have resulted in R1.95 million in additional interest income.

We have not entered into any financial instruments to mitigate interest rate risk.

Credit Risk

Credit risk primarily results from when a customer fails to meet its contractual obligations, and arises principally from our receivables from customer, cash deposits and cash equivalents. Credit risk is managed by each subsidiary subject to our policies and procedures. A significant percentage of our individual customers pay via direct debit in order to minimize our credit risk.

We evaluate credit risk relating to customers on an ongoing basis using independent ratings, or if independent ratings are not available, we assess the credit quality of our customers by taking into account their financial position, past experience and other factors, including the default risk associated with the country in which the customer operates. Individual risk limits are set based on internal or external ratings in accordance with limits set by our board of directors. The utilization of credit limits is regularly monitored.

We do not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with IFRS. The preparation of our consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts and related disclosures. We believe that the estimates,

assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

Please refer to Note 2.1 to the accompanying consolidated financial statements included elsewhere in this prospectus for information about the critical accounting policies, as well as note 2.2 for a description of our other significant accounting policies.

Useful life of Capitalized Telematics Devices and Capitalized Commission Assets

We complete a detailed assessment annually on the expected life cycle of subscriber contracts across the Company. The continued growth in our customer base over the past few years has provided a more comprehensive database of information and more certainty to support the assessment of the average useful life of subscriber contracts with customers. On the basis of such information, there has been no change to the estimated average useful life of 60 months of a subscriber contract for the year ended February 29, 2020. Contracts which terminate prior to 60 months result in accelerated depreciation of the underlying capitalized telematics devices and capitalized commission assets being recognized immediately.

Impairment of Financial Assets

We perform an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days since invoicing for the various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future conditions.

Goodwill

We test goodwill for impairment on an annual basis. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are performed internally by the group and require the use of various estimates and assumptions regarding discount rates and the future financial performance of the cash-generating units.

Recent Accounting Pronouncements

A discussion of new accounting guidance that we have recently adopted, as well as accounting guidance that has been recently issued but not yet adopted by us, is included in Note 3 — New standards and interpretations of our consolidated financial statements included elsewhere in this prospectus.

Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon (A) the last day of the fiscal year in which we had more than \$1.07 billion in annual revenue, (B) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC, which means the market value of our ordinary shares held by non-affiliates exceeds \$700.0 million as of the prior June 30th, or (C) the date on which we have issued more than \$1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. To the extent that we take advantage of these reduced reporting burdens, the information that we provide shareholders may be different than you might obtain from other public companies in which you hold equity interests.

FOUNDER'S LETTER

At an early age, I experienced a frenetic pace of life. I was born in Portugal and later moved to Mozambique. When I was 8 years old, my family escaped the ensuing revolution by immigrating to South Africa. In an effort to instill a strong work ethic, my father kept me and my four brothers working every weekend in our formative years. I became a veteran of change and challenge, and adapting quickly and focusing on the future became my pillars.

In 1994, after two vehicles were stolen from me, I began working in the telematics industry which was then in its infancy. I established a prominent independent distribution network in South Africa and operations in neighboring countries for a current competitor. Continuously frustrated with the status quo and the lack of scalable technology, I set out to establish Cartrack in 2001.

I developed the original Cartrack technology with Johan de Wet, the late Nick van der Walt and Nicolaas Geldenhuys. We went to market in June 2004, backed by an innovative and scalable technology system, prudent business model and culture that I believed would quickly distinguish us from our competitors. I refer to this as our recipe, the CartrackWay. Nothing fanciful, very simple, totally vertically integrated, but strangely enough difficult to copy.

Our Culture

Customer First. Our overall brand experience, customer facing technology and modus operandi are built on continuous user feedback. The customer care, support and collections departments are our daily barometers of customer satisfaction and demands. We rigorously monitor the cost of acquiring customers and the cost of keeping them live on our platform. We are driven by actionable data but only generate reports that will lead us to improving our business. We relentlessly chase improvements to our internal systems and procedures to increase both the productivity of our staff and the integration of our departments.

Innovation. The CartrackWay was founded on the acknowledgement of the importance of a dedicated and robust team. Our management is innovative, intuitive and entrepreneurial. Their owner-oriented mindset flows to our colleagues in the finance and data departments, who have the strong mathematical aptitude to balance risks and opportunities.

Meritocracy and Transparency. We only promote employees who are customer-centric, demanding, real, connected and market driven. We require transparency, integrity, a sense of urgency and attention to detail. Most importantly, we accept that our teammates may break things while striving for improvement, but we demand quick remedy and are focused on our goals. From a young age, I learned that the best value contributors are not boastful, fanciful, discriminatory or complicated. We have strong staff loyalty and seek to limit turnover for employees that have been at Cartrack for over a year.

Centralized Decision Making. I believe in centralized decision making with quick turnaround times, open communication, sleek systems, streamlined processes and motivated staff. Fundamentally, the CartrackWay is based on fewer meetings and strong systems and control.

Loyalty. We are loyal to our suppliers, while seeking to ensure we are always in a mutually beneficial partnership. We have a lean operation so that we can balance long-term pricing and margin protection with offering the best value-for-money proposition to our customers.

After a decade of success in gaining market share in South Africa, the rest of Africa and part of Europe, we noticed the large and long-term opportunity in Asia-Pacific. In 2014, I relocated to Singapore, a strategic move to further expand our footprint in Asia. We believe Singapore provides us with access to an abundance of talent and an ideal location from which to penetrate the Asian market opportunity.

After being in the industry for 26 years, I believe that we are only just commencing our journey. We believe that U.S. investors will appreciate our vertically integrated SaaS platform and the opportunity that lies ahead of us. We view listing on the Nasdaq as expanding our reach to diversified and sophisticated investors that understand our business which in turn, will assist us in attracting customers and talent and help us generate value for our shareholders as we continue to grow the Cartrack brand.

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BUSINESS

Overview

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

We offer a comprehensive, cloud-based smart mobility platform for connected vehicles and other assets. Our software-as-a-service (“SaaS”) platform provides our customers with differentiated insights and analytics to optimize their business and workforce, increase efficiency and decrease costs, improve safety, monitor environmental impact, assist with regularity compliance and manage risk. Our business is vertically-integrated, which affords us complete autonomy with regards to the development of the capabilities and features that differentiate our applications as well as the speed of our innovation. Since we own and control every aspect of our smart device design, platform innovation and software application development, client acquisition and onboarding, customer service and the management of our back-end support, we are able to move quickly without any significant third-party dependencies and inefficiencies.

We serve customers in 23 countries across five continents, supporting more than 1.3 million subscribers as of January 31, 2021 and our highly scalable platform serves large multinational enterprises and individual consumers alike, enabling us to address a large, growing and underpenetrated global market.

Our 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. Our platform collects, processes, and analyzes data via two-way communication with our proprietary hardware technology or third party devices in each vehicle or other asset, providing our users with visibility into their fleets from a single, user friendly interface with reporting and tracking capabilities that deliver actionable insights in real-time. Our 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.

We provide customers with the flexibility to deploy our solutions across a range of vehicles, including electric vehicles, and other assets and to use our platform alone or in conjunction with the systems of original equipment manufacturers (“OEMs”) and other third parties. We are committed to the continued enhancement of our customer experience and retention by driving innovation in the platform, adding functionality, new software features and integration with OEM solutions. The benefits of our platform to our customers include increased productivity, efficiency, sustainability, and regulatory compliance. We empower our customers, which range from consumers to large enterprise fleets, with actionable intelligence to enhance profitability, better serve their customers, and strengthen safety and security. We define customers at the enterprise or consumer level and subscribers as each vehicle or asset we service. We currently track 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 January 30, 2021.

Broad-based mobile connectivity and cloud applications are transforming how organizations manage assets and operate their businesses. According to Allied Market Research, the global automotive telematics market was valued at \$50.4 billion in 2018, and is projected to reach \$320.6 billion by 2026, reflecting a CAGR of 26% from 2018 to 2026. The market opportunity in automotive telematics in commercial vehicles alone is expected to grow from \$33.4 billion in 2018 to \$219.1 billion in 2026, representing a CAGR of 28%. We believe our total serviceable addressable market (“SAM”) was around \$12.2 billion in 2018 and expect it to grow to \$77.4 billion by the end of 2026. We define our SAM to consist of the automotive telematics markets in Africa, Asia Pacific, Middle East and Europe. This includes the Africa automotive telematics market, where Cartrack currently conducts a substantial majority of its operations, which was valued at \$0.9 billion in 2018, and which is projected to reach \$7.1 billion by 2026, reflecting a CAGR of 31%, according to Allied Market Research (the African market includes South Africa, Kenya, Mozambique, Namibia, Nigeria, and Tanzania, where we currently operate, as well as countries where the Company does not have operations). The Asia Pacific/Middle East automotive telematics market was valued at \$4.8 billion in 2018, and is projected to reach \$30.0 billion by 2026, reflecting a CAGR of 27%, according to Allied Market Research (this includes Hong Kong, Indonesia, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and the United Arab Emirates, where we currently operate, as well as countries where the

Company does not have operations). The European automotive telematics market was valued at \$6.5 billion in 2018, and is projected to reach \$40.3 billion by 2026, reflecting a CAGR of 26%, according to Allied Market Research (the European market includes Poland, Portugal, Spain and France, where we operate, as well as countries where we do not currently have operations). The United States automotive telematics market was \$13.3 billion in 2018. Cartrack has limited operations in the United States at this time and therefore this market is not included as part of the SAM. We believe that the expected growth of the automotive telematics market will be accompanied by increasing complexity and cost associated with operating mobile assets and managing associated workforces. We expect our customers' demand for our platform to remain strong as they use it to manage these costs and share data with their customers, who increasingly expect real-time insights with respect to vehicles, workforces and other mobile assets.

We were founded in 2001 in South Africa with an initial focus on SVR services in the region. We have strategically grown our business and are now a leading global provider of smart transportation management and analytics. As part of a limited strategy to distribute our SaaS platform through independent business owners, in Botswana, Malawi, Rwanda, Eswatini and Zimbabwe, our solutions are sold through independent licensees who enter into franchise agreements who have exclusive geographic licenses to sell our solutions in exchange for royalty payments. Revenue generated by licensees were 0.04% of our revenues for the year ended February 29, 2020.

In 2020, we moved our global headquarters to Singapore, where we believe we have access to the talent and capital to maintain and further our technological and operational leadership in the industry. Since our founding, we have gained vast expertise and enhanced our business in the following areas:

- Developing new software applications such as fleet management, mobile asset accounting, workforce management, and insurance solutions;
- Developing capabilities in data management at scale as well as a broad range of communication technologies and protocols;
- Expanding our sales and marketing focus to include commercial fleets of all sizes; and
- Expanding our geographic footprint to meet the needs of our customers who are increasingly global with larger, more complex fleets and requirements.

Our single user interface and fully integrated cloud-based platform runs on internally developed and cost-effective smart IoT devices, enabling us to deliver a unified and comprehensive service to our customers while maintaining control of our cost structure. Our discreet, sophisticated smart devices stream data to the platform, facilitating informed decisions about optimal asset efficiency and productivity, including live tracking and location of assets. Customers utilize the platform through an easily accessible web-based portal or mobile application, which is designed to be easy to deploy across customers' entire mobile asset fleets. Our devices can be installed in a range of mobile assets independent of asset procurement, allowing our customers to integrate our solutions in existing or new vehicles. Our platform includes a wide range of reliable services to effectively serve the needs of a geographically diverse range of clients. Where appropriate, partnerships with third party technology providers are established to create incremental value to customers in the markets we serve.

Smart vehicles and other connected mobile assets are becoming more common, generating increasing amounts of data. As this trend continues, there will be a greater need for deeper insights with respect to this growing pool of data. Our leadership position, as well as the strength and breadth of our platform, will enable us to continue to target a broad base of customers across multiple industries who derive value from our end-to-end platform, its stability and affordability. We market via inside sales and relationship managers in the field, who build long-lasting relationships with customers. We believe we have a proven expansion model with well-established operations across several continents and are currently focused on scaling rapidly to address high-growth greenfield opportunities in Asia.

We believe that maintaining strong financial discipline and prudent investment of capital provides a strong foundation for growth. For the year ended February 29, 2020, we reached the milestone of one million subscribers, growing our subscriber base by 165,717 subscribers to 1,126,515 subscribers as of February 29, 2020. For the nine months ended November 30, 2020, we grew our subscriber base by an additional 157,344 subscribers to 1,246,089 subscribers as of November 30, 2020.

Our business has experienced rapid growth, strong profitability, and capital efficiency in recent years. For the year ended February 29, 2020, we generated subscription revenues of R1,888 million 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, we generated subscription revenues of R1,635 million compared to subscription revenues of R1,385 million for the nine months ended November 30, 2019, reflecting period-over-period growth of 18%, with subscription revenue representing 98% of total revenue.

As at February 29, 2020 and February 28, 2019, ARR was R2,021.9 million and R1,674.5 million, respectively, which represents a 21% increase from period to period, as a result of strong subscriber growth and a 2% increase in ARPU. As at November 30, 2020 and November 30, 2019, ARR was R2,372.7 million and R2,020.4 million, respectively, which represents a 17% increase from period to period, as a result of continued subscriber growth despite the COVID-19 pandemic and a 2% increase in ARPU.

Our profit for the year 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%. Our operating profit for the year 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 our Adjusted EBITDA for the year 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%. Our 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%. Our operating profit for the period 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 our Adjusted EBITDA for the period 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, we believe strong net cash generated from operating activities is an important factor in supporting our robust business model and indicates our 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, we generated net cash generated from operating activities of 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, net cash generated from operating activities was R714.2 million and R664.5 million respectively, reflecting year-over-year growth of 7.5%. This growth increased profitability and improved working capital efficiency.

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information.

Industry Background

The growth in size and complexity of vehicle fleets, as well as increasing data sources and real-time connectivity, continue to provide a growing market opportunity due to increased adoption of connected device analytics and mobility management offerings as businesses and their customers are demanding more software features and greater transparency into fleet operations. In addition, the increasing costs of labor for drivers, fuel, maintenance and insurance have led to higher expenses associated with fleet operations and has driven demand for cost-effective solutions. Increasingly complex regulatory regimes and the persistent threat of crime also add to the challenges facing fleet operators. Our solutions address these challenges and favorably position us to benefit from the following industry dynamics.

Increasing global vehicle fleet. According to Fitch Solutions, the size of the global vehicle fleet is estimated at nearly 1.5 billion vehicles in 2020 and forecasted to grow to more than 2 billion vehicles by 2030. Cartrack’s expansion strategy in emerging markets is designed to place it in position to capitalize on these favorable industry growth dynamics. Growing use of shared personal mobility devices, such as bicycle and scooter rental networks, is contributing to demand for mobility management solutions for large fleets of vehicles that are not traditional automobiles.

Growth of smart transportation and proliferation of data sources. Connected device analytics and mobility solutions are growing globally, and penetration is relatively low in all markets. There is growing

third-party and OEM demand for remote diagnostics, maintenance management, accident and breakdown assistance and other technology products that require mobile connectivity and services. The volume of data concerning mobile assets and associated operator behavior is proliferating rapidly and growing in complexity. Immediate access to large volumes of remote data is being facilitated by the deployment and growth of 5G networks alongside expanding access to current-generation mobile connectivity technologies in developing markets. With growing urbanization and the emergence of smart cities, more organizations and individuals will deploy mobile and remote devices and rely on insights from the data that such connected devices generate.

Large and growing cost of operating mobile assets. Fleet managers are faced with significant operational costs associated with human resources, fuel, maintenance and insurance, as well as wasteful and fraudulent driver behavior, resulting in higher expenses. Fleet managers and insurance companies are increasingly relying on data to assess and manage driver risk, tailor premiums, and reconstruct accident scenes for evaluation of claims, and to monitor, influence and react to driver behavior in real-time.

Demands of consumers and large enterprises for digital transformation. Organizations are seeking to adopt SaaS solutions to leverage insights from data to reduce costs and manage mobile assets optimally. As providers like Amazon and FedEx provide real-time insight into order status and delivery tracking, both enterprises and consumers increasingly demand live visibility into operations and orders. Real-time insights can be differentiating in industries where transportation capabilities are otherwise increasingly commoditized.

Increasing regulatory complexity. Government regulations to improve safety and roadworthiness of vehicles, manage hours worked by drivers, implement road taxes by distance traveled and track and reduce carbon emissions are growing. Examples include Europe's eCall initiative to install automatic emergency call devices, the CONTRAN 245 mandate in Brazil to install vehicle-tracking devices in all new vehicles sold, and the electronic logging device ("ELD") mandate in the United States. Additionally, vehicle-to-vehicle and vehicle-to-infrastructure communication technologies are becoming increasingly important components of regulated national transportation infrastructure and will result in a corresponding growth in mobile asset data available for capture and analysis.

High rate of vehicle theft in developing markets. Consumers, fleet managers, and insurance companies all increasingly demand asset recovery services to recover vehicles and other mobile assets, manage self-insurance risk and increase levels of personal safety in developing economies in Africa and South America.

Limitations of Existing Offerings

Many legacy telematics system providers supply outdated software with limited flexibility that is difficult to operate and associated with high up-front costs and sub-standard functionality. They rely on expensive and often unsophisticated onboard computers, cumbersome non-user friendly interfaces and customer self-service for tasks such as SIM card or connectivity management. These solutions typically exhibit limitations, including:

Inadequate technical competency. Many existing providers typically do not make the sustained R&D investment to deliver cutting edge software features such as integrated live remote streaming and analysis of video data. Without such investment, they are unable to deliver smart, cost-effective hardware devices and network connectivity to provide critical uptime and reliability. Existing offerings often use expensive devices developed and delivered through fragmented supply chains that include unreliable third parties. Installations are costly, complicated, and time-consuming, increasing the time to value return on investment and decreasing functionality for end users.

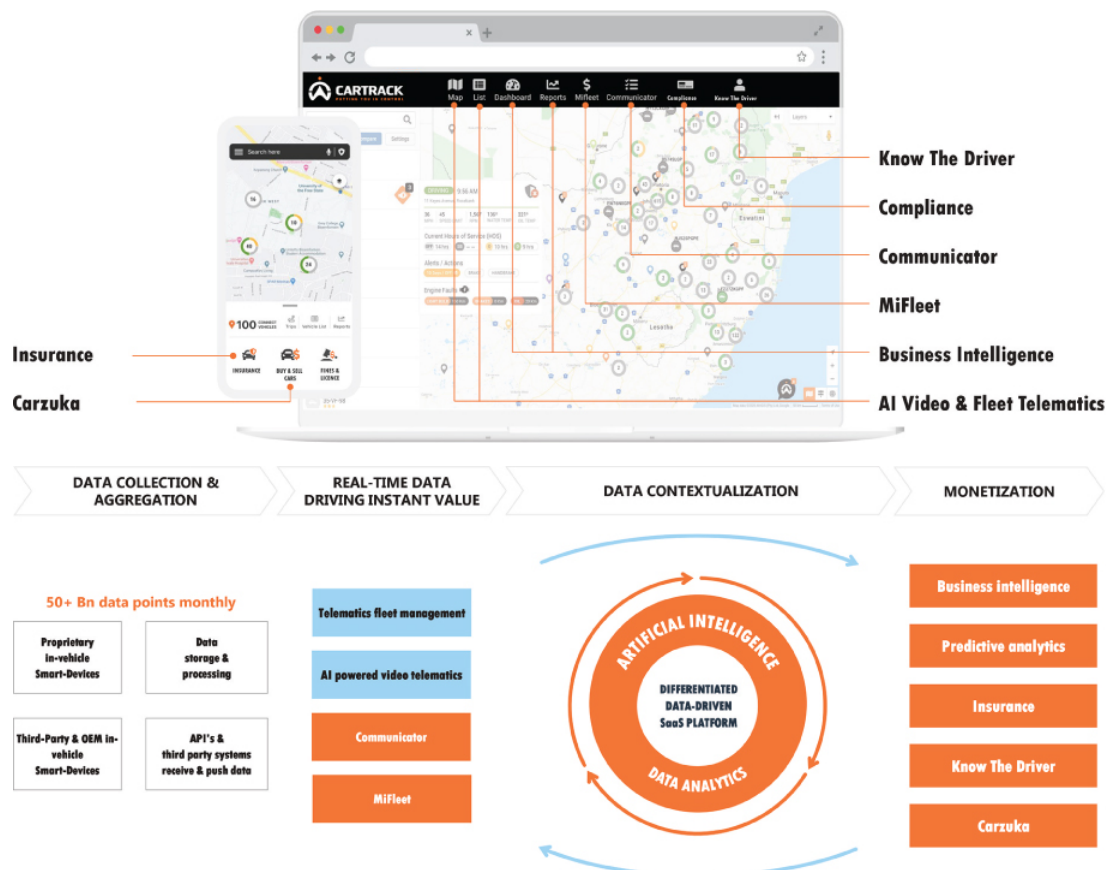
Incomplete and inflexible solutions. Many legacy solutions are "point providers," delivering a single unsophisticated service or feature, and are unable to offer a comprehensive integrated suite of tools to meet the diverse needs of fleet managers and personnel. Point providers offer narrow functionality and limited vehicle compatibility, focus on small to medium business fleets or have other restrictions in the customers and industries they are able to serve.

Lack of next-generation capabilities. The industry continues to embrace legacy thinking and focus on point solutions with the inability to quickly and reliably scale, adapt and develop advanced functionality

with user-friendly interfaces with broad compatibility. The lack of data scale and advanced analytics capabilities make it challenging to surface key insights and deliver significant value to customers in real time.

Not built for global availability. Many competing solutions provide limited network connectivity and are unable to take advantage of a broad range of communications technologies necessary to achieve coverage and deliver solutions across diverse geographies and use cases. In addition, they lack the international capabilities necessary to provide high-quality service across geographic regions. They therefore cannot be easily deployed across new customers of different scale or operating in different geographies. As a result, these competitors struggle to enter new geographies, integrate with new networks, and provide the same breadth of offering available to customers in core regions

Our Platform and its Key Strengths — One Platform with Vertically Integrated Operations



Our mission is to build the leading mobility SaaS platform that maximizes the value of data.

Broad array of mobility applications. Cartrack offers real-time connectivity services through mobile devices to manage the deployment of people and vehicles and the tasks that they are required to perform. This includes communications, analytics, accounting, live video streaming, workforce management and an array of medical and roadside assistance services that are applicable to taxi/ridesharing, public transit systems and logistics businesses. With fleet management, mobile asset accounting, workforce management, and a broad set of additional software features, we offer a highly functional, unified platform for smart transportation management and analytics delivered through a single screen.

Highly scalable vertical SaaS. Cartrack's cloud architecture enables us to quickly and reliably add thousands of mobile subscriptions and integrate their corresponding data streams each month, including

data from sources such as OEMs and other third-party devices. Our easy-to-use interfaces for iOS and Android, as well as our online platform for desktop, make it seamless for users to switch between devices, and our internally developed SaaS platform caters to all types of vehicle propulsion methods (internal combustion, hybrid, and electric) and allows for flexible integration with all major OEM hardware and software platforms.

Large and growing global infrastructure. Our business is fully vertically integrated in the design, development, production, and deployment of its hardware and software offerings. Unlike many of our competitors, all systems and products that we use are proprietary. Our vertically-integrated model allows us to provide our customers with the benefits of lower costs and greater flexibility without third-party vendor lock-in. Our R&D center in Singapore is staffed exclusively by our employees and is positioned to ensure our continued access to world-class talent in Southeast Asia. To provide leading service in installations, customer support, and vehicle recovery, we have established a comprehensive branch network of automotive technicians with rapid-response capabilities in each of the 23 countries in which we or our licensees operate. Our more than 665 mobile workshops serve customers globally around-the-clock. Our customer-focused approach to service is key to our leadership position in the industry and earned us recognition in South Africa’s prestigious Ask Afrika Orange Index Awards for outstanding customer experience in October 2018.

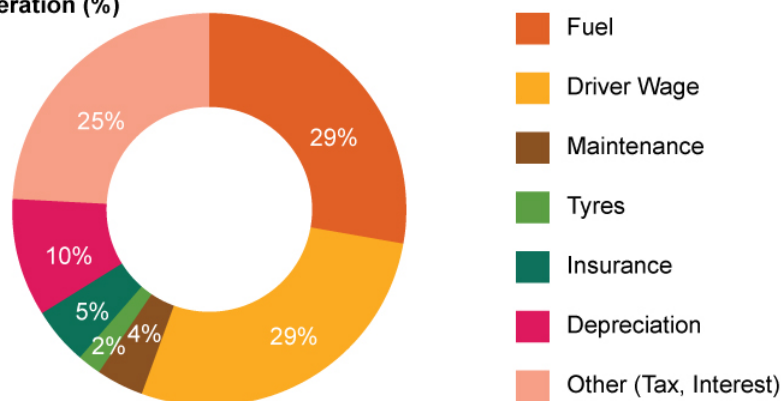
Deep domain expertise, industry knowledge, and institutional intellectual property. Our experienced R&D and management teams have accumulated vast experience in the fields of data operations, GSM, radio frequency, and satellites, as well as emerging and next-generation technologies such as LPWAN and V2X communications. Each of our proprietary smart devices are compact, facilitating effective concealment, and is transferable from one vehicle to another. Personal safety considerations, specialized fleet management, and regulatory compliance will continue to require the design and development of proprietary hardware. Our trained automotive technicians carry out installations with electronic connections kept at a minimum so as not to interfere with the vehicle’s electronic systems. Our products and installations are endorsed by a number of insurers and motor vehicle manufacturers.

Culture of service and innovation. The values at the heart of our culture — accountability, integrity, service orientation, relationships, and entrepreneurial leadership — are core drivers of our success. As we have grown from a small South African company to a global enterprise with more than one million subscribers, we have maintained a start-up culture that eschews hierarchy and where individual ownership and agility remain key features of our everyday behaviors and operations. We have a highly proven service delivery track record and are known for being quick to deploy and fast to respond.

Key Benefits to Our Customers

The relatively low monthly cost and material return on investment realized by our customers favorably positions us in both weak and strong macroeconomic environments. Our platform provides the following key benefits to our customers:

Lower operating costs. Research by the U.S. Department of Transportation shows implementing telematics can reduce unsafe driving by 60%, which can translate into profit margin increases of 30% in commercial fleets as well as reduced emissions. Telematics insurance has also reduced car accidents by around 35% in recent years, according to Allied Market Research. We believe that the AI-enabled real-time feedback through our platform coaches drivers to engage in behavior that lowers fuel consumption, reduces maintenance costs, and improves on-road safety.

Cost of Fleet Operation (%)

Source: Mordor Intelligence LLP, Global Fleet Management Solution Market, November 2018

Increased workforce and asset productivity. Real-time fleet oversight and analysis of data can assist fleet managers in planning better routes and times for vehicles to be on the road, as well as planning maintenance through alerting and scheduling. Route management and traffic mapping, powered by our platform, can reduce the distance covered by each vehicle. By providing an integrated platform for data, analytics and communications, driver and dispatch teams can work together more efficiently and empower management with greater insight into key performance indicators of asset and employee performance such as utilization, service intervals, and billable hours.

Stability and reliability. Cartrack employs the GSM/LTE network, to facilitate reliable communication between our platform and telematics devices. This technology enables recovery teams to accurately locate stolen vehicles and allows customers to track the movement of their vehicles via the web or mobile applications. GPS satellite technology provides users with accurate positioning and monitoring of the vehicle fleet. Secondary radio homing beacons enable air and ground response teams to locate vehicles in areas where coverage may be sparse. Customers also further benefit from our 99.9% system uptime for the year ended February 29, 2020 and for the nine months ended November 30, 2020.

Road safety and accident management. The World Bank Group estimates that, on average, a 25% reduction in road traffic deaths raises per capita real GDP by several percentage points in the growth markets we target, illustrating the importance of improving driver habits and monitoring commercial vehicles. Powered by industry leading AI, we provide comprehensive driver behavior monitoring and measurement applications which are easily integrated into vehicles to extract and analyze significant amounts of data to improve driver behavior. In addition, deployment of in-vehicle telematics sensors to monitor activity on-road and within a vehicle provides performance benefits and critical data in the event of a collision.

Our Opportunity

There is a significantly underpenetrated global opportunity in mobility data analytics for smart transportation. According to Allied Market Research, the market opportunity in automotive telematics in commercial vehicles alone is expected to grow from \$33.4 billion in 2018 to \$219.1 billion in 2026, representing a CAGR of 28%. We believe a large portion of spending in this space today is for outdated telematics offerings that do not provide the next-generation capabilities required by today's customers across a broad range of transportation and mobility use cases.

In 2020, Fitch Solutions estimates there will be more than 1.5 billion vehicles in the world, including more than 392 million commercial vehicles, increasing to two billion total vehicles by 2029, including more than 500 million commercial vehicles. McKinsey & Company found that around 15% of vehicles come with telematics installed as standard, suggesting under-penetration of a significant global opportunity.

Additionally, we are identifying new avenues of growth from our data analysis. We have expanded our SaaS platform into insurance, and plan to continue to expand into tires and the maintenance and the buying

and selling of vehicles. We continue to serve consumers across South Africa and are well positioned to launch and scale similar offerings opportunistically in other geographies.

Our Growth Strategy

Our long-term growth is driven by five key factors:

Growth of connected devices. We are enhancing our SaaS platform to be device and service provider agnostic as we further develop smart mobility capabilities, partnering with the world's leading companies in pay-as-a-service transportation. Increasing global access to these devices will further drive demand for our solutions and services. Our platform is complementary to OEM and third-party telematics systems and we conduct aftermarket installations in collaboration with OEMs.

Deeper insights from data. Our customers are increasingly reliant on our SaaS platform to optimize business intelligence relating to both assets and people on a global scale. In order to capitalize on this rapidly growing trend, we will continue to invest in technology and operating capacity across markets.

Global demand. We have seen a notable rise in demand for connected vehicles, devices and mobility data across the globe, enabling our expansion across geographic regions. All markets remain underpenetrated, and we are capitalizing on opportunities to provide scalable, customer-centric solutions that rapidly deliver value to enterprise customers and consumers alike.

New platform enhancements. We continue to expand our platform to address our customers' most critical business priorities. R&D investments allow us to meet growing expectations from customers for deeper insights quickly. We offer an easy-to-use administrative and vehicle cost accounting software called MiFleet and a mobile enabled workforce management solution called the Communicator, which can effectively manage business processes like stock control, electronic proof-of-delivery and invoicing. Recent enhancements to our platform include business intelligence and OEM integrations, our buying and selling cars platform, and advanced jobs and messaging via our Communicator routing application.

Significant barriers to entry. We enjoy a strong competitive advantage due to the global fragmentation of our market, upfront capital requirements for the development and deployment of global infrastructure and to fund cash investments in device and installation costs, and the significant R&D expenditure necessary to keep pace with technological developments. The industry has shifted from upfront payment for hardware and installations to recurring SaaS subscription contract models where the service provider retains the ownership of the device, and we have capitalized on this shift to reinforce customer retention. This high demand for SaaS solutions with no upfront fees increases the challenge facing new entrants and vendors lacking scale.

We intend to pursue the following growth strategies:

Increase subscription sales to existing customers. We believe our longstanding commitment to R&D investment positions us favorably to continue to deploy technologically advanced solutions increasingly in demand among customers of all sizes worldwide. Our customer base of more than one million subscribers represents a significant opportunity for further subscription sales expansion. Many of the growth drivers for new subscriptions will also lead to the growth of our offering within existing customers. Our scalable platform and vertically integrated infrastructure will enable us to onboard new customers quickly and easily and make new software features immediately available to our customer base worldwide.

Expand our subscriber base. Our market penetration is low worldwide. We believe there is substantial opportunity to grow our customer base. We expect growth in customer demand to come from mobile asset growth and a broad range of emerging smart mobility use cases, where we expect robust demand for SaaS-based data analytics solutions to optimize operations. We believe demand growth will be in excess of global fleet growth forecasts due to increased market penetration opportunities resulting from the realization of the benefits associated with adopting mobility offerings. We anticipate demand increases for safety and security services by governments, business, and individuals due to increasing crime rates in key markets. We serve a broad range of customers and industries and will continue to focus on growing our subscriber base among them.

Expand our geographic presence worldwide. While South Africa remains an important market for us, we expect more robust subscriber growth from the Asia-Pacific and Middle East regions, due to populous, fast-growing economies, a favorable competitive climate, including low penetration rates and unsophisticated competing solutions, and established operations that have now gained scale. We expect growth from the unmet need for improved road safety and decreased pollution levels, particularly in the Asia-Pacific and Middle East regions where vehicle populations are expected to show a material increase along with already elevated traffic congestion and pollution levels. We are looking to further increase our footprint in Europe, and our US operations are small but highly strategic in nature. As the breadth of our offering increases over time, we believe we will be able to efficiently deploy our offering across our existing multinational customers' fleets as we enter new regions where they already operate.

Expand our consumer platform and services. We intend to expand the offering of our consumer offering into both Europe and the Asia-Pacific and Middle East region as demand grows for consumer services. For example, in Europe, the demand for accident notification and medical emergency response is growing and at our current scale, we can add these services to our business very efficiently.

Our Platform

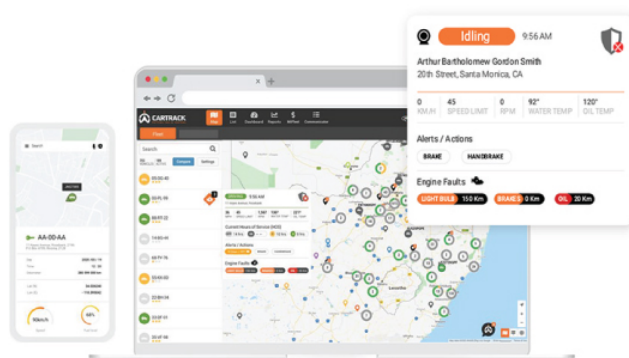
Our single platform offers a range of scalable mobile asset management and workforce optimization applications to address the needs of our diverse customer segments. We offer a comprehensive set of software features for data analysis, mobile asset tracking, and oversight for managers to protect, connect, and report on every asset in a fleet. Our platform is accessible to users via web interface and mobile applications, with services offered via monthly subscription. Our applications are tightly integrated to avoid the need for multiple interfaces, and include free application programming interface ("API") integrations with enterprise resource planning ("ERP") systems.

The principal components of our SaaS platform include the following:



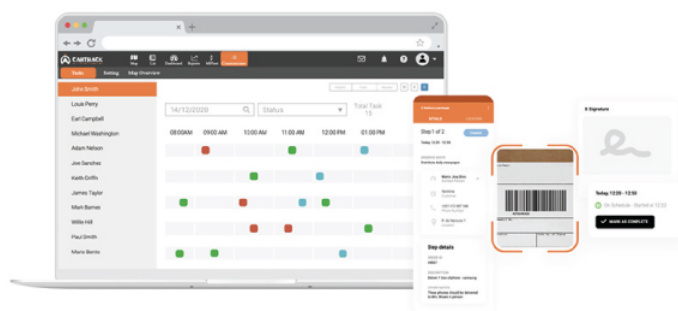
FLEET TELEMATICS

Gain total control of vehicles, drivers & cargo with real-time visibility & alerts to plan & optimise fleet utilization




COMMUNICATOR

Effortlessly plan, create, manage & optimize delivery or on-site jobs to deliver the best customer service





AI VIDEO TELEMATICS & LIVEVISION

Prevent incidents & establish a safety first culture with in-cab audible alerts & effective footage based driver coaching



MIFLEET

Integrate, digitalize & automate fleet admin, maintenance, cost analysis & compliance



Vehicle Registration: XX-11 XX

Mileage until next service: 6,300/7,000km

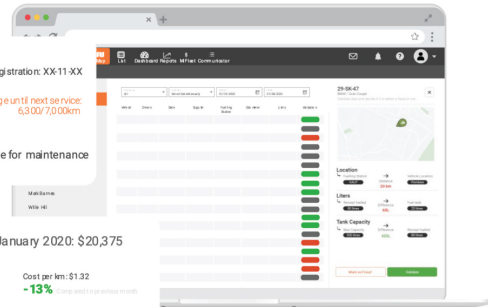
Soon due for maintenance

Total costs in January 2020: \$20,375



Cost per km: \$1.32
-13% Compared to last month

Cost per job: \$10.46
-10% Compared to last month



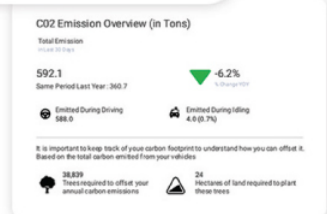
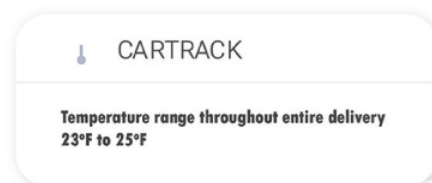
BUSINESS INTELLIGENCE

Track trends, compare vehicles & drivers, pinpoint inefficiencies & benchmark your fleet against your industry to make data-driven business decisions



ECO & COMPLIANCE

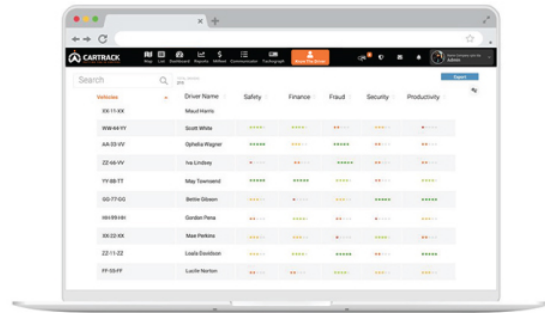
Effortless compliance, improved fuel economy, reduced food spoilage & actionable fleet eco-efficiency scoring





KNOW THE DRIVER

**Holistic risk management solution driving
increased compliance & enabling developmental
finance, insurance & other services**



Commercial Applications

- *Comprehensive Fleet Management SaaS Platform* provides customers with real-time insight into their asset base through live tracking on a roadmap interface; using our proprietary smart IoT devices that allow for powerful vehicle integration and the use of peripheral sensors all geared towards delivering:
 - Real-time, accurate GPS positioning enabling location management, fuel management and fraud detection, maintenance management, eco-driving, vehicle utilization, time and attendance, and cold chain management
 - Integration of real-time data into back office systems
 - Detailed driver management with advanced scorecards to manage the risk and performance of drivers
 - Real-time alerts for maintenance and engine diagnostics
- *LiveVision* enables comprehensive pro-active risk management and fleet visibility via an AI enabled two-camera video telematics system or a four-camera live streaming vehicle video system
 - The AI enabled camera delivers live warnings to proactively mitigate the risk of driver fatigue, driver distraction and collisions and includes the monitoring of safe driving distances
 - Live on-board cameras enable video selection, replay, and analysis, enabling driver coaching and performance improvement
 - Increased driver visibility reduces extraneous driving costs, reduces driver liability, increases driver safety, and further empowers fleet control
- *MiFleet Advanced Fleet Administration and Business Intelligence* (“BI”) provides cost management and administration capabilities.
 - Provides insight into all asset-related costs, such as purchasing, fuel, fines and insurance for each asset in a fleet
 - Provides actionable intelligence for driver optimization through powerful BI
- *Communicator* is a software application enabling mobile device tracking and user management, creating integrated mobile communication capabilities.
 - Trace and locate drivers and mobile assets in real-time
 - Drive powerful and highly controlled workflows, for example, stock control, invoicing, electronic proof-of-delivery, and mobile workforce management
 - Up-to-date destinations and navigation integration, allowing drivers to spend more time focusing on job completion rather than finding a destination
 - Quick communication to drivers via synchronized task list and built-in messaging systems
- *Business Intelligence* offers users a high-level view of fleet statistics, including analysis of key indicators and granular detail of asset-specific data.

- *Asset Tracking* provides a way to track and trace moveable assets to reduce losses, automate inventory management, and improve workforce efficiency, equipment utilization, and regulatory compliance.
- *Asset Recovery*. Our Stolen Vehicle Recovery (“SVR”) services assist vehicle owners and insurance companies with the recovery of vehicles that have been, or have been alleged to have been, stolen. This service includes around-the-clock assistance with real-time tracking, dedicated technical teams, early warning alert systems, ground and air recovery teams dedicated exclusively to Cartrack operating under local law licenses, specialized technologies for both GSM and radio frequency and repatriation assistance across international borders. Our recovery success rate is considered by management to be achieved through the high reliability standards of our SaaS Platform, our smart in-vehicle devices, specialized installation techniques, miniaturization, and a dedicated team of rapid response recovery agents.
- *Insurance Telematics* allows insurers to tailor premiums for commercial and consumer customers using analytics our platform provides. This data also can be used to better reconstruct accident scenes, making it more efficient to evaluate claims and resulting in lower premiums.

Consumer Applications

- *Protector* is an all-encompassing safety package for all consumer vehicles. Following the installation of the Cartrack telematics device, consumers can access a diverse set of software features and benefits, including:
 - a mobile application for real time movement management and communication;
 - Asset Recovery;
 - Ambulance Assist (facilitating emergency medical outreach and response);
 - Crash Alert (as described below);
 - and a Limited Asset Recovery Warranty pay out in the unlikely event of the vehicle not being recovered.
 - a power event notification provides alerts upon vehicle battery disconnect.
 - an ignition sensor remotely reads ignition status and detects improper use.
- *Crash Alert* is a 24/7 monitoring system, which immediately triggers a dispatch for emergency services in response to a detected collision or accident.
- *Car Watch* is a mobile application that lets users track and watch their vehicles from a distance. It includes alert notifications and the ability to sound an alarm remotely after unauthorized movements.
- *Insurance Telematics* allows insurers to tailor premiums for commercial and consumer customers using analytics our platform provides. This data also can be used to better reconstruct accident scenes, making it more efficient to evaluate claims and drive behavioral change resulting in safer drivers, reduced risk and lower premiums.

Specialist Mobility Solutions

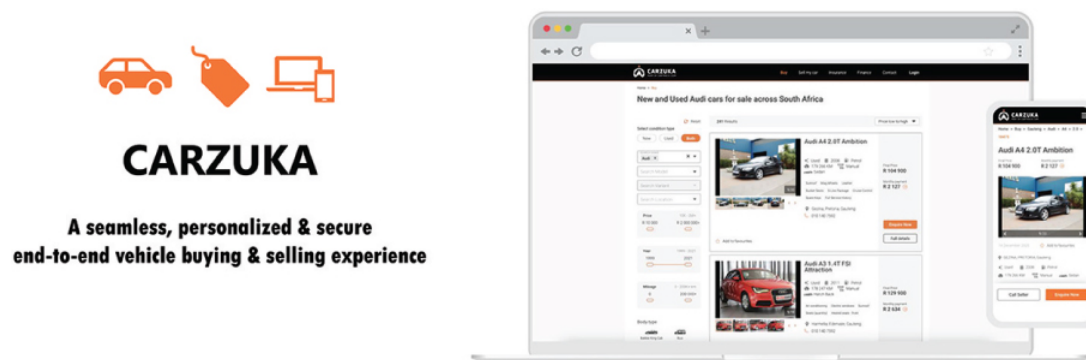
- *Bike Track*, similar to its vehicle counterpart, is a GPS-based solution providing a comprehensive set of fleet management software features for commercial motorbike fleets. It includes a unique power management system that ensures bike batteries will not have to be discharged.
- *Bike Track* is a smaller, more efficient version of the asset recovery package, with access to the same technology, asset recovery service, and emergency control room.
- *Credit Management* predicts payment cycles and facilitate active credit management for asset-based vehicle finance including accident reconstruction and driver behavior reporting for maintenance services and fraud detection. Real-time alarms and alerts are used to protect and secure assets.
- *Electronic Monitoring*. In Singapore, we provide an end-to-end electronic monitoring services (“EMS”) application that allows law enforcement agencies to monitor persons of interest, such as

offenders on extended supervision, parole, home detention, or community detention, including released prisoners in halfway care or who are in the process of being reintegrated into society.

Next-Generation Mobility Solutions

We are constantly innovating to offer a range of additional mobility and monitoring solutions in select markets:

- **Carzuka.** We believe our vehicle buying and selling marketplace will allow clients to source, buy and sell vehicles efficiently and cost effectively with peace of mind.
 - The global addressable market for used cars is anticipated to grow from 115 million vehicles in 2019 to 275 million vehicles in 2030 with South Africa making up 1.2 million of the used car market in 2019 according to industry sources.
 - Carzuka is currently in beta testing phase in South Africa and we expect to launch in 2021
- **Cartrack Insurance Agency.** Our insurtech multi-quote or aggregator platform offers our customers the ability to obtain a fast online quote from a panel of independent insurers at competitive rates or, if they choose, they can talk to a qualified consultant to advise on the appropriate insurance at the right price.
- **On-Demand Rideshare Taxi Application.** We have developed a rideshare application that is currently deployed in the United Arab Emirates, and has been developed for localization in multiple geographies.



Smart IoT Devices

Customers deploy our smart devices to collect real-time data from their vehicles and transmit this information to secure data centers for processing which we manage via the Cartrack Private Cloud. Our platform components are designed to operate using a diverse array of communication technologies, including radio, satellite, and network protocols such as Sigfox and LoRa. We generally design, develop and manufacture our devices and firmware in order to ensure their modularity and interoperability with our core subscription offering. We seek to drive device costs down over time in order to reduce the upfront investment required by our customers. In addition to sales of these devices to customers, we offer customers the option of a SaaS-based subscription model with no up-front payment, reducing the capital investment required to access our solutions.

Our solutions are both flexible and relevant across all industries and fleet sizes, and have the capability to track other types of assets. Our technology has proven to be scalable, with many use cases and subscribers in many countries. This has given us large amounts of data, which we have in turn learned to process quickly and reliably. As we continue to grow, we plan to leverage our data by integrating data science and AI more deeply into our platform. In a system that can watch fleets and drivers for our customers, operators can spend more time optimizing their businesses in other ways.

We believe our modular, proprietary designs give us an advantage over competitors who rely on third-party commodity telematics devices because we are able to provide more solutions through our

devices tailored to our customers' needs. Our devices can access and leverage CANBUS data, a system which enables communication between various parts of a vehicle, such as the engine control unit and airbags, which can be commercialized through collaborations with OEMs.

Our Customers

We divide our subscriber base into the following five categories across a range of industries: (i) consumers and sole proprietors, (ii) small businesses, (iii) medium-sized businesses, (iv) large enterprises and (v) other connected devices. We define consumers and sole proprietors as individuals or business owners whose vehicles are used for personal and/or business use; these customers typically have between one to five vehicles under subscription with us. We define small businesses as commercial customers with up to 24 vehicle subscriptions with us. We define medium-sized businesses as fleets with between 25 and 99 vehicle subscriptions with us and large enterprises as having fleets with 100 or more vehicle subscriptions with us. Other connected devices are subscriptions where a device is not installed in a vehicle.

As of February 29, 2020, we had 485,843 consumers and sole proprietor customers, 61,754 small business customers, 2,189 medium-sized business customers and 409 large enterprise customers, compared to 397,227 consumers and sole proprietor customers, 54,368 small business customers, 1,787 medium-sized business customers and 341 large enterprise customers, as of February 28, 2019. As of November 30, 2020, we had 553,255 consumers and sole proprietor customers, 68,505 small business customers, 2,343 medium-sized business customers and 427 large enterprise customers, compared to 475,185 consumers and sole proprietor customers, 60,403 small business customers, 2,065 medium-sized business customers and 367 large enterprise customers, as of November 30, 2019. Our strategy for generating scale in a region is to initially build customer volume. We subsequently target larger business customers.

Excellence in service to our customers is core to our values and culture. We believe that we have a satisfied customer base as evidenced by our 95% average annual customer retention rate for small, medium and large enterprises calculated over a three year period as of November 30, 2020, along with the expected subscriber, or vehicle, life expectancy of approximately 60 months. This rate excludes the loss of customers who ceased operations in this period, which if included, would reduce the rate to 94%. We calculate the annual customer retention rate by comparing the number of customers at the end of a year that had been with us at the start of such year. We maintain a strong focus on internally monitoring and continuously enhancing our customer satisfaction levels. We provide 24/7 customer support as part of our subscription and our internal teams are proactive in assisting customers over the phone. Additional assistance is also available via phone, chat or email.

Sales and Marketing

Our strategy to generate scale in the region is to target subscriber volume with consumers and sole proprietors and small businesses as we build our distribution and customer care model in such region. We then move to target the medium-sized businesses and large enterprises in such region. In all regions, we sell subscriptions of our solutions through our direct sales force.

Sales

We sell subscriptions to our SaaS fleet management platform through our direct sales organization. Maintaining direct control of our sales force allows us to efficiently target individual consumers and sole proprietors, small to medium-sized businesses with local fleets, and large enterprise fleets.

The focus of our sales efforts is to drive a high volume of transactions through a standardized and highly repeatable methodology. We focus on the core challenges that fleet operators face in managing their fleet. We are able to provide our prospects with an anticipated return on investment, or ROI, calculation that enables us to tangibly demonstrate the benefits of our solutions and how they address the challenges that our prospects face. We highlight the insights that fleet operators gain from our reports and real-time alerts and how they can use those insights to improve productivity, increase operating profitability and solve key business problems. We believe we effectively sell our solutions to large customers because our platform is competitively priced, easy to use, stable and delivers the required actionable insights. We are also able to

rapidly deploy our devices into a large fleet, making switching quick and easy. Additionally, the ease of use of our platform allows us to meet our customers to integrate our solutions with relative simplicity.

We have dedicated sales and marketing teams in each region using the following sales channels, depending on our customers' needs and fleet sizes:

Inside sales and web sales. We sell via our internal teams to both consumers and commercial prospects. This is our primary sales channel and a key component of our go-to-market strategy and the teams have typically increased their sales productivity while lowering the aggregate cost of subscriber acquisition to date. Our sales agents conduct their selling activities telephonically, in some cases using live web demonstrations to convert sales leads to customers.

Field sales. Our field sales team of relationship managers meet face-to-face with prospects and focuses on sales to small businesses, medium-sized businesses and large enterprises. The field sales team is supported by a team of inside sales representatives.

In addition to the direct selling methods set forth above, our field sales teams, with support from our inside sales team, work closely with automobile dealerships, insurance companies and insurance brokers to generate channel based opportunities for us to acquire new customers.

Furthermore, both the inside sales teams and field sales teams focus on assisting customers that are adding devices through fleet expansion or broader use of additional applications or software features across their fleet. They monitor customer usage to ensure that our customers are deriving the maximum benefit from our offering.

Marketing

Our marketing programs target both individual consumers, business owners and decision-making managers in multiple industries that operate fleets of commercial vehicles. Our marketing strategy is focused on lead generation and reinforcing customer engagement and thought leadership.

Lead generation is a core function of our business processes. We generate leads through a combination of internet-driven inbound activities and traditional outbound marketing activities.

Inbound leads. Our inbound leads are largely generated through digital or internet-based marketing efforts. This involves extensive search engine marketing, search engine optimization, email marketing, direct internet traffic, social media platforms and purchased lead generations. Our demand generation programs vary depending on our target customer, industry or fleet size, and include marketing activities, such as integrated programs on the internet, outbound marketing campaigns targeted to prospects in key industries and geographies, attendance and sponsorship of trade shows, email lead generation and prospect follow-up, and traditional public relations and website properties. We make use of social media to engage customers and prospects to generate interest, demand and leads.

Outbound leads. Our outbound lead generation involves a variety of traditional marketing activities, including, customer referral, purchased leads, direct mail, email marketing, cold calling, advertising, trade shows and in-person events, and telemarketing. We accumulate marketing lists through a variety of sources, including purchased lists selected by industry and geographic demographics. We filter prospects by using industry knowledge to identify quality targets.

Our Technology

We designed our SaaS platform architecture for global access via an internet browser or mobile application. Updates to our platform are distributed instantaneously to all of our customers over the internet.

Our solutions have been specifically built to deliver:

- a consistent, intuitive end-user experience to limit the need for training and to encourage high levels of end-user adoption and engagement;
- turnkey, out-of-the-box functionality;

- flexibility to design customized reports and alerts that enable our customers to gain insights into their existing fleet and mobile assets;
- integration with other systems such as OEM systems, fuel cards, GPS navigation devices, and customer information technology systems, such as work order management and enterprise resource management systems;
- scalability to match the needs of our growing customer base and their fleets; and
- rigorous security standards and high levels of system performance and availability demanded by our customers.

Our fleet management platform is comprised of a telematics device that incorporates off-the-shelf components, including a cellular modem, GPS receiver and memory capacity sufficient to run our proprietary firmware, which reports vehicle coordinates, time, speed, ignition status, and mileage from satellite readings. This information is collected using an event-based algorithm (allowing the events collected to provide a road hugging presentation on the mapping layers) and then sent to our receivers at third-party data centers via a commercial cellular network. The information is then processed and delivered to our customers providing a wide range of live reporting, mapping, and alerts designed to give customers business intelligence. This information can be accessed by our customers via an internet browser or mobile application as well as be sent to customers by email, an XML feed, or internet services.

Our SaaS platform is deployed using a multi-tenanted architecture that scales rapidly to support additional new subscribers through the addition of incremental commodity processing and storage hardware. This architecture flexibility allows us to sustain high levels of uptime without degradation of system performance despite significant subscriber growth. Our existing architecture and infrastructure has been designed with sufficient capacity to meet our current and anticipated future needs.

We use many frameworks most notably REACT developed by Facebook and write the majority of our software in industry-standard software programming languages, such as JavaScript, python, PHP and C/C++, all software is deployed for our relational database management system. Apart from these and other third-party industry standard technologies, our fleet management solutions have been specifically built and upgraded by our in-house development team.

Research and Development

The responsibilities of our research and development organization, which consists of 84 full-time employees, include platform management, platform development, quality assurance, and technology operations. Our investment in research and development is core to our business strategy and a key differentiator in the competitive landscape. Our research and development expenses were R44.9 million in the year ended February 29, 2020 and R54.2 million in the nine months ended November 30, 2020, and we capitalized R30.9 million and R20.3 million of research and development in the year ended February 29, 2020 and the nine months ended November 30, 2020, respectively. All of our research and development activities are performed in-house. Our primary research and development organization is based in Singapore. We also have research and development operations in South Africa (where the first versions of our solutions were developed), and Portugal. Based on feedback from our customers and prospects, we work to expand our platform offerings while enhancing and maintaining our core solution technology to adapt to new regulatory compliance requirements, user demands, and emerging trends in the industry. We develop new functionality with a view to full platform deployment for use by all of our customers and avoid bespoke development.

Operations

We physically host our cloud based SaaS platform for our customers principally in five secure third-party data centers located in South Africa, Singapore, the Netherlands, and the United Arab Emirates. These data centers provide us with both physical security, including around-the-clock security personnel, biometric access controls and systems security, including firewalls, encryption, redundant power and environmental controls. Our data centers maintained over 99.9% system uptime during the year ended February 29, 2020 and nine months ended November 30, 2020. We believe that our third-party hosting facilities are adequate for our current needs and that suitable additional capacity will be available as needed to accommodate planned expansion of

our operations. We believe our agreements with these third-party data centers are generally consistent with competitive market terms and conditions.

Our platform technology also includes switches, routers, load balancers, IDS/IPS and application firewalls from top-tier suppliers to serve as the networking infrastructure and high levels of security infrastructure for the network environment. We use rack-mounted servers to run our solutions and for content caching. We use storage area network (“SAN”) hardware with fiber channel and solid-state drives at our data center locations. These SAN systems have been architected for high performance and data-loss protection, and we believe that these systems have the capacity and scalability to support our anticipated growth for the foreseeable future.

We leverage a large team of employed installers worldwide to install our telematics devices. On some occasions we may call on third parties to assist with installation. Upon contracting with a new customer, we dispatch the nearest installer to the customer’s place of business or a central location for installation of our telematics devices. Typically, the full installation cycle is accomplished within two to five days from the date of contract. If an telematics device malfunctions in the field, we also use our installers to replace the device.

Our Competition

The rapidly evolving market for our solutions is competitive and highly fragmented in certain of our regions, particularly by geography and customer segment. We compete with point-to-point solution providers as well as other companies with service offerings designed to address similar needs as our solutions that range from small, regional providers to mid-sized multinational provider to large global providers. Many of our competitors offer fleet or mobile asset management software solutions to particular industry segments or in limited geographic regions. For example, we compete with Verizon Connect, WebFleet by Bridgestone (formerly TomTom), Masternaut (a Michelin Group Company) and Fleet Complete for commercial fleet management in Europe; we compete with Tracker, Netstar, MiX Telematics, and CTrack Inseego for both consumers and commercial customers in South Africa; and we compete with a large and fragmented group of competitors in Asia and Africa. Many larger competitors have entered the market in recent years through acquisitions of competing solutions, such as telecommunications provider Verizon acquiring Fleetmatics, as well as tire companies Bridgestone and Michelin acquiring TomTom and Masternaut, respectively. Some of our actual and potential competitors may enjoy competitive advantages over us, such as greater name recognition, longer operating histories, more varied services, and larger marketing budgets, as well as greater financial, technical, and other resources.

We believe that the key competitive factors in our market include:

- ease of onboarding, initial setup and use;
- platform functionality, performance and reliability (speed and stability);
- relevant features that best meet the needs of fleet operators;
- business intelligence capabilities;
- technology architecture scalability; and
- cost.

We believe that our efficient customer acquisition model, data driven business intelligence approach to fleet management, SaaS delivery model, deep domain expertise and large user base enable us to compete effectively. We believe that many of our competitors rely on up-front hardware sales to finance their operations. Their business models are a significant investment hurdle for certain customers. Additionally, many of these competitive offerings are difficult to deploy and use and lack other features required by customers.

Some of our competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to offer a more comprehensive service than we do. These combinations may make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology, or service functionality. We expect these trends to continue as companies attempt to strengthen or maintain their market positions.

Seasonality

Our business is not materially affected by seasonal trends.

Intellectual Property

Our intellectual property rights are important to our business. We rely on a combination of trademark, copyright, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property rights. We also license technology from third parties. We believe our license agreements for third-party software and other intellectual property are generally consistent with industry standard terms and conditions. See “Risk Factors — Our SaaS platform relies on specific third-party software and any inability to license or use such software from third-parties could render our platform inoperable.” Although the protection afforded by trademark, copyright, and trade secret laws, written agreements and common law may provide some advantages, we believe that the following factors help us to maintain a competitive advantage: the technological skills of our research and development personnel; frequent enhancements to our solutions; and continued expansion of our proprietary technology.

Facilities

Our principal executive offices are in Johannesburg, South Africa and consist of two offices with approximately 6,356 square meters of space under leases that expire in March 2021. We use these facilities for finance, legal, human resources, information technology, sales, marketing and other administrative functions. We currently have five data center sites providing coverage and high-speed access to all customers. The locations of the data centers are in the Netherlands, United Arab Emirates (Dubai), Singapore, and two in South Africa.

We believe that our facilities are adequate for our current needs and that suitable additional or substitute space will be available as needed to accommodate any potential expansion of our operations.

Human Capital

As of November 30, 2020, we had 2,776 full-time employees and 123 part-time employees. 1,903 of our full-time employees are located in South Africa, 199 of our full-time employees are located in Africa-Other, 198 of our full-time employees are located in Europe, and 486 of our full-time employees are located in Asia-Pacific, Middle East and USA. None of our employees are represented by a labor union or covered by a collective bargaining agreement.

We have a team-oriented culture and encourage candor from our employees, which we believe helps us to succeed and drive operational excellence. We also seek to, and have a history of, promoting from within our organization as well as hiring top talent from outside of our company to expand our capabilities. We aim to hire individuals who share our passion, commitment and entrepreneurial spirit. We are also committed to diversity and inclusion because we believe that diversity leads to better outcomes for our business and enables us to better meet the needs of our customers.

Legal Proceedings

To our knowledge, we are not currently a party to any legal proceeding that would have a material adverse effect on our financial condition, results of operations, or liquidity, nor are we aware of any pending legal proceedings, which may have a material adverse effect on our financial condition, results of operations, or liquidity. From time to time in the future, we may become involved in legal proceedings arising in the ordinary course of our business. Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance, and it is reasonably possible that some of these matters may be decided unfavorably to us.

REGULATION

We are subject to laws and regulations relating to our business operations, including laws applicable to providers of internet and mobile services both domestically and internationally, as we collect data, including personal data, disseminate data and, in limited cases, sell data. The application of existing domestic and international laws and regulations relating to issues such as user privacy and data protection, marketing, advertising, inadvertent disclosure and consumer protection in many instances is unclear or unsettled.

The transmission of data over the internet and cellular networks is a critical component of our SaaS business model. We believe that as cloud computing continues to evolve, increased regulation by federal, state and foreign agencies becomes more likely, including in the areas of data privacy and data security. In particular, we believe that the dynamic regulatory environment in South Africa, Singapore, the European Union and the United States is likely to result in additional and increasingly complex regulation in these areas and that new laws governing data privacy and data security will be enacted in many other regions. Laws governing the solicitation, collection, processing or use of data could impair our ability to manage and report on customer data, which is integral to the delivery of our SaaS solutions. Increased regulation will require us to devote legal and other resources to address this regulation. As we expand our business and operations, we will be required to devote increased resources to regulatory compliance.

Data privacy regulations and applicable laws in South Africa, Singapore, the U.S., the European Union or elsewhere could limit our ability to use the data we gather from our customers, increase the cost of doing business and result in claims brought by our customers or third parties.

South African Regulatory Environment

The Protection of Personal Information Act

The Protection of Personal Information Act, No. 4 of 2013, as amended (the “POPI Act”) was promulgated into law on November 26, 2013 in South Africa. Certain sections of the POPI Act, relating (among other things) to the appointment of an information regulator (the “Information Regulator”) and the publication of related regulations (the “Regulations”), became effective on April 11, 2014. The Information Regulator was appointed on December 1, 2016 and the final Regulations were published on December 14, 2018. The majority of the remaining sections of the POPI Act commenced on July 1, 2020. The POPI Act allows a transitional period of one year during which responsible parties (known as “data controllers” in some jurisdictions, or entities which collect and hold certain types of personal information relating to individuals and legal entities (including suppliers, customers and employees)) will have the opportunity to implement measures to comply with the law.

We have evaluated the potential impact of the POPI Act, taking into account our existing and planned privacy and data security practices and procedures and we do not believe that the POPI Act’s implementation will have a significant impact on our data security and business costs, practices and procedures in South Africa.

Additionally, a number of existing South African statutes regulate electronic communications, including the Electronic Communications Act, No. 36 of 2005, as amended, and the Electronic Communications and Transactions Act, No. 25 of 2002, as amended, which apply to a number of aspects of our business. These statutes regulate the generation, communication, production, processing, sending, receiving, recording, retaining, storing, displaying and use of any information, document or signature by or in electronic form.

The Private Security Industry Regulation Act, No. 56 of 2001, as amended (the “PSIRA Act”), also applies to our South African business and governs the vehicle recovery industry in South Africa. The PSIRA Act was enacted for the purposes of, for example: (i) the achievement and maintenance of a trustworthy and legitimate private security industry which acts in terms of the principles contained in the Constitution of the Republic of South Africa, Act No. 108 of 1996, and other applicable law, and is aimed at ensuring that there is greater safety and security in the country; and (ii) to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest and the interest of the private security industry itself.

Broad-Based Black Economic Empowerment

The South African government has established a legislative framework for the promotion of Broad-Based Black Economic Empowerment (“B-BBEE”), a government policy to advance economic transformation and enhance the economic participation of black people in the South African economy. Achievement of B-BBEE objectives is measured by a “scorecard” which establishes weightings for the various components of B-BBEE, such as skills development and preferential procurement, which is then translated into an entity’s “contributor level”. An entity’s contributor levels are improved when such entities contract with businesses that have earned high B-BBEE contributor levels themselves, and certain corporate, governmental and state-owned enterprises in South Africa have set minimum standards for B-BBEE contributor levels for potential bidders for contracts. It is important for us to achieve applicable B-BBEE objectives from both a compliance and corporate social responsibility standpoint.

Certain of our contracts require us to maintain a specific B-BBEE contributor level as measured under the Amended Broad-Based Black Economic Empowerment Information and Communication Technology Sector Code as published under section 9 of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (as amended). Failing to achieve applicable B-BBEE objectives could jeopardize our ability to maintain existing business or to secure future business from corporate, governmental or State Owned Enterprises that could adversely affect our business, financial condition and results of operations. See “Risk Factors — If we do not achieve applicable black economic empowerment objectives in our South African operations, we risk early termination of certain of our subscription contracts and the loss of the corresponding revenue.”

Consumer Protection

The Consumer Protection Act, No. 68 of 2007, as amended (the “CPA”) which came into effect on March 31, 2011, consolidated a previously fragmented legislative regime related to consumer protection.

The CPA has far-reaching consequences for both consumers and suppliers of goods and services in South Africa. It provides a comprehensive framework for the rights and the duties of consumers and suppliers. Contracts between consumers and suppliers, the manner in which suppliers interact with consumers, including market-related communications, suppliers’ liability, suppliers’ accountability to consumers and the administration of suppliers and practices are all regulated by the CPA. A “consumer”, for the purposes of the CPA, includes a customer to whom goods or services are marketed, a customer who enters into a transaction with a supplier and the user, recipient or beneficiary of the goods or services (irrespective of whether the consumer was a party to the transaction involving the actual supply of the goods or services). The implication of this qualification is that there need not be a contract between the supplier and the consumer of the goods or services in order for the CPA to apply. Among other exceptions, the CPA generally does not apply to a transaction where the customer is a juristic person with an asset value or turnover above ZAR 2 million at the time of the transaction, or a transaction which constitutes a credit agreement under the National Credit Act, 34 of 2005 although it will continue to apply to the goods or services supplied in terms of that credit agreement.

The CPA introduced some significant departures from the South African common law. Most notably, section 61 of the CPA does not require fault (i.e., negligence or intent) on the part of a supplier of products to be proven in a claim for loss or harm arising from a faulty product. It also extends the type of loss or damages that may be claimed by a plaintiff beyond what would ordinarily be permitted under the common law, by allowing a plaintiff to institute a claim against not only the supplier who supplied the goods to it, but to other suppliers in the supply chain as well. In addition, this section of the CPA, extends liability to consequential damages (i.e., economic loss). Thus, a consumer will be able to claim indirect damages suffered, such as medical expenses, loss of income and/or loss of profits.

Although the CPA imposes liability on all suppliers in the supply chain irrespective of their fault, the liability imposed is not absolute. A consumer must still prove the other elements necessary to sustain a claim against a supplier in terms of the common law, such as causation (i.e. whether the failure of the product caused the loss allegedly suffered) and loss suffered.

Section 61 also provides for a number of defenses which, if proved by a supplier, will exonerate or limit the liability of the supplier.

In addition, the CPA provides consumers with a number of remedies. If a consumer has a complaint against a supplier, they can take that complaint to the National Consumer Commission, in certain instances, the National Consumer Tribunal or a Court.

As such, ongoing compliance with legislation remains a priority for us and policies, procedures and controls have been embedded into the daily operations of the business to ensure that we remain compliant.

Competition

The South African Competition Act, No. 89 of 1998, as amended (“Competition Act”) prohibits anti-competitive restrictive practices and abuses of a dominant position, and requires that transactions resulting in a change of control (a “merger”) in which the parties exceed certain turnover and asset values must be approved by the relevant competition authority before implementation. The Competition Act established the Competition Commission and the Competition Tribunal (“Tribunal”) to enforce the Competition Act. The Tribunal may impose an administrative penalty for Competition Act violations of up to 10% of a company’s turnover in South Africa and its exports from South Africa. The Competition Act also established the Competition Appeal Court (“Appeal Court”), a specialist division of the High Court of South Africa, to adjudicate Tribunal competition law cases. In certain circumstances, competition law cases can be appealed from the Appeal Court to the Constitutional Court of South Africa.

Compliance with the Competition Act is a priority item for us. As part of our compliance efforts, we have developed an anti-corruption policy which we review on an annual basis. Further, training and awareness sessions are conducted in various critical business areas on an ongoing basis.

Singaporean Regulatory Environment

The Personal Data Protection Act 2012, No. 26 of 2012 of Singapore (the “PDPA”) generally requires organizations to give notice and obtain consents prior to collection, use or disclosure of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information), and to provide individuals with the right to access and correct their own personal data. Organizations have mandatory obligations to assess data breaches they suffer, and to notify the Singapore Personal Data Protection Commission (“PDPC”) and relevant individuals where the data breach is of a certain severity. The PDPA also imposes various baseline obligations upon organizations in connection with permitted uses of, accountability for, the protection of, the retention of, and overseas transfers of, personal data. In addition, the PDPA requires organizations to check “Do-Not-Call” registries prior to sending marketing messages addressed to Singapore telephone numbers, through voice calls, fax or text messages, including text messages transmitted over the Internet.

The PDPA creates various offenses in connection with the improper use of personal data, certain methods of collecting personal data, and certain failures to comply with PDPA requirements. These offences may be applicable to organizations, their officers and/or their employees. Offenders are liable on conviction to fines and/or imprisonment. The PDPA empowers the PDPC with significant regulatory powers to ensure compliance with the PDPA, including powers to investigate, give directions, and impose a financial penalty of up to S\$1 million. In addition, the PDPA created a right of private action, pursuant to which the Singapore courts may grant damages, injunctions, and relief by way of declaration, to persons who suffer loss or damages directly as a result of contraventions of certain PDPA requirements.

The PDPA was last amended by the Personal Data Protection (Amendment) Act 2020, which is only partially in force. As of the date of this prospectus, key portions of such Act not yet in force include a requirement for organizations to transfer personal data of an individual to a different organization where requested by the individual (generally referred to as “data portability”), and, for organizations with more than S\$10 million annual turnover in Singapore, the maximum financial penalty the PDPC may impose will increase to 10% of their annual turnover in Singapore.

European Union Regulatory Environment

We are subject to regulation under the laws of the European Union. Of particular relevance with regard to the regulation of our solutions are matters of data protection and privacy. More broadly, any

processing of personal data in the course of the provision of services is governed by the European Union data protection regime. The framework legislation at a European Union level in respect of data protection, Directive 95/46/EC, was superseded by the General Data Protection Regulation (EU) 2016/679 (“GDPR”), effective May 25, 2018.

The GDPR creates a single legal framework that applies across all EU member states, and in some circumstances, to processors in a state outside of the EU including any business, regardless of its location, that provides goods or services to residents in the European Union. The GDPR provides that EU member states may introduce further conditions, including limitations, to make their own further laws and regulations limiting the processing of personal data, which could limit our ability to collect, use and share European data, or could cause our compliance costs to increase, ultimately having an adverse impact on our business, and harm our business and financial condition. Some of these data protection and privacy laws place additional obligations beyond the GDPR on organizations operating in the EU, such as express suppression of positioning and speeding data when vehicles are used for private trips. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business.

The GDPR introduced direct compliance obligations for data controllers and data processors. The GDPR requires data controllers to implement more stringent operational requirements for processors and controllers of personal data, including, for example, transparent and expanded disclosure to data subjects (in a concise, intelligible and easily accessible form) about how their personal data is to be used, imposes limitations on retention of information, increases requirements pertaining to health data and pseudonymized data, introduces mandatory data breach notification requirements and sets higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR grants individuals the opportunity to object to the processing of their personal data, allows them to request deletion of the personal data in certain circumstances (right to be forgotten), and provides the individual with an express right to seek legal remedies in the event the individual believes his or her rights have been violated. Further, the GDPR imposes strict rules on the transfer of personal data out of the European Union to the United States or other regions that have not been deemed to offer “adequate” privacy protections.

The GDPR adopts a risk-based approach to security measures and certain other types of obligations, under which businesses bear responsibility for assessing the degree of risk that their processing activities pose to data subjects. National Data Protection Authorities (“NDPAs”) are now able to impose fines for violations of the GDPR ranging from 2% to 4% of annual worldwide turnover, or 10 million to 20 million euro, whichever is greater. Failure to comply with the requirements of the GDPR, and applicable national data protection laws of the EU member states may result in fines and other administrative penalties.

It is anticipated that, notwithstanding Brexit, GDPR or a similar data privacy regime will continue to apply to the U.K., as the U.K. parliament enacted the Data Protection Act 2018 on May 25, 2018, which enforces the provisions of GDPR independently of the U.K.’s membership in the EU.

U.S. Regulatory Environment

The Federal Trade Commission (the “FTC”) monitors and identifies practices that may compromise privacy and consumer welfare; examines opt-in procedures and whether consumers are notified and given a choice regarding the type of consumer data being collected and how such data will be used; and creates policies to halt abusive practices. The FTC has expressed particular interest in the mobile environment and services that collect sensitive data, such as location-based information, which could include transceiver products such as our telematics devices. Although much of the FTC’s focus is on consumer protection, the FTC may assert its jurisdiction over and to the extent that our clients use our systems to monitor employee movement. Further, the FTC has conducted numerous discussions on mobile and internet advertising privacy practices and may pursue more rigorous privacy regulation, possibly including regulation of non-identifiable data which could, in combination with other information, become personal data. Such increased regulation may impact our business. Even if the commercial use of our mobile technology does not expose us to FTC regulation and enforcement, geo-location and similar services are nevertheless receiving increased regulatory interest, and increased regulation may affect how we conduct our business in the future.

In addition to FTC scrutiny, many fleet drivers in the U.S. may belong to a union, which may trigger some degree of oversight from the National Labor Relations Board (“NLRB”). The NLRB has taken increasing notice of the privacy rights of unionized employees, including issuing rules regarding GPS location monitoring of unionized employees by employers. Current and future NLRB rules could affect our business model or the way in which our corporate clients use our solutions.

We also expect that there will continue to be new laws, regulations and industry standards concerning privacy, data protection and information security proposed and enacted in various jurisdictions that we may be subject to governing the collection, use, retention, sharing and security of data that we receive from and about our users. In recent years, regulation has focused on the collection, use, disclosure and security of information that may be used to identify or that actually identifies an individual, such as a name, address and/or email address. In addition, several states have enacted and others are considering enacting privacy legislation which may affect our business. For example, California has enacted its own privacy law, the California Consumer Privacy Act (the “CCPA”), which took effect on January 1, 2020. The CCPA establishes a new privacy framework for covered businesses by creating an expanded definition of personal data, establishing new data privacy rights for consumers in the State of California, imposing special rules on the collection of consumer data from minors, and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. We anticipate that the CCPA will be broadly applicable to businesses that collect personal data about California residents, requiring businesses to provide certain notices to consumers and enhanced individual rights (for example, the CCPA gives California residents expanded rights to access and require deletion of their personal data, opt out of certain personal data sharing and receive detailed information about how their personal data is used). The CCPA remains subject to potential amendments and finalization of the California attorney general’s regulations, which may impact the application of the CCPA to our business. Failure to comply with the CCPA may result in attorney general enforcement action and damage to our reputation. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase the volume of and costs associated with data breach litigation.

In addition, California enacted an internet of things cybersecurity law (“CA IoT Law”), which took effect on January 1, 2020. The CA IoT Law requires manufacturers that sell or offer to sell internet-connected devices to equip such devices with reasonable security features that are: appropriate for the nature and function of the device; appropriate for the information such device may collect, contain or transmit; and that are designed to protect the device and any information contained within the device from unauthorized access, destruction, use, modification or disclosure. While there is no private right of action under the CA IoT Law, non-compliance with this law may subject us to potential governmental enforcement actions.

MANAGEMENT

Board of Directors

The following table sets forth information regarding the current members of our board of directors.

Name	Age	Position
Isaias (Zak) Jose Calisto	54	Director
Morné Grundlingh	45	Director
David Brown	66	Director
Brett Nagle	44	Director
Andrew Leong	46	Director

Executive Officers

The following table sets forth information regarding persons who will become our executive officers as of , 2021, prior to the consummation of this offering.

Name	Age	Position
Isaias (Zak) Jose Calisto	54	Chief Executive Officer
Morné Grundlingh	45	Chief Financial Officer
Richard Schubert	47	Chief Operating Officer
Juan Marais	52	Chief Sales Officer
Carmen Calisto	24	Chief Marketing Officer
Pedro Ventura	33	Chief Technology Officer

The following sets forth certain biographical information with respect to our directors, director nominees and executive officers. Unless otherwise stated, the business address for our directors, director nominees and executive officers is 10 Anson Road, #12-14, International Plaza, Singapore 079903.

Isaias (Zak) Jose Calisto is our Chief Executive Officer and has been a member of our board of directors since May 2018. He has been the Chief Executive Officer of Cartrack Holdings Limited since its founding in 2001. Before founding the Company, Mr. Calisto was a Member of Vehicle Tracking Services, a company specializing in the distribution of telematics services, from 1994 through 2001. Prior to that, Mr. Calisto was a Member of Cell Communications, a company specializing in the distribution of telecommunication services, from 1994 to 1996. Mr. Calisto also completed an accelerated training program at Standard Bank, Africa's largest lender by assets, from 1986 through 1991. Mr. Calisto studied at the University of South Africa and University of the Witwatersrand.

Morné Grundlingh is our Chief Financial Officer and has been a member of our board of directors since February 2021. Prior to joining Cartrack Holdings Limited in this role in 2017, Mr. Grundlingh provided outsourced CFO services from 2014 through 2016 at CFO on Call, a Singaporean provider of financial management services to private and public businesses on a part-time or interim basis. Prior to that, Mr. Grundlingh was the Head of Treasury in the Asia-Pacific Region for BlackRock. Mr. Grundlingh held various other senior positions at BlackRock between 2007 and 2014 including Head of Treasury for the Asia-Pacific Region. Mr. Grundlingh was also a financial manager at Barclays, a global financial institution, in London and Singapore. Mr. Grundlingh is a Chartered Accountant and holds a Bachelor of Commerce in accounting (with honors) from the University of Johannesburg and a Masters in Accounting and Finance from Birmingham City University.

David Brown is a member of the board of directors of Cartrack Holdings Limited and has been a member of our board of directors since February 2021. Mr. Brown has served as the Chairman of the board of directors of Cartrack Holdings Limited since 2014. He served as Chief Executive Officer for Mercantile Bank Limited, a South African commercial bank, from 2004 to 2013. Prior to that, Mr. Brown served as Managing Director for the Commercial Banking Division of Standard Bank of South Africa

Limited, a South African diversified financial services company, from 2000 to 2003 as well as Managing Director of two commercial banks in Africa between 1991 and 1995. Mr. Brown also serves as a non-executive member of Vantage Mezzanine Fund's Investment Committee, an African-focused mezzanine fund. Mr. Brown holds a Master of Business Administration from the University of Cape Town and a Bachelor of Commerce from the University of South Africa, and also completed the Advanced Management Program at Harvard Business School. We believe Mr. Brown is well qualified to serve as a member of our board of directors given his past experience and his role as Chairman of Cartrack Holdings Limited.

Brett Nagle has been a member of our board of directors since February 2021 and serves as a non-executive director of MAS Real Estate Inc., a real estate investment and development company publicly traded on the JSE. Mr. Nagle also serves as a non-executive director of Attacq Limited, a real estate investment and development company publicly traded on the JSE. Mr. Nagle is the founder of Panacea Capital, an investment holding company that focuses on companies listed in the United States and South Africa, which he founded in 2015. Previously, Mr. Nagle served as Head of Investments: South Africa for Royal Bafokeng Holdings, an African community investment company, from 2013 to 2015. Prior to that, Mr. Nagle served as Head of Client Solutions for Rand Merchant Bank, a South African diversified financial services company, from 2004 to 2013. Mr. Nagle is a Chartered Accountant (South Africa). We believe Mr. Nagle is well qualified to serve as a member of our board of directors given his extensive experience as a director for companies that are publicly listed on the JSE.

Andrew Leong has been a member of our board of directors since February 2021 and is currently the co-founder and the Chief Executive Officer of Videre Security Solutions, a software company established in 2016 providing data analytics and cyber security to Singapore. Mr. Leong started his career in Singapore's Intelligence Agency in 1998 and was head of the cybersecurity division from 1999 until 2005. From 2005 until 2015, Mr. Leong was the Managing Director of Chameleon Associates Pte. Ltd., a company specializing in risk mitigation utilizing predictive profiling. Mr. Leong holds a Bachelor of Applied Sciences in computer engineering from the Nanyang Technology University, Singapore. We believe that Mr. Leong is well qualified to serve as a member of our board of directors given his extensive experience in artificial intelligence and data analytics.

Richard Schubert is our Chief Operating Officer. Mr. Schubert joined Cartrack Holdings Limited in 2007 and has held this role at Cartrack Holdings Limited since 2017, and prior to that, served as Chief Information Officer from 2007 through 2017. Mr. Schubert holds a National Higher Diploma in Electronic Engineering from the Technikon of the Witwatersrand.

Juan Marais is our Chief Sales Officer. Before joining Cartrack Holdings Limited in this role in 2004, he was the Chief Executive Officer of Advancor (Pty) Ltd., an insurance brokerage, from 2001 to 2004. Prior to that, Mr. Marais was the Chief Executive Officer of Finance Mart (Pty) Ltd., a financial services company, from 1998 to 2001. Mr. Marais began his career in the insurance industry at Broadstreet Financial Advisory Services, where he was a Managing Member from 1993 to 1998. Mr. Marais holds a Certification in Financial Planning from Milpark Business School.

Carmen Calisto joined the Cartrack Group in February 2020 as Group Chief Marketing Officer. Before joining Cartrack Holdings Limited in this role, she was a Media Activation Executive at Essence Global from 2019-2020, a global data and measurement-driven full service agency. Prior to that, Ms. Calisto interned as an Actuarial Marketer with the Cartrack Group and an Actuarial Advisor at Ernst & Young. She holds a BSc (Honours) in Actuarial Science from Cass Business School and an MSc in Strategic Marketing from Imperial College London.

Pedro Ventura is our Chief Technology Officer. Mr. Ventura joined Cartrack Holdings Limited in 2015 as a senior Software Engineer and he was promoted to Chief Technical Officer in November 2020 assuming full responsibility for the strategic and technical direction of Research and Development and our IT infrastructure. Prior to joining Cartrack, Mr. Ventura held various senior roles in technology and software development including being the founder of Internet Business Solutions & Technologies S.A., an Internet based start-up. Mr. Ventura studied Computer Engineering at the Instituto Superior Técnico in Lisbon.

Family Relationships

Carmen Calisto is the daughter of Isaias (Zak) Jose Calisto.

Board Composition

Our board of directors will be composed of five members, of whom Brett Nagle, David Brown, and Andrew Leong qualify as “independent” under Nasdaq listing standards. Our constitution will provide that, immediately upon the completion of this offering, our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- the Class I directors will be David Brown and Andrew Leong, and their term will expire at the first annual meeting of stockholders held after the completion of this offering;
- the Class II director will be Brett Nagle, and his term will expire at the second annual meeting of stockholders held after the completion of this offering; and
- the Class III directors will be Isaias (Zak) Jose Calisto and Morné Grundlingh, and their terms will expire the third annual meeting of stockholders held after the completion of this offering.

At each annual meeting of stockholders, upon the expiration of the term of a class of directors, the successor to each such director in the class will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and until his or her successor is duly elected and qualified, in accordance with our amended and restated certificate of incorporation. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company. For additional information regarding our board of directors, see “Description of Share Capital — Election and Reelection of Directors.”

Audit Committee

The audit committee, which is expected to consist of Brett Nagle, David Brown and Andrew Leong will assist the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. In addition, the audit committee will be directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The audit committee will also be responsible for reviewing and determining whether to approve certain transactions with related parties. See “Certain Relationships and Related Party Transactions — Related Person Transaction Policy.” The board of directors has determined that and qualify as an “audit committee financial expert,” as such term is defined in the rules of the SEC, and that Brett Nagle, David Brown and Andrew Leong are independent, as independence is defined under the rules of the SEC and the Nasdaq applicable to foreign private issuers. Brett Nagle will be appointed to act as chairman of our audit committee.

Compensation and Nomination Committee

The compensation and nomination committee, which is expected to consist of Brett Nagle, David Brown and Andrew Leong will assist the board in identifying and nominating candidates for election to the board of directors; review and recommend the compensation arrangements for certain members of our board of directors and administer our equity compensation plan. Brett Nagle will be appointed to act as chairman of our compensation and nomination committee.

Code of Business Conduct and Ethics

Prior to the consummation of this offering, we will adopt a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics will address, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the code of business conduct and ethics, employee misconduct, conflicts of interest or other violations. Our code of

business conduct and ethics will be available on our website upon consummation of this offering. Any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Duties of Directors

Under Singapore law, members of the board of directors of a Singapore company owe certain fiduciary duties towards the company, including a duty to act in good faith in the best interests of the company, a duty to act honestly and to use reasonable diligence in the discharge of the duties of their office. Directors generally owe fiduciary duties to the company, and not to the company's individual shareholders. Our shareholders may not have a direct cause of action against our directors. The company has a right to seek damages if a duty owed by directors is breached.

Directors and Executive Officer Compensation

The aggregate compensation, including benefits in kind, accrued or paid to our executive officers and directors with respect to the year ended February 29, 2020 for services in all capacities was R15.4 million. As of February 29, 2020, the amount we have set aside or accrued to provide pension, retirement or similar benefits to our executive directors and directors was R0.5 million.

The following tables provide information about the compensation paid to our executive officers and directors by Cartrack Holdings Limited with respect to the year ended February 29, 2020:

Non-Executive Directors	Director's Fee	Audit and Risk Committee Fee	Nominations and Remuneration Committee Fee	Social and Ethics Committee Fee	Total
(in R thousands)					
David Brown	792	192	79	123	1,186
Brett Nagle	—	—	—	—	—
Andrew Leong	—	—	—	—	—
Total	<u>792</u>	<u>192</u>	<u>79</u>	<u>123</u>	<u>1,186</u>

Executive Officers	Salary and Allowances	Other Benefits	Retirement Fund	Performance Bonuses	Total
(in R thousands)					
Isaias (Zak) Jose Calisto	3,410	—	147	284	3,841
Morné Grundlingh	2,285	—	157	1,064	3,506
Richard Schubert	2,451	343	46	1,714	4,554
Juan Marais	1,964	198	17	174	2,353
Carmen Calisto	—	—	—	—	—
Pedro Ventura	—	—	—	—	—
Total	<u>10,110</u>	<u>541</u>	<u>367</u>	<u>3,236</u>	<u>14,254</u>

Foreign Private Issuer and Controlled Company Exemptions

We are currently reviewing the composition of our board of directors, our committees and our corporate governance practices in light of this offering and applicable requirements of the Nasdaq. We will update any relevant disclosure herein as appropriate in subsequent filings.

In general, under the Nasdaq corporate governance standards, foreign private issuers, as defined by the rules adopted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are permitted to follow home country corporate governance practices instead of the corporate governance practices of the Nasdaq. Accordingly, we intend to follow certain corporate governance practices of our home country, Singapore, in lieu of certain of the corporate governance requirements of the Nasdaq.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the "controlled company" exemption under the Nasdaq corporate governance rules. A "controlled company" under the Nasdaq corporate governance rules is a company of which more than 50% of the voting power is held by an

individual, group or another company. Our controlling shareholder, after giving effect to the Corporate Reorganization, our chief executive officer, Zak Calisto, will control a majority of the combined voting power of our outstanding ordinary shares upon consummation of this offering, and will be able to nominate a majority of directors for election to our board of directors. Accordingly, we would be eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, take advantage of certain exemptions under the Nasdaq corporate governance rules.

The foreign private issuer exemption and the “controlled company” exemption do not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the Nasdaq rules, which require that our audit committee be composed of at least three directors, all of whom are independent. Under the Nasdaq rules, however, we are permitted to phase in our independent audit committee by having one independent member at the time of listing, a majority of independent members within 90 days of listing and a fully independent committee within one year of listing.

If at any time we cease to be a “controlled company” or a “foreign private issuer” under the rules of the Nasdaq and the Exchange Act, as applicable, our board of directors will take all action necessary to comply with the Nasdaq corporate governance rules.

Due to our status as a foreign private issuer and our intent to follow certain home country corporate governance practices, our shareholders will not have the same protections afforded to shareholders of companies that are subject to all the Nasdaq corporate governance standards. See “Description of Share Capital.”

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

We lease our office space at 166 Jan Smuts Avenue, Rosebank, Johannesburg, 2196, South Africa and at 11 Keyes Avenue, Rosebank, Johannesburg, 2196, South Africa, pursuant to lease agreements (the “Lease Agreements”) by and between Purple Rain Properties No. 444 Proprietary Limited (“Purple Rain”), and each of (i) Cartrack Proprietary Limited, (ii) Cartrack Manufacturing Proprietary Limited and (iii) Found Proprietary Limited, each dated as of March 1, 2020. Purple Rain is an entity in which our Chief Executive Officer, Isaias (Zak) Jose Calisto, owns an 85% stake. The aggregate payments under the Lease Agreements amount to R25.1 million per annum. Each Lease Agreement has an initial term of three years and is renewable on an annual basis thereafter. Under the Lease Agreements, the aggregate amount of payments paid to Purple Rain were R16.4 million, R17.6 million and R6.6 million for the years ended February 29, 2020, February 28, 2019 and February 28, 2018, respectively.

Registration Rights Agreement

In connection with this offering, we expect to enter into a registration rights agreement with our Chief Executive Officer, Isaias (Zak) Jose Calisto. The registration rights agreement will grant Mr. Calisto and his designees specified registration rights in connection with any transfer of ordinary shares issuable to us or our affiliates upon conversion of any shares. As a result, Mr. Calisto may require us to use reasonable best efforts to effect the registration under the Securities Act of our ordinary shares that he or his affiliates own, in each case at our own expense. The registration rights agreement also provides that we will indemnify Mr. Calisto in connection with the registration of our ordinary shares.

Loan Arrangements

In March 2017, we entered into a working capital funding agreement with Cartrack Education Fund, a nonprofit organization, to provide funding to Cartrack Education Fund in an aggregate amount of R0.2 million. Amounts due under this agreement bore no interest and had no fixed terms of repayment and were repayable on demand. As of February 29, 2020, all amounts due under this agreement had been written off.

In February 2018, in connection with our acquisition of Drive and Save (Pty) Ltd., an entity owned by our Chief Sales Officer, Juan Marais, we assumed the loan of R13,000 provided to Mr. Marais by Drive and Save (Pty) Ltd. Such loan bore no interest and had no fixed terms of repayment and was repayable on demand. As of May 30, 2020, the loan had been repaid in full.

In February 2020, we entered into an Enterprise Development Loan Agreement with Bumbene House (Proprietary) Limited under which we provided Bumbene House (Proprietary) Limited with a loan in an aggregate amount of R11.0 million. Our Chief Executive Officer, Isaias (Zak) Jose Calisto, serves as a trustee of the Kubu Trust that owns 100% of Bumbene House (Proprietary) Limited. Amounts due under this loan bear no interest and have no fixed terms of repayment and are repayable on demand. As of February 29, 2020, this loan remained outstanding in full.

In July 2019, our Chief Executive Officer, Isaias (Zak) Jose Calisto entered into a loan agreement with Karooooo Ltd. under which Mr. Calisto provided Karooooo Ltd. with a loan in an aggregate amount of R2,748.5 million (the “Karooooo Loan”), which was repayable on demand either in cash or convertible into shares of Cartrack Holdings Limited. The Karooooo Loan arose as part of a series of transactions which facilitated the acquisition of 204,500,000 shares of Cartrack Holdings Limited by Karooooo Ltd. On November 18, 2020, Mr. Calisto entered into a capitalization agreement pursuant to which Mr. Calisto agreed to convert the Karooooo Loan by subscribing for further shares of Karooooo Ltd. Amounts due under this loan bear no interest and have no fixed terms of repayment and are repayable on demand. As of November 18, 2020, the Karooooo Loan was fully converted into shares of Karooooo Ltd.

In December 2020, we entered into a loan agreement with Orient Victoria Pte. Ltd. pursuant to which Orient Victoria Pte. Ltd. provided us with a loan in an aggregate amount of \$65 million for purposes of facilitating the Corporate Reorganization. Orient Victoria Pte. Ltd. is controlled by our Chief Executive

Officer, Isaías (Zak) Jose Calisto. The loan bears interest at a rate of 1.25% per annum and has no fixed terms of repayment. As of December 29, 2020, we had outstanding borrowings of \$58.5 million under the loan.

Additional information about our related party transactions is included in Note 29 to the audited consolidated financial statements included elsewhere in this prospectus. Note 29 also includes information about transactions that would not be considered related party transactions with the Company, but involve (i) our local subsidiaries entering into loan arrangements with minority shareholders of such subsidiaries, (ii) ordinary course accounts payable and accounts receivable between us and our subsidiaries and (iii) the provision of working capital by us to empowered companies pursuant to B-BBEE principles.

Related Person Transaction Policy

In connection with this offering, we will adopt a policy regarding approval by the audit committee, subject to certain exceptions, of certain transactions between us and a related person (as defined below). Transactions subject to the policy would include the following transactions in which a related person has or will have a direct or indirect material interest:

- any transaction or series of transactions with a related person that is material to us or the related person, or
- any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which we are a party.

For purposes of the policy, “related person” means:

- any director or executive officer of (i) the Company or (ii) an affiliated entity of the Company;
- any immediate family member of a director or executive officer of (i) the Company or (ii) an affiliated entity of the Company;
- any nominee for director of (i) the Company or (ii) an affiliated entity of the Company and the immediate family members of such nominee;
- a 10% beneficial owner of the Company’s voting securities or any immediate family member of such owner; and
- enterprises in which a substantial interest in the voting power is owned, directly or indirectly by a person described in any of the immediately preceding four bullet points or over which such a person is able to exercise significant influence.

Existing arrangements with related parties and new arrangements with related parties that are entered into in connection with this offering, in each case (i) that are described in this prospectus, (ii) including any subsequent amendment to any such arrangement that is not material to the Company and (iii) any ancillary services provided in connection therewith, will not require review, approval or ratification pursuant to the policy.

PRINCIPAL AND SELLING SHAREHOLDER

The following table sets forth information as of January 31, 2021 regarding beneficial ownership of our ordinary shares (i) immediately prior to this offering, and (ii) immediately after giving effect to this offering, without giving effect to the Corporate Reorganization, by:

- the Selling Shareholder;
- each person we know to beneficially own 5% or more of our ordinary shares;
- each executive officer; and
- each director.

For purposes of the table below, the percentage ownership calculations for beneficial ownership prior to the consummation of this offering and the percentage ownership calculations for beneficial ownership after consummation of this offering are based on _____ of our ordinary shares assumed to be outstanding as of January 31, 2021, without giving effect to the Corporate Reorganization.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Ordinary shares that may be acquired by an individual or group within 60 days after the date of this prospectus, pursuant to the exercise of options, warrants or other rights, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. The underwriters have an option to purchase up to _____ additional ordinary shares within 30 days of the date of this prospectus from the Selling Shareholder to cover over-allotments, if any.

Except as indicated in footnotes to this table, we believe that the shareholders named in this table have sole voting and investment power with respect to all ordinary shares shown to be beneficially owned by them, based on information provided to us by such shareholders. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Karooooo Ltd., 10 Anson Road, #12-14, International Plaza, Singapore 079903.

Name of Beneficial Owner	Ordinary Shares Beneficially Owned				
	Prior to this Offering		After Giving Effect to this Offering Assuming Underwriters' Option is Not Exercised		After Giving Effect to this Offering Assuming Underwriters' Option is Exercised in Full
	Number	Percent	Number	Percent	Percent
Directors and Executive Officers					
Isaias (Zak) Jose Calisto ⁽¹⁾					
Morné Grundlingh					
David Brown					
Brett Nagle					
Andrew Leong					
Richard Schubert					
Juan Marais					
Carmen Calisto					
Pedro Ventura					
All executive officers and directors as a group (9 persons)					

* Indicates beneficial ownership of less than 1% of the total issued and outstanding ordinary shares.

(1) Assumes no exercise of the underwriters' over-allotment option to purchase up to _____ additional ordinary shares from the Selling Shareholder. See "Underwriting."

To our knowledge, and other than changes in percentage ownership as a result of the shares sold by the Selling Shareholder in connection with this offering, there has been no significant change in the percentage ownership held by the major shareholders listed above in the last three years.

As of December 31, 2020, we had no holders of record with an address in the United States.

DESCRIPTION OF SHARE CAPITAL

The following description summarizes material terms of our constitution as they will be in effect upon the consummation of this offering. Such summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of our constitution, a copy of which has been filed as an exhibit to the registration statement of which this prospectus forms a part. Prospective investors are urged to read the exhibits for a complete understanding of our constitution.

General

Upon the consummation of this offering, our issued and outstanding share capital will consist of ordinary shares. Following this offering, we will have ordinary shares issued and outstanding. We currently only have one class of issued ordinary shares, which have identical rights in all respects and rank equally with one another.

For the purposes of this section, references to “shareholders” mean those shareholders whose names and number of shares are entered in our register of members. Only persons who are registered in our register of members are recognized under Singapore law as our shareholders. As a result, only registered shareholders have legal standing under Singapore law to institute shareholder actions against us or otherwise seek to enforce their rights as shareholders.

Ordinary Shares

Our ordinary shares have no par value as there is no concept of authorized share capital under Singapore law. All shares presently issued are fully paid and existing shareholders are not subject to any calls on shares. Although Singapore law does not recognize the concept of “non-assessability” with respect to newly-issued shares, we note that any subscriber of our ordinary shares who has fully paid up all amounts due with respect to such ordinary shares will not be subject under Singapore law to any personal liability to contribute to our assets or liabilities in such subscriber’s capacity solely as a holder of such ordinary shares. We believe this interpretation is substantively consistent with the concept of “non-assessability” under most, if not all, U.S. state corporations laws. We cannot, except in the circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our own ordinary shares. Except as described in “— Singapore Code on Take-Overs and Mergers”, there are no limitations in our constitution or Singapore law on the rights of shareholders not resident in Singapore to hold or vote in respect of our ordinary shares.”

Voting Rights

Each ordinary share is entitled to one vote per share. Voting at any meeting of shareholders is by show of hands unless a poll has been demanded prior to or on the declaration of the result of the show of hands by, among others, at least one shareholder present in person or by proxy or by attorney or other duly authorized representative and representing not less than 5% of the total voting rights of all shareholders having the right to vote at the meeting. On a poll, each holder of ordinary shares who is present in person or by proxy or by attorney or other duly authorized representative, has one vote for each ordinary share which he holds or represents. Proxies need not be shareholders.

Subject to the Singapore Companies Act and our constitution, only those shareholders who are registered in our register of members will be entitled to vote at any meeting of shareholders in person or by proxy or by attorney or other duly authorized representative. Therefore, since the ordinary shares offered in this offering are expected to be held through The Depository Trust Company (“DTC”) or its nominee, DTC or its nominee will grant an omnibus proxy to DTC participants holding our ordinary shares in book-entry form. Persons holding through a broker, bank, nominee or other institution that is a direct or indirect participant of DTC will have the right to instruct their broker, bank, nominee or other institution holding these ordinary shares on how to vote such ordinary shares by completing the voting instruction form provided by the applicable broker, bank, nominee, or other institution. Whether voting is by a show of hands or by a poll, the vote of DTC or its nominee will be voted by the chairman of the meeting according to the results of the votes of the DTC participants (which results will reflect the instructions received

from persons that own our ordinary shares electronically in book-entry form through DTC). In the case of a tie vote, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution, declare dividends at a general meeting of our shareholders, but no dividend shall be payable except out of our profits, and the amount of any such dividend shall not exceed the amount recommended by our board of directors. Subject to our constitution and in accordance with the Singapore Companies Act, our board of directors may, without the approval of our shareholders, declare and pay interim dividends, but any final dividends the board declares must be approved by an ordinary resolution at a general meeting of our shareholders. See “Dividends and Dividend Policy” for additional information about our dividend policy.

Capitalization and Other Rights

Our board of directors may, with the approval of our shareholders at a general meeting, capitalize any reserves or profits and distribute them as shares, credited as paid-up, to our shareholders in proportion to their shareholdings in accordance with our constitution.

Variation of Rights

Subject to the Singapore Companies Act and every other Singapore statute for the time being in force affecting us, under our constitution, whenever our share capital is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting, the necessary quorum shall be two persons (unless all the shares of the class are held by one person whereupon the necessary quorum shall be one person) at least holding or representing by proxy or by attorney or other duly authorized representative at least one-third of issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney or other duly authorized representative may demand a poll, and on a poll, shall have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting.

Issuance of New Shares

Under the Singapore Companies Act, new shares may be issued only with the prior approval of our shareholders in a general meeting. General approval may be sought from our shareholders in a general meeting for the issuance of shares. Such approval, if granted, will lapse at the earlier of:

- the conclusion of the next annual general meeting; or
- the expiration of the period within which the next annual general meeting is required by law to be held (i.e., within six months after the end of each fiscal year);

however, any approval may be revoked or varied by the company in a general meeting.

Our shareholders have provided such general authority to issue new ordinary shares until the conclusion of our annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Subject to this and the provisions of the Singapore Companies Act and our constitution, our board of directors may allot, issue or grant options over or otherwise dispose of new ordinary shares to such persons on such terms and conditions and with the rights and restrictions as they may think fit to impose. Such rights are subject to any condition attached to such issue and the regulations of any stock exchange on which our ordinary shares are listed, as well as U.S. federal and blue sky securities laws applicable to such issue.

Preference Shares

Our constitution provides that, subject to the Singapore Companies Act and our constitution, we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges, conditions or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, or which do not confer voting rights, as our board of directors may think fit. The Singapore Companies Act allows public companies such as us to issue shares with different voting rights (including special, limited or conditional voting rights, or no voting rights), subject to, among others, our shareholders having adopted a special resolution approving such issuance.

We may, subject to the Singapore Companies Act and the prior approval in a general meeting of our shareholders, issue preference shares that are, or at our option are to be, subject to redemption provided that such preference shares may not be redeemed out of the capital of the Company unless:

- all the directors have made a solvency statement in relation to such redemption; and
- we have lodged a copy of the statement with the Accounting and Corporate Regulatory Authority of Singapore.

Further, the preference shares must be fully paid-up before they are redeemed.

The issuance of preference shares could have the effect of decreasing the trading price of our ordinary shares, restricting dividends on our ordinary shares, diluting the voting power of our ordinary shares, impairing the liquidation rights of our ordinary shares, or delaying or preventing a change in control of the Company.

Register of Members

Only persons who are registered in our register of members are recognized under Singapore law as our shareholders with legal standing under Singapore law to institute shareholder actions against us or otherwise seek to enforce their rights as shareholders. We will not, except as required by applicable law, recognize any equitable, contingent, future or partial interest in any ordinary share, or any interest in any fractional part of an ordinary share, or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share. We may close our register of members for any time or times, provided that our register of members may not be closed for more than 30 days in the aggregate in any calendar year. We typically will close our register of members to determine shareholders' entitlement to receive dividends and other distributions.

Our ordinary shares, which are expected to be listed and traded on NASDAQ, are expected to be held through The Depository Trust Company ("DTC"). Accordingly, DTC or its nominee, Cede & Co., will be the shareholder on record registered in our register of members.

A holder of our ordinary shares held in book-entry interests through DTC or its nominee may become a registered shareholder by exchanging its interest in such shares for certificated ordinary shares and being registered in our register of members in respect of such shares. The procedures by which a holder of book-entry interests held through the facilities of the DTC may exchange such interests for certificated ordinary shares are determined by DTC (including the broker, bank, nominee or other institution that holds the shares within DTC) and Computershare Trust Company, N.A. ("Computershare"), which will act as our transfer agent, in accordance with their internal policies and guidelines regulating the withdrawal and exchange of book-entry interests for certificated ordinary shares.

Under the Singapore Companies Act, if (a) the name of any person is without sufficient cause entered in or omitted from the register of members; or (b) default is made or unnecessary delay takes place in entering in the register of members the fact of any person having ceased to be a member, the person aggrieved or any member or the public company itself, may apply to the Singapore courts for rectification of the register of members. The Singapore courts may refuse the application or may order rectification of the register of members and payment by the public company of any damages sustained by any party to the application. The Singapore courts will not entertain any application for the rectification of a register of members in respect of an entry which was made in the register of members more than 30 years before the date of the application.

Singapore Code on Take-Overs and Mergers

The Singapore Code on Take-Overs and Mergers, or “Singapore Take-over Code,” regulates, among other things, the acquisition of voting shares of Singapore-incorporated public companies. In this regard, the Singapore Take-over Code applies to, among others, corporations with a primary listing of their equity securities in Singapore. While the Singapore Take-over Code is drafted with, among others, listed public companies in mind, unlisted public companies with more than 50 shareholders and net tangible assets of S\$5.0 million or more, must also observe the letter and spirit of the general principles and rules of the Singapore Take-over Code, wherever this is possible and appropriate. Public companies with a primary listing overseas may apply to SIC to waive the application of the Singapore Take-over Code. As at the date of this prospectus, no application has been made to SIC to waive the application of the Singapore Take-over Code in relation to us. We may submit an application to SIC for a waiver from the Singapore Take-over Code so that the Singapore Take-over Code will not apply to us for so long as we are not listed on a securities exchange in Singapore. We will make an appropriate announcement if we submit the application and when the result of the application is known.

Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his or her own or together with parties acting in concert with such person, in 30% or more of the voting rights in the Company or any person holding, either on his or her own or together with parties acting in concert with such person, between 30% and 50% (both amounts inclusive) of the voting rights in the Company, and if such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of the voting rights in the Company in any six-month period, must, except with the consent of SIC, extend a mandatory take-over offer for all the remaining voting shares in accordance with the provisions of the Singapore Take-over Code. Responsibility for ensuring compliance with the Singapore Take-over Code rests with parties (including company directors) to a take-over or merger and their advisors.

Under the Singapore Take-over Code, “parties acting in concert” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company, its parent company, subsidiaries and fellow subsidiaries (together, the related companies), the associated companies of any of the company and its related companies, companies whose associated companies include any of these foregoing companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company with any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company with any of its pension funds and employee share schemes;
- a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and (i) such person’s close relatives, (ii) such person’s related trusts, (iii) any person who is accustomed to act in accordance with such person’s instructions, (iv) companies controlled by the individual, such person’s close relatives, such person’s related trusts or any person who is accustomed

to act in accordance with such person's instructions and (v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months prior to its commencement.

Under the Singapore Take-over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to enable them to reach an informed decision on the offer. These legal requirements may impede or delay a takeover of our company by a third-party.

Election and Reelection of Directors

We may, by ordinary resolution, remove any director before the expiration of his or her period of office, notwithstanding anything in our constitution or in any agreement between us and such director but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders the resolution to remove him shall not take effect until his successor has been appointed. We may also, by an ordinary resolution, appoint another person in place of a director removed from office pursuant to the foregoing.

Under our constitution, our directors shall be divided into three (3) classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III.

The board of directors may assign members of the board of directors already in office to such classes at the time such classification becomes effective. The term of office of the initial Class I directors shall expire at the first annual general meeting following the adoption of our constitution, the term of office of the initial Class II directors shall expire at the second annual general meeting following the adoption of this constitution and the term of office of the initial Class III directors shall expire at the third annual general meeting following the adoption of our constitution. At each annual general meeting, commencing with the first annual general meeting following the adoption of our constitution, each of the successors elected to replace the directors of a class whose term shall have expired at such annual general meeting shall be elected to hold office until the third annual general meeting next succeeding his or her election and until his or her respective successor shall have been duly elected and qualified. A retiring director shall be eligible for re-election.

Our constitution provides that our board of directors shall have the power, at any time, to appoint any person to be a director either to fill a casual vacancy or as an additional director but any person so appointed by the directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

General Meetings of Shareholders

Subject to the Singapore Companies Act, we are required to hold an annual general meeting of shareholders within six months from the end of our fiscal year. The directors may convene an extraordinary general meeting whenever they think fit and they must do so upon the requisition of shareholders holding not less than 10% of the total number of paid-up shares as of the date of deposit of the requisition carrying the right to vote at a general meeting (disregarding paid-up shares held as treasury shares). In addition, two or more shareholders holding not less than 10% of our total number of issued shares (excluding treasury shares) may call a meeting of our shareholders.

The Singapore Companies Act provides that a shareholder is entitled to attend any general meeting and speak on any resolution put before the general meeting. Unless otherwise required by law or by our constitution, voting on resolutions put forth at general meetings is by ordinary resolution, requiring the affirmative vote of a simple majority of the voting rights of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution. An ordinary resolution suffices, for example,

for the appointment of directors. A special resolution, requiring the affirmative vote of not less than three-fourths of the voting rights of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution, is necessary for certain matters under Singapore law, including voluntary winding-up, amendments to our constitution, a change of our corporate name and a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. General meetings convened for the purpose of passing ordinary resolutions generally require at least 14 days' notice in writing.

Minority Rights

The rights of minority shareholders of Singapore companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of a company, as they think fit to remedy any of the following situations:

- the affairs of a company are being conducted or the powers of the board of directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders, including the applicant; or
- a company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have a wide discretion as to the remedies they may grant and the remedies listed in the Singapore Companies Act itself are not exclusive. In general, the Singapore courts may:

- direct or prohibit any act or cancel or modify any transaction or resolution;
- regulate the conduct of the affairs of the company in the future;
- authorize civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the court may direct;
- provide for the purchase of a minority shareholder's shares by the other shareholders or by the company and, in the case of a purchase of shares by the company, a corresponding reduction of its share capital; or
- provide that the company be wound up.

In addition, Section 216A of the Singapore Companies Act allows a complainant (including a minority shareholder) to apply to the Singapore courts for leave to bring an action in a court proceeding or arbitration to which a company is a party or intervene in an action in a court proceeding or arbitration to which a company is a party for the purpose of prosecuting, defending or discontinuing the action or arbitration on behalf of a company.

Liquidation or Other Return of Capital

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings.

Limitation of Liability of Directors and Officers

Under Section 172 of the Singapore Companies Act, any provision exempting or indemnifying the officers of a company (including directors) against any liability that would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. However, a company is not prohibited from: (a) as provided in Section 172A of the Singapore Companies Act, purchasing and maintaining for any such individual insurance against liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company; or (b) as provided in Section 172B of the Singapore Companies Act, indemnifying the individual against liability

incurred by him or her to a person other than the company except when the indemnity is against any liability (i) of the individual to pay a fine in criminal proceedings, (ii) of the individual to pay a penalty to a regulatory authority in respect of non-compliance with any requirements of a regulatory nature (howsoever arising), (iii) incurred by the individual in defending criminal proceedings in which he or she is convicted, (iv) incurred by the individual in defending civil proceedings brought by the company or a related company in which judgment is given against him or her, or (v) incurred by the individual in connection with an application for relief under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant him or her relief.

Our constitution provides that, subject to the provisions of the Singapore Companies Act and every other Singapore statute for the time being in force and affecting our company, every director, secretary or other officer of the Company shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred or to be incurred by them in the execution and discharge of their duties or in relation thereto.

In addition, and without prejudice to the generality of the foregoing, no director, secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of us or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.

We intend to enter into indemnification agreements with each of our directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Singapore law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified (on terms that the full amount of such advances is to be repaid if the individual is convicted in the relevant proceeding (with such conviction being final), final judgment is given against the individual in the relevant proceeding or, as the case may be, the court refuses to grant the individual relief on the application (with such refusal of relief being final)), save that the Company shall not provide any indemnity (to any extent) to a director or an officer against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company save for the circumstances as permitted pursuant to Section 172A and Section 172B of the Singapore Companies Act. These indemnification rights shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, provision of our constitution, agreement, vote of shareholders or disinterested directors or otherwise.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

Transfer Agent and Registrar

The transfer agent and branch registrar for our ordinary shares, which will maintain our branch register located in the United States, will be Computershare. Its address is 150 Royall Street, Canton, Massachusetts 02021. In South Africa, Computershare Investor Services Proprietary Limited will maintain an administrative depositary share register to facilitate trading on the JSE.

Comparison of Shareholder Rights

We are incorporated under the laws of Singapore. The following discussion summarizes material differences between the rights of holders of our ordinary shares and the rights of holders of the common stock of a typical corporation incorporated under the laws of the state of Delaware which result from differences in governing documents and the laws of Singapore and Delaware.

This discussion does not purport to be a complete or comprehensive statement of the rights of holders of our ordinary shares under applicable law in Singapore and our constitution or the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.

Delaware	Singapore
Board of Directors	
<p>A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation's certificate of incorporation.</p>	<p>The constitution of companies will typically state the minimum number of directors as well as provide that directors may be appointed or removed by shareholders via ordinary resolution passed at a general meeting, provided that the number of directors following such appointment or removal is within the minimum (and maximum, if any) number of directors provided in the constitution. Our constitution provides that subject to the Singapore Companies Act, there shall be at least one director who is ordinarily resident in Singapore.</p>
Limitation on Personal Liability of Directors	
<p>A typical certificate of incorporation provides for the elimination of personal monetary liability of directors for breach of fiduciary duties as directors to the fullest extent permissible under the laws of Delaware, except for liability (i) for any breach of a director's loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law (relating to the liability of directors for unlawful payment of a dividend or an unlawful stock purchase or redemption) or (iv) for any transaction from which the director derived an improper personal benefit. A typical certificate of incorporation would also provide that if the Delaware General Corporation Law is amended so as to allow further elimination of, or limitations on, director liability, then the liability of directors will be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.</p>	<p>Under Section 172 of the Singapore Companies Act, any provision exempting or indemnifying a director against any liability for negligence, default, breach of duty or breach of trust in relation to a company will be void. However, a company is not prohibited from: (a) as provided in Section 172A of the Singapore Companies Act, purchasing and maintaining for any director insurance against any such liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company; or (b) as provided in Section 172B of the Singapore Companies Act, indemnifying a director against liability incurred by him or her to a person other than the company except when the indemnity is against any liability (i) of the director to pay a fine in criminal proceedings, (ii) of the director to pay a penalty to a regulatory authority in respect of non-compliance with any requirements of a regulatory nature (howsoever arising), (iii) incurred by the director in defending criminal proceedings in which he or she is convicted, (iv) incurred by the director in defending civil proceedings brought by the company or a related company in which judgment is given against him or her, or (v) incurred by the director in connection with an application for relief under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant him or her relief.</p>

Delaware	Singapore
	<p>Our constitution provides that, subject to the provisions of the Singapore Companies Act and every other Singapore statute for the time being in force and affecting the Company, every director, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by them in the execution and discharge of their duties or in relation thereto. In particular, and without prejudice to the generality of the foregoing, no director, secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.</p>
Interested Shareholders	
<p>Section 203 of the Delaware General Corporation Law generally prohibits a Delaware corporation from engaging in specified corporate transactions (such as mergers, stock and asset sales, and loans) with an “interested stockholder” for three years following the time that the stockholder becomes an interested stockholder. Subject to specified exceptions, an “interested stockholder” is a person or group that owns 15% or more of the corporation’s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of the voting stock at any time within the previous three years.</p>	<p>There are no comparable provisions in Singapore with respect to public companies which are not listed on the Singapore Exchange Securities Trading Limited.</p>

Delaware	Singapore
<p>A Delaware corporation may elect to “opt out” of, and not be governed by, Section 203 through a provision in either its original certificate of incorporation, or an amendment to its original certificate or bylaws that was approved by majority stockholder vote. With a limited exception, this amendment would not become effective until 12 months following its adoption.</p>	
Removal of Directors	
<p>A typical certificate of incorporation and bylaws provide that, subject to the rights of holders of any preferred stock, directors may be removed at any time by the affirmative vote of the holders of at least a majority, or in some instances a supermajority, of the voting power of all of the then outstanding shares entitled to vote generally in the election of directors, voting together as a single class. A certificate of incorporation could also provide that such a right is only exercisable when a director is being removed for cause (removal of a director only for cause is the default rule in the case of a classified board).</p>	<p>According to the Singapore Companies Act, directors of a public company may be removed before expiration of their term of office with or without cause by ordinary resolution (i.e., a resolution requiring the affirmative vote of a simple majority of those shareholders present and voting in person or by proxy). Notice of the intention to move such a resolution has to be given to the company not less than 28 days before the meeting at which it is moved. The company shall then give notice of such resolution to its shareholders not less than 14 days before the meeting. Where any director removed in this manner was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove such director will not take effect until such director’s successor has been appointed.</p>
Filling Vacancies on the Board of Directors	
<p>A typical certificate of incorporation and bylaws provide that, subject to the rights of the holders of any preferred stock, any vacancy, whether arising through death, resignation, retirement, disqualification, removal, an increase in the number of directors or any other reason, may be filled by a majority vote of the remaining directors, even if such directors remaining in office constitute less than a quorum, or by the sole remaining director. Any newly elected director usually holds office for the remainder of the full term expiring at the annual meeting of stockholders at which the term of the class of directors to which the newly elected director has been elected expires.</p>	<p>Our constitution provides that our board of directors shall have the power, at any time, to appoint any person to be a director either to fill a casual vacancy or as an additional director but any person so appointed by the directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.</p>

Delaware	Singapore
Amendment of Governing Documents	
<i>Amendment of Certification of Incorporation and Bylaws</i>	<i>Alteration to Constitution</i>
<p>Under the Delaware General Corporation Law, amendments to a corporation's certificate of incorporation require the approval of stockholders holding a majority of the outstanding shares entitled to vote on the amendment.</p> <p>If a class vote on the amendment is required by the Delaware General Corporation Law, a majority of the outstanding stock of the class is required, unless a greater proportion is specified in the certificate of incorporation or by other provisions of the Delaware General Corporation Law. Under the Delaware General Corporation Law, the board of directors may amend bylaws if so authorized in the certificate of incorporation. The stockholders of a Delaware corporation also have the power to amend bylaws.</p>	<p>Our constitution may be altered by special resolution (i.e., a resolution requiring the affirmative vote of not less than three-fourths majority of the shareholders present in person or represented by proxy at the meeting and entitled to vote on the resolution for which not less than 21 days written notice is given). Our board of directors has no power to amend our constitution.</p>
Meetings of Shareholders	
<i>Annual and Special Meetings</i>	<i>Annual General Meetings</i>
<p>Typical bylaws provide that annual meetings of stockholders are to be held on a date and at a time fixed by the board of directors.</p> <p>Under the Delaware General Corporation Law, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws.</p>	<p>Subject to the Singapore Companies Act, we are required to hold an annual general meeting of shareholders within six months from the end of our fiscal year.</p>
	<i>Extraordinary General Meetings</i>
	<p>Any general meeting other than the annual general meeting is called an "extraordinary general meeting." Two or more shareholders holding not less than 10% of the total number of issued shares (excluding treasury shares) may call an extraordinary general meeting. In addition, the constitution usually also provides that general meetings may be convened in accordance with the Singapore Companies Act by the directors.</p> <p>Notwithstanding anything in the constitution, the directors are required to convene a general meeting if required to do so by requisition (i.e., written notice to directors requiring that a meeting be called) by shareholders holding not less than 10% of the total number of paid-up shares as at the date of the deposit of the requisition carrying the right of voting at general meetings of the company. In</p>

Delaware	Singapore
<i>Quorum Requirements</i>	<p>addition, our constitution provides that the directors may, whenever they think fit, convene an extraordinary general meeting.</p>
<p>Under the Delaware General Corporation Law, a corporation's certificate of incorporation or bylaws can specify the number of shares which constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.</p>	<i>Quorum Requirements</i>
<p>Under the Delaware General Corporation Law, a corporation's certificate of incorporation or bylaws can specify the number of shares which constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.</p>	<p>Our constitution provides that the quorum at any general meeting shall be two or more members present in person or by proxy or by attorney or other duly authorized representative save in certain circumstances.</p>
Indemnification of Officers, Directors and Employees	
<p>Under the Delaware General Corporation Law, subject to specified limitations in the case of derivative suits brought by a corporation's stockholders in its name, a corporation may indemnify any person who is made a party to any third-party action, suit or proceeding on account of being a director, officer, employee or agent of the corporation (or was serving at the request of the corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise) against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding through, among other things, a majority vote of a quorum consisting of directors who were not parties to the suit or proceeding, if the person:</p>	<p>Under Section 172 of the Singapore Companies Act, any provision exempting or indemnifying a director against any liability for negligence, default, breach of duty or breach of trust in relation to a company will be void. However, a company is not prohibited from: (a) as provided in Section 172A of the Singapore Companies Act, purchasing and maintaining for any director insurance against any such liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company; or (b) as provided in Section 172B of the Singapore Companies Act, indemnifying a director against liability incurred by him or her to a person other than the company except when the indemnity is against any liability (i) of the director to pay a fine in criminal proceedings, (ii) of the director to pay a penalty to a regulatory authority in respect of non-compliance with any requirements of a regulatory nature (howsoever arising), (iii) incurred by the director in defending criminal proceedings in which he or she is convicted, (iv) incurred by the director in defending civil proceedings brought by the company or a related company in which judgment is given against him or her or (v) incurred by the director in connection with an application for relief under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant him or her relief.</p>
<ul style="list-style-type: none"> acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or, in some circumstances, at least not opposed to its best interests; and in a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. 	<p>In cases where a director is sued by the company, the Singapore Companies Act gives the court the power to relieve directors either wholly or partially from the consequences of their negligence, default, breach of duty or breach of trust. In order for relief to be obtained, it must be shown that (i) the director acted reasonably and honestly; and (ii) it is fair, having regard to all the circumstances of the case including those connected with such director's</p>
<p>Delaware corporate law permits indemnification by a corporation under similar circumstances for expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of a derivative action or suit, except that no indemnification may be made in respect of any claim, issue or matter as to which the person is adjudged to be liable to the corporation unless the Delaware Court of Chancery or the court in which the action or suit was brought determines upon application that the person is fairly and reasonably entitled to indemnity for the</p>	

Delaware	Singapore
<p>expenses which the court deems to be proper.</p> <p>To the extent a director, officer, employee or agent is successful in the defense of such an action, suit or proceeding, the corporation is required by Delaware corporate law to indemnify such person for reasonable expenses incurred thereby. Expenses (including attorneys' fees) incurred by such persons in defending any action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of that person to repay the amount if it is ultimately determined that person is not entitled to be so indemnified.</p>	<p>appointment, to excuse the director.</p> <p>However, Singapore case law has indicated that such relief will not be granted to a director who has benefited as a result of his or her breach of trust.</p> <p>Our constitution provides that, subject to the provisions of the Singapore Companies Act and every other Singapore statute for the time being in force and affecting the Company, every director, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by them in the execution and discharge of their duties or in relation thereto. In particular, and without prejudice to the generality of the foregoing, no director, secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.</p>

Delaware	Singapore
Shareholder Approval of Issuance of Shares	
<p>Under Delaware law, the board of directors has the authority to issue, from time to time, capital stock in its sole discretion, as long as the number of shares to be issued, together with those shares that are already issued and outstanding and those shares reserved to be issued, do not exceed the authorized capital for the corporation as previously approved by the stockholders and set forth in the corporation's certificate of incorporation. Under the foregoing circumstances, no additional stockholder approval is required for the issuance of capital stock. Under Delaware law, stockholder approval is required for (i) any amendment to the corporation's certificate of incorporation to increase the authorized capital and (ii) the issuance of stock in a direct merger transaction where the number of shares exceeds 20% of the corporation's shares outstanding prior to the transaction, regardless of whether there is sufficient authorized capital.</p> <p>In addition, a corporation may issue one or more classes of stock or one or more series of stock within any class as shall be stated and expressed in the certificate of incorporation or of any amendment thereto, or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of its certificate of incorporation.</p> <p>Any stock of any class or of any series thereof may be made convertible into, or exchangeable for, at the option of either the holder or the corporation or upon the happening of a specified event, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation, at such price or prices or at such rate or rates of exchange and with such adjustments as shall be stated in the certificate of incorporation or in the resolution or resolutions providing for the issue of such stock adopted by the board of directors.</p>	<p>Section 161 of the Singapore Companies Act provides that notwithstanding anything in the company's constitution, the directors shall not exercise any power to issue shares without prior approval of the shareholders in a general meeting. Such authorization may be obtained by ordinary resolution (i.e., a resolution requiring the affirmative vote of a simple majority of the voting rights of those shareholders present and voting in person or by proxy). Once this shareholders' approval is obtained, unless previously revoked or varied by the company in a general meeting, it continues in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting after that date is required by law to be held, whichever is earlier; but any approval may be revoked or varied by the company in a general meeting.</p>

Delaware	Singapore
Shareholder Approval of Business Combinations	
<p>Generally, under the Delaware General Corporation Law, completion of a merger, consolidation, or the sale, lease or exchange of substantially all of a corporation's assets or dissolution requires approval by the board of directors and by a majority (unless the certificate of incorporation requires a higher percentage) of outstanding stock of the corporation entitled to vote.</p> <p>The Delaware General Corporation Law also requires a special vote of stockholders in connection with a business combination with an "interested stockholder" as defined in section 203 of the Delaware General Corporation Law. See "—Interested Shareholders" above.</p>	<p>The Singapore Companies Act mandates that specified corporate actions require approval by the shareholders in a general meeting, notably:</p> <ul style="list-style-type: none"> • notwithstanding anything in the company's constitution, directors are not permitted to carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property unless those proposals have been approved by shareholders in a general meeting; • subject to the constitution of each amalgamating company, an amalgamation proposal in accordance with the full amalgamation procedures under the Singapore Companies Act that do not require a court order must be approved by the shareholders of each amalgamating company via special resolution at a general meeting; and • notwithstanding anything in the company's constitution, the directors may not, without the prior approval of shareholders, issue shares, including shares being issued in connection with corporate actions.
Shareholder Action Without A Meeting	
<p>Under the Delaware General Corporation Law, unless otherwise provided in a corporation's certificate of incorporation, any action that may be taken at a meeting of stockholders may be taken without a meeting, without prior notice and without a vote if the holders of outstanding stock, having not less than the minimum number of votes that would be necessary to authorize such action, consent in writing. It is not uncommon for a corporation's certificate of incorporation to prohibit such action.</p>	<p>Shareholder action by written consent is not permitted for a listed public company.</p>
Shareholder Suits	
<p>Under the Delaware General Corporation Law, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself or herself and other similarly situated stockholders where the requirements for maintaining a class action under the Delaware General Corporation Law have been met. A person may institute and maintain such a suit only if such person was a stockholder at the time of the transaction which is the subject of the suit or his or her shares thereafter devolved upon</p>	<p><i>Derivative Actions</i></p> <p>The Singapore Companies Act has a provision which provides a mechanism enabling shareholders to apply to the court for leave to bring a derivative action or commence an arbitration on behalf of the company.</p> <p>Applications are generally made by shareholders of the company, but courts are given the discretion to allow such persons as they deem proper to apply (e.g., beneficial owner of shares).</p>

Delaware	Singapore
<p>him or her by operation of law. Additionally, under Delaware case law, the plaintiff generally must be a stockholder not only at the time of the transaction which is the subject of the suit, but also through the duration of the derivative suit. The Delaware General Corporation Law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff, unless such demand would be futile.</p>	<p>It should be noted that this provision of the Singapore Companies Act is primarily used by minority shareholders to bring an action or arbitration in the name and on behalf of the company or intervene in an action or arbitration to which the company is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the company.</p> <p><i>Class Actions</i></p> <p>The concept of class action suits, which allows individual shareholders to bring an action seeking to represent a class or classes of shareholders, does not exist in Singapore. However, it is possible as a matter of procedure for a number of shareholders to lead an action and establish liability on behalf of themselves and other shareholders who join in or who are made parties to the action. These shareholders are commonly known as “lead plaintiffs.”</p>
Distributions and Dividends; Repurchases and Redemptions	
<p>The Delaware General Corporation Law permits a corporation to declare and pay dividends out of statutory surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.</p>	<p>The Singapore Companies Act provides that no dividends can be paid to shareholders except out of profits.</p> <p>The Singapore Companies Act does not provide a definition on when profits are deemed to be available for the purpose of paying dividends and this is accordingly governed by case law.</p> <p>Our constitution provides that no dividend can be paid otherwise than out of profits.</p>
<p>Under the Delaware General Corporation Law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.</p>	<p><i>Acquisition of a Company’s Own Shares</i></p> <p>The Singapore Companies Act generally prohibits a company from acquiring its own shares subject to certain exceptions. Any contract or transaction made or entered into in contravention of the aforementioned prohibition by which a company acquires its own shares is void. However, provided that it is expressly permitted to do so by its constitution, as the case may be, and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, a company may:</p> <ul style="list-style-type: none"> • redeem redeemable preference shares. Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act, and the company lodges a copy of the statement with the

Delaware	Singapore
	Accounting and Corporate Regulatory Authority of Singapore;
	<ul style="list-style-type: none"> • whether or not it is listed on an approved exchange in Singapore or any securities exchange outside Singapore, make an off-market purchase of its own shares in accordance with an equal access scheme authorized in advance at a general meeting; • make a selective off-market purchase of its own shares in accordance with an agreement authorized in advance at a general meeting by a special resolution where persons whose shares are to be acquired and their associated persons have abstained from voting; and • whether or not it is listed on an approved exchange in Singapore or any securities exchange outside Singapore, make an acquisition of its own shares under a contingent purchase contract which has been authorized in advance at a general meeting by a special resolution.
	A company may also purchase its own shares by an order of a Singapore court.
	<p>The total number of ordinary shares that may be acquired by a company during a relevant period may not exceed 20% (or such other prescribed percentage) of the total number of ordinary shares as of the date of the resolution passed to authorize the acquisition of the shares. Where, however, a company has reduced its share capital by a special resolution or a Singapore court has made an order confirming the reduction of share capital of the company, the total number of ordinary shares shall be taken to be the total number of ordinary shares as altered by the special resolution or the order of the court. Payment, including any expenses (including brokerage or commission) incurred directly in the acquisition by the company of its own shares, may be made out of the company's distributable profits or capital, provided that the company is solvent.</p>
	<p>Our constitution provides that subject to the provisions of the Singapore Companies Act, we may purchase or otherwise acquire our issued shares on such terms and in such manner as we may think fit. These shares may be held as treasury shares or cancelled as provided in the Singapore Companies Act or dealt with in such manner as may be permitted by the Singapore Companies Act. On cancellation of the shares, the rights and privileges attached to those shares will expire.</p>

Delaware	Singapore
	<p><i>Financial Assistance for the Acquisition of Shares</i></p> <p>A public company or a company whose holding company or ultimate holding company is a public company shall not give financial assistance to any person whether directly or indirectly for the purpose of or in connection with:</p> <ul style="list-style-type: none">• the acquisition or proposed acquisition of shares in the company or units of such shares; or• the acquisition or proposed acquisition of shares in its holding company or ultimate holding company, or units of such shares. <p>Financial assistance may take the form of a loan, the giving of a guarantee, the provision of security, the release of an obligation, the release of a debt or otherwise.</p> <p>However, it should be noted that a company may provide financial assistance for the acquisition of its shares or shares in its holding company if it complies with the requirements (including approval by special resolution) set out in the Singapore Companies Act.</p>
<p>Transactions with Officers or Directors</p>	
<p>Under the Delaware General Corporation Law, some contracts or transactions in which one or more of a corporation’s directors has an interest are not void or voidable because of such interest provided that some conditions, such as obtaining the required approval and fulfilling the requirements of good faith and full disclosure, are met. Under the Delaware General Corporation Law, either (a) the stockholders or the board of directors must approve in good faith any such contract or transaction after full disclosure of the material facts or (b) the contract or transaction must have been “fair” as to the corporation at the time it was approved. If board approval is sought, the contract or transaction must be approved in good faith by a majority of disinterested directors after full disclosure of material facts, even though less than a majority of a quorum.</p>	<p>Under the Singapore Companies Act, directors and chief executive officers are not prohibited from dealing with the company, but where they have an interest in a transaction with the company, that interest must be disclosed to the board of directors. In particular, every director or chief executive officer who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with the company must, as soon as is practicable after the relevant facts have come to such director’s or chief executive officer’s knowledge, declare the nature of such director’s or chief executive officer’s interest at a board of directors’ meeting or send a written notice to the company containing details on the nature, character and extent of his or her interest in the transaction or proposed transaction with the company.</p> <p>There is, however, no requirement for disclosure where the interest of the director or chief executive officer (as the case may be) consists only of being a member or creditor of a corporation which is interested in the transaction or proposed transaction with the company if the interest may properly be regarded as immaterial. Where the transaction or the proposed transaction relates to any loan to the company, a director or chief executive officer shall not be deemed to be interested</p>

Delaware	Singapore
	<p>or to have been at any time interested in the transaction or proposed transaction where the director or chief executive officer has only guaranteed or joined in guaranteeing the repayment of such loan, unless the constitution provides otherwise.</p>
	<p>Further, where the transaction or the proposed transaction has been or will be made with or for the benefit of a related corporation (i.e. the holding company, subsidiary or subsidiary of a common holding company), a director or chief executive officer shall not be deemed to be interested or to have been at any time interested in the transaction or proposed transaction where he is a director or chief executive officer (as the case may be) of that corporation, unless the constitution provides otherwise.</p>
	<p>In addition, a director or chief executive officer who holds any office or possesses any property which directly or indirectly might create duties or interests in conflict with such director's or chief executive officer's duties or interests as director or chief executive officer (as the case may be) is required to declare the fact and the nature, character and extent of the conflict at a meeting of directors or send a written notice to the company setting out the fact and the nature, character and extent of the conflict.</p>
	<p>The Singapore Companies Act extends the scope of this statutory duty of a director and chief executive officer to disclose any interests by pronouncing that an interest of a member of a director's or chief executive officer's (as the case may be) family (including spouse, son, adopted son, step-son, daughter, adopted daughter and step-daughter) will be treated as an interest of the director or chief executive officer (as the case may be).</p>
	<p>Subject to specified exceptions, the Singapore Companies Act prohibits a company from making a loan or quasi-loan to its directors or to directors of a related corporation, or giving a guarantee or security in connection with such a loan or quasi-loan.</p>
	<p>Companies are also prohibited from making loans or quasi-loans to its directors' spouse or children (whether adopted or natural or step-children), or giving a guarantee or security in connection with such a loan or quasi-loan.</p>

Delaware	Singapore
Dissenters' Rights	
Under the Delaware General Corporation Law, a stockholder of a corporation participating in some types of major corporate transactions may, under varying circumstances, be entitled to appraisal rights pursuant to which the stockholder may receive cash in the amount of the fair market value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction.	There are no equivalent provisions in Singapore under the Singapore Companies Act.
Cumulative Voting	
Under the Delaware General Corporation Law, a corporation may adopt in its bylaws that its directors shall be elected by cumulative voting. When directors are elected by cumulative voting, a stockholder has the number of votes equal to the number of shares held by such stockholder times the number of directors nominated for election. The stockholder may cast all of such votes for one director or among the directors in any proportion.	There is no equivalent provision under the Singapore Companies Act in respect of companies incorporated in Singapore.
Anti-Takeover Measures	
Under the Delaware General Corporation Law, the certificate of incorporation of a corporation may give the board the right to issue new classes of preferred stock with voting, conversion, dividend distribution, and other rights to be determined by the board at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares.	The constitution of a Singapore company typically provide that the company may allot and issue new shares of a different class with preferential, deferred, qualified or other special rights as its board of directors may determine with the prior approval of the company's shareholders in a general meeting.
In addition, Delaware law does not prohibit a corporation from adopting a stockholder rights plan, or "poison pill," which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.	Under the Singapore Take-over Code, if, in the course of an offer, or even before the date of the announcement of the offer, the board of the offeree company has reason to believe that a bona fide offer is imminent, the board must not, except pursuant to a contract entered into earlier, take any action, without the approval of shareholders at a general meeting, on the affairs of the offeree company that could effectively result in any bona fide offer being frustrated or the shareholders being denied an opportunity to decide on its merits.

SHARES ELIGIBLE FOR FUTURE SALE

Upon consummation of this offering, we will have issued and outstanding ordinary shares, assuming either no exercise or full exercise of the underwriters' option to purchase additional shares to cover over-allotments, if any. Of the ordinary shares to be issued and outstanding immediately after the closing of this offering, the ordinary shares to be sold in this offering (ordinary shares assuming full exercise of the underwriters' option to purchase additional shares) will be freely tradable without restriction under the Securities Act by persons other than our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining ordinary shares are "restricted securities" under Rule 144. A substantial portion of these restricted securities will be subject to the provisions of the lock-up agreements referred to below.

Sales of substantial amounts of the ordinary shares in the public market could adversely affect prevailing market prices of the ordinary shares. Prior to this offering, there has been no public market for our ordinary shares in the United States. Although we have applied to list the ordinary shares on the Nasdaq, we cannot assure you that a regular trading market will develop in the ordinary shares in the United States. The ordinary shares of Cartrack Holdings Limited currently trade on the JSE. In connection with the Corporate Reorganization, Cartrack Holdings Limited is expected to delist from the JSE and we intend to apply for a secondary listing of our ordinary shares on the JSE. See "Risk Factors — Risks Relating to our Ordinary Shares and the Offering — We do not know whether a market for our ordinary shares will develop to provide you with adequate liquidity. If our stock price fluctuates after this offering, you could lose a significant part of your investment." Furthermore, since no shares will be available for sale from certain of our shareholders shortly after this offering because of the contractual and legal restrictions on resale described below, sales of substantial numbers of ordinary shares in the public market after these restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

After the expiration of any lock-up period, these restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under the Securities Act, which exemptions are summarized below.

Additionally, in connection with our Corporate Reorganization, and subsequent to the closing of this offering, we expect to sell up to ordinary shares in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

Rule 144

Under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) (1) who is not considered to have been one of our affiliates at any time during the 90 days preceding a sale and (2) who has beneficially owned the shares proposed to be sold for at least six months, including, in certain cases, the holding period of any prior owner other than an affiliate is entitled to sell his or her shares without restriction, subject to the Company's compliance with the reporting obligations under the Exchange Act.

In general, under Rule 144, beginning 90 days after the date of this prospectus, a person who is our affiliate and has beneficially owned ordinary shares for at least six months is entitled to sell within any three-month period a number of shares that does not exceed the greater of (1) 1.0% of the number of ordinary shares then issued and outstanding, which is expected to be equal to approximately ordinary shares immediately after the completion of this offering and (2) the average weekly trading volume of the ordinary shares on the Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 in connection with the sale.

Any such sales by an affiliate are also subject to manner of sale provisions, notice requirements and our compliance with Exchange Act reporting obligations.

Regulation S

Regulation S under the Securities Act provides that shares owned by any person may be sold without registration in the United States, provided that the sale is effected in an offshore transaction and no directed selling efforts are made in the United States (as these terms are defined in Regulation S), subject to certain

other conditions. In general, this means that the Company's shares may be sold in some other manner outside the United States without requiring registration in the United States.

Lock-up Agreements

We, our executive officers and directors and the Selling Shareholder have agreed not to sell or transfer any of our or Cartrack's ordinary shares or securities convertible into, exchangeable for, exercisable for, or repayable with our or Cartrack's ordinary shares, for 180 days after the date of this prospectus without first obtaining the written consent of . Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly: (i) offer, pledge, sell or contract to sell any of our or Cartrack's ordinary shares; (ii) sell any option or contract to purchase any of our or Cartrack's ordinary shares; (iii) purchase any option or contract to sell any of our or Cartrack's ordinary shares; (iv) grant any option, right or warrant for the sale of any of our or Cartrack's ordinary shares; (v) lend or otherwise dispose of any of our or Cartrack's ordinary shares; (vi) request or demand that we file a registration statement related to the ordinary shares; or (vii) enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any of our or Cartrack's ordinary shares whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise. This lock-up provision applies to our and Cartrack's ordinary shares and to securities convertible into or exercisable or exchangeable for or repayable with our or Cartrack's ordinary shares. See "Underwriting."

Registration Rights Agreement

Isaias (Zak) Jose Calisto and his designees will have the right, subject to the lock-up agreements described above, to require us to register our ordinary shares for resale in some circumstances. See "Certain Relationships and Related Party Transactions — Registration Rights Agreement."

TAX CONSIDERATIONS

The following are material Singaporean, South African and U.S. federal income tax considerations relevant to an investment in our ordinary shares. This discussion does not address all of the tax consequences that may be relevant in light of the investor's particular circumstances. Potential investors should consult their tax advisers regarding the Singaporean, South African, U.S. federal, state and local, and non-U.S. tax consequences of owning and disposing of our ordinary shares in their particular circumstances. To the extent that the discussion relates to matters of Singaporean tax law, it represents the opinion of Allen & Gledhill LLP, our Singaporean counsel. To the extent that it relates to matters of South African tax law, it represents the opinion of ENSafrica, our South African counsel

Singaporean Tax Considerations

The statements made herein regarding taxation are general in nature and based on certain aspects of current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this prospectus and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our ordinary shares or of any person acquiring, selling or otherwise dealing with our ordinary shares or on any tax implications arising from the acquisition, sale or other dealings in respect of our ordinary shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our ordinary shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of our ordinary shares are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of our ordinary shares. The statements below regarding the Singapore tax treatment of dividends received in respect of our ordinary shares are based on the assumption that the Company is tax resident in Singapore for Singapore income tax purposes. It is emphasized that neither the Company nor any other persons involved in this prospectus accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our ordinary shares.

Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after January 1, 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("Comptroller") is satisfied that the tax exemption would be beneficial to the individual. A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 22%.

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22%.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits

and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after June 1, 2003 are exempt from tax if certain prescribed conditions are met, including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is currently 17%. In addition, three-quarters of up to the first S\$10,000 of a company’s annual normal chargeable income, and one-half of up to the next S\$190,000, is exempt from corporate tax from the year of assessment (“YA”) 2020 onwards. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

New companies will also, subject to certain conditions and exceptions, be eligible for tax exemption on three-quarters of up to the first S\$100,000 of a company’s annual normal chargeable income, and one-half of up to the next S\$100,000, a year for each of the company’s first three YAs from YA 2020 onwards. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate.

Dividend Distributions

All Singapore-resident companies are currently under the one-tier corporate tax system (“one-tier system”).

Dividends received in respect of our ordinary shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that we are a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Gains on Disposal of our Ordinary Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our ordinary shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Holders of our ordinary shares who apply, or who are required to apply, the Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be) may for the purposes of Singapore income tax be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our ordinary shares is made.

Holders of our ordinary shares who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our ordinary shares.

Stamp Duty

There is no stamp duty payable on the subscription for our ordinary shares.

Where our ordinary shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, our ordinary shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is generally payable on the acquisition of our ordinary shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore.

Pursuant to recent amendments to the Stamp Duties Act, Chapter 312 of Singapore, stamp duty is payable on certain electronic instruments that effect a transfer of interest in our ordinary shares, where such instruments are regarded or deemed to be executed in Singapore, or executed outside Singapore and received in Singapore. In this regard, an electronic instrument that is executed outside Singapore is received in Singapore if (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

On the basis that any transfer instruments in respect of any interests in our ordinary shares (whether traded on Nasdaq or JSE) are executed outside Singapore through the transfer agent(s), share registrar(s) and/or administrative depository agent(s) in the United States and/or South Africa for registration in our share register(s) and/or administrative depository register(s) (including branch register(s) of members) maintained in the United States and/or South Africa respectively, no stamp duty should be payable in Singapore on such transfers to the extent that the instruments of transfer (including electronic instruments) are not received in Singapore and all electronic records and any information relating to such transfers are not electronically received by persons in Singapore, stored on any server or device in Singapore or made accessible to any person in Singapore..

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after February 15, 2008.

Goods and Services Tax ("GST")

The sale of our ordinary shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our ordinary shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST. Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our ordinary shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of our ordinary shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our ordinary shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

South African Tax Considerations

The following summary describes the principal South African income tax considerations generally applicable to the acquisition, holding and disposal of the Company's ordinary shares.

This summary is based on the current provisions of the South African Income Tax Act No. 58 of 1962 (“Income Tax Act”), and the prevailing practice adopted by the South African Revenue Service (“SARS”), published in writing prior to the date hereof. This summary does not consider legislative proposals to amend the Income Tax Act. This summary is of a general nature only and is not intended to be legal or tax advice to any particular shareholder. This summary is not exhaustive of all South African income tax considerations. Accordingly, 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.

As used in this registration statement, the term “SA Corporate” means a person in section 64F(1)(a) of the Income Tax Act being “a company which is a resident” for tax purposes in South Africa.

As used in this registration statement, the term “Regulated Intermediary” means a regulated intermediary as contemplated in section 64D of the Income Tax Act.

SA Tax Resident Shareholders

SA Tax Resident Shareholders (i.e. shareholders of the Company who are subject to income tax in South Africa on their worldwide income) will initially be reflected in the administrative depository share register in South Africa and will not hold their shares through DTC. SA Tax Resident Shareholders who choose to hold their shares through DTC will need to ensure they have sufficient single discretionary allowance in respect of individuals and trusts or foreign direct investment allowance for SA Corporates.

South African dividend tax at 20% will be withheld on any cash dividends declared and paid by the Company to SA Tax Resident Shareholders holding Company ordinary shares listed on the JSE, subject to any applicable exemptions that may apply.

No South African dividend tax will be withheld on any cash dividends declared and paid by the Company to SA Tax Resident Shareholders holding Company ordinary shares through DTC. Such dividends will be subject to income tax in South Africa in the hands of the SA Tax Resident Shareholders.

A controlled foreign company (“CFC”) is a non-South African 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 ordinary shareholders.

Immediately subsequent to the Corporate Reorganization, the Company’s shares will not be held more than 50% by SA Tax Resident ordinary shareholders and thus the Company will not be a CFC directly after the implementation of the Corporate Reorganization.

The shareholder base of the Company, classified either as SA Tax Resident Shareholders or non-SA Tax Resident Shareholders, 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 Company’s ordinary shares must include in their taxable income (i.e. impute unless any of the exemptions from imputation apply — see below) 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 Company’s ordinary shares.

SA Tax Resident Shareholders who, together with connected persons, will acquire more than 10% of the Company’s ordinary 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 Tax Resident Shareholders that dispose of their Company ordinary shares will be subject to either income tax (in the case of share dealers) or capital gains tax (in the case of capital investors).

Non-SA Tax Resident Shareholders

No South African dividend tax will be withheld on any cash dividends declared and paid by the Company to Non-SA Tax Resident Shareholders (i.e. shareholders of the Company who are not subject to income tax in South Africa on their worldwide income) holding Company ordinary shares. Where such shares

are registered on the JSE, a specific exemption is applicable in terms of the Income Tax Act, provided that the Non-SA Tax Resident Shareholder has submitted the prescribed information to their Regulated Intermediary or the Company as required in terms of section 64G(2)(a) prior to payment of the relevant cash dividend. Where such shares are registered through the DTC, South African dividend tax is not applicable.

Non-SA Tax Resident Shareholders that dispose of their Company ordinary shares registered on the JSE or through the DTC will not be subject to capital gains tax (in the case of capital investors) in South Africa provided that the Company ordinary shares are not attributable to a permanent establishment of the Non-SA Tax Resident Shareholder in South Africa.

Where the Non-SA Tax Resident Shareholders are share dealers no income tax will be payable on disposal of their Company ordinary shares registered on the JSE or through the DTC as the income will not be from a South African source, provided that the Company ordinary shares are not attributable to a permanent establishment of the Non-SA Tax Resident shareholder in South Africa.

Material U.S. Federal Income Tax Considerations

In the opinion of Davis Polk & Wardwell LLP, the following are material U.S. federal income tax consequences to the “U.S. Holders” described below of owning and disposing of ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to acquire ordinary shares.

This discussion applies only to a U.S. Holder that acquires ordinary shares in this offering and holds the ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including any alternative minimum tax or Medicare contribution tax considerations, or consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- persons that own or are deemed to own 10% or more of our stock by voting power or value;
- persons whose “tax home” is outside the United States; or
- persons holding ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships that intend to own ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, (the “Code”), administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

As used herein, a “U.S. Holder” is a person that is, for U.S. federal income tax purposes, a beneficial owner of ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion does not address the effects of any state, local or non-U.S. tax laws, or any U.S. federal tax laws other than income tax laws (such as U.S. federal estate or gift tax laws). U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ordinary shares in their particular circumstances.

Except as described below under “— Passive Foreign Investment Company Rules,” this discussion assumes that we are not, and will not be, a passive foreign investment company (a “PFIC”) for any taxable year.

Taxation of Distributions

Distributions paid on our ordinary shares, other than certain pro rata distributions of ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, U.S. Holders generally should expect that all distributions will be treated as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid by “qualified foreign corporations” to certain non-corporate U.S. investors are taxable at a preferential rate applicable to long-term capital gains. For example, one of the applicable limitations is that in order for a dividend paid by a “qualified foreign corporation” to be eligible for the preferential rate, it must be paid with respect to shares that the non-corporate U.S. investor has owned for more than 60 days during the 121-day period beginning 60 days before the date on which the shares become ex-dividend. A non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends paid on stock that is readily tradable on certain U.S. securities markets, such as the Nasdaq, where the ordinary shares offered in this offering will be listed. The preferential rate does not apply if the non-U.S. corporation is a PFIC for the year the dividend is paid or the preceding year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of the preferential rate and any limitations that may apply in their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of receipt. The amount of any dividend income paid in a currency other than the U.S. dollar will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Dividends will be treated as foreign-source income for foreign tax credit purposes, which may be relevant to U.S. Holders in calculating their foreign tax credit limitation. Foreign currency gain or loss generally will be treated as U.S.-source income or loss for foreign tax credit purposes.

Sale or Other Taxable Disposition of Ordinary Shares

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ordinary shares, which will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ordinary shares for more than one year. The amount of gain or loss will equal the difference between the amount realized on the sale or disposition and the U.S. Holder’s tax basis in the ordinary shares disposed of, in each case as determined in U.S. dollars. A U.S. Holder’s gain or loss will generally be treated as U.S.-source income or loss for foreign tax credit purposes. U.S. Holders that sell ordinary shares for an amount denominated in a non-U.S. currency should consult their tax advisers regarding the exchange rate at which the amount received should be translated to U.S. dollars, and whether any U.S.-source foreign currency gain or loss may be required to be recognized as a result of the sale. Long-term capital gains recognized by non-corporate U.S. Holders are taxed at a rate that is lower than the rate applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the value of its assets (generally determined based on the average of the quarterly values of its gross assets) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and gains from the sale or exchange of investment property. Cash is a passive asset for these purposes. Goodwill is generally characterized as an active asset if it is associated with business activities that produce active income.

Based on the current and expected composition of our income and assets and the value of our assets, including the estimated value of our goodwill, which is based on the current market price of Cartrack Holdings Limited shares and the expected price of our ordinary shares in this offering, we do not expect to be a PFIC for our current taxable year or in the foreseeable future. However, our PFIC status for any taxable year is an annual determination that can be made only after the end of that year, and will depend on the composition of our income and assets and the value of our assets from time to time (including the value of our goodwill, which may be determined in part by reference to the market price of the ordinary shares, which could be volatile). We will hold a substantial amount of cash following this offering and our PFIC status for any taxable year may also depend on how, and how quickly, we use our liquid assets and cash (including cash raised in this offering). Because the value of our goodwill may be determined by reference to our market capitalization, we could become a PFIC for any taxable year if the price of our ordinary shares declines significantly while we hold a substantial amount of cash and financial investments. In addition, the application of the PFIC rules is subject to a number of uncertainties and the proper characterization of some of our income and assets is not entirely clear. Accordingly, there can be no assurance that we will not be a PFIC for our current or any future taxable year.

If we were a PFIC for any taxable year and any entity in which we own equity interests were also a PFIC (a “Lower-tier PFIC”), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the next paragraph on (i) certain distributions by the Lower-tier PFIC and (ii) dispositions of shares of the Lower-tier PFIC, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holder would not receive any proceeds of those distributions or dispositions.

In general, if we were a PFIC for any taxable year during which a U.S. Holder held ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ordinary shares would be allocated ratably over its holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC with respect to such U.S. Holder would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any year on its ordinary shares exceeded 125% of the average of the annual distributions on the ordinary shares received during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, such distributions would be subject to taxation in the same manner. If we were a PFIC for any taxable year during which a U.S. Holder owned ordinary shares, we would generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owned the ordinary shares, even if we ceased to meet the threshold requirements for PFIC status. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ordinary shares. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available, and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we were a PFIC (or with respect to a particular U.S. Holder were treated as a PFIC) for a taxable year in which we paid a dividend or for the prior taxable year, the preferential tax rate described above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If we were a PFIC for any taxable year during which a U.S. Holder owned any ordinary shares, the U.S. Holder would generally be required to file annual reports on an Internal Revenue Service Form 8621. Substantial penalties and other adverse tax consequences may apply for failure to timely file such reports. U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ordinary shares.

Information Reporting and Backup Withholding

Payments of distributions and sales proceeds that are made within the United States or through certain U.S. related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other “exempt recipient” and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ordinary shares or non-U.S. accounts through which ordinary shares are held on Form 8938 with the Internal Revenue Service. Substantial penalties and other tax consequences may apply for failure to timely file such reports. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to our ordinary shares.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and BofA Securities, Inc. are acting as representatives, have severally agreed to purchase, and we and the Selling Shareholder have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
BofA Securities, Inc.	
William Blair & Company, L.L.C.	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ordinary shares subject to their acceptance of the shares from us and the Selling Shareholder and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ordinary shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ordinary shares offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the ordinary shares directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ per share under the public offering price. After the initial offering of the ordinary shares, the offering price and other selling terms may from time to time be varied by the representatives.

The Selling Shareholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ordinary shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ordinary shares as the number listed next to the underwriter’s name in the preceding table bears to the total number of ordinary shares listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and the Selling Shareholder. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional of ordinary shares.

	Total		
	Per Share	No Exercise	Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by us	\$	\$	\$
Underwriting discounts and commissions to be paid by the Selling Shareholder	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$
Proceeds, before expenses, to the Selling Shareholder	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions borne by the Selling Shareholder, are approximately \$. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ordinary shares offered by them.

We have applied to list our ordinary shares on the Nasdaq under the symbol “KARO.”

We, our executive officers and directors and the Selling Shareholder have agreed that, without the prior written consent of _____ on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares.

whether any such transaction described above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of _____ on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares.

The restrictions described in the immediately preceding paragraph to do not apply to:

- the sale of shares to the underwriters; or
- the issuance by the Company of ordinary shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- transactions by any person other than us relating to ordinary shares or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under the Exchange Act, is required or voluntarily made in connection with subsequent sales of the ordinary shares or other securities acquired in such open market transactions;
- facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ordinary shares, provided that (i) such plan does not provide for the transfer of ordinary shares during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of ordinary shares may be made under such plan during the restricted period; or
- the sale of up to _____ ordinary shares pursuant to the Reinvestment.

_____, in its sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the ordinary shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ordinary shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters

may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ordinary shares in the open market to stabilize the price of the ordinary shares. These activities may raise or maintain the market price of the ordinary shares above independent market levels or prevent or retard a decline in the market price of the ordinary shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We, the Selling Shareholder and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ordinary shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each a “Relevant State”), no Shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- b. to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of for any such offer; or
- c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Managers that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

The above selling restriction is in addition to any other selling restrictions set out below.

In connection with the offering, the underwriters are not acting for anyone other than the issuer and will not be responsible to anyone other than the issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

United Kingdom

In relation to the United Kingdom (“UK”), no Shares have been offered or will be offered pursuant to the offering to the public in the UK prior to the publication of a prospectus in relation to the Shares which has been approved by the Financial Conduct Authority in the UK in accordance with the UK Prospectus Regulation and the FSMA, except that offers of Shares may be made to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation and the FSMA:

- a. to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or
- c. at any time in other circumstances falling within section 86 of the FSMA,

provided that no such offer of Shares shall require the Issuer or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the UK who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Managers that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented,

acknowledged and agreed that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the UK to qualified investors, in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression “FSMA” means the Financial Services and Markets Act 2000.

In connection with the offering, the underwriters are not acting for anyone other than the issuer and will not be responsible to anyone other than the issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Canada

The ordinary shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ordinary shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) has been made or will be made with respect to the solicitation of the application for the acquisition of the ordinary shares.

Accordingly, the ordinary shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (“QII”)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ordinary shares constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ordinary shares. The ordinary shares may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ordinary shares constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ordinary shares. The ordinary shares may only be transferred en bloc without subdivision to a single investor.

South Africa

Each underwriter has represented and agreed that:

- (a) this prospectus will not be registered as a prospectus in terms of the South African Companies Act, in South Africa; and
- (b) any offer of the ordinary shares in South Africa in terms of this prospectus will not be an offer to the public as contemplated under the South African Companies Act, and may only be made to persons falling within the categories of persons listed in section 96(1)(a) or (b) of the South African Companies Act (the “South African Qualifying Investors”) and (ii) any offer or sale of the ordinary shares shall be subject to compliance with South African exchange control regulations. Should any person who is not a South African Qualifying Investor receive this prospectus, they should not and will not be entitled to acquire any ordinary shares or otherwise act thereon.

The information contained in this prospectus constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002, as amended or re-enacted) (the “FAIS Act”) and does not constitute the furnishing of any “advice” as defined in section 1(1) of the FAIS Act.

The information contained in this prospectus should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this prospectus should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. The Company is not a financial services provider licensed as such under the FAIS Act.

EXPENSES OF THE OFFERING

We estimate that our expenses in connection with this offering, other than underwriting discounts and commissions, will be as follows:

Expenses	Amount
U.S. Securities and Exchange Commission registration fee	\$ *
FINRA filing fee	*
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous costs	*
Total	\$ *

* To be filed by amendment.

All amounts in the table are estimates except the U.S. Securities and Exchange Commission registration fee, the Nasdaq listing fee and the FINRA filing fee. The Company will pay all of the expenses of this offering.

LEGAL MATTERS

The validity of the ordinary shares and certain other matters of Singapore law will be passed upon for us by Allen & Gledhill LLP. Certain matters of South African law will be passed upon for us by ENSafrica. Certain matters of U.S. federal and New York state law will be passed upon for us by Davis Polk & Wardwell LLP and for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP.

EXPERTS

The financial statements as of February 29, 2020 and February 28, 2019, and for each of the two years in the period ended February 29, 2020, included in this prospectus have been audited by Deloitte & Touche, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

CHANGE IN ACCOUNTANTS

In preparation for this offering, we undertook a competitive request for proposal process to select our independent registered public accounting firm for the audit of our financial statements as of and for the year ended February 28, 2021. Following this process, on February 12, 2021, we retained KPMG LLP as our independent registered public accounting firm for the audit of our financial statements for the year ended February 28, 2021 to replace Deloitte & Touche. However, Deloitte & Touche is still engaged to provide services with respect to our financial statements as of February 29, 2020 and February 28, 2019 and for each of the two years in the period ended February 29, 2020 included in this prospectus. The decision to change our independent auditors was approved by our board of directors.

Deloitte & Touche issued a report on our audited financial statements for the fiscal years ended February 29, 2020 and February 28, 2019. This report did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles. During our two most recent fiscal years and subsequent interim periods preceding our engagement of KPMG LLP, we had no disagreements with Deloitte & Touche on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to its satisfaction, would have caused Deloitte & Touche to make reference in connection with its report. During our two most recent fiscal years and the subsequent interim period preceding our change to KPMG LLP from Deloitte & Touche, there were no reportable events as such term is defined in Item 16F(a)(1)(iv) of Form 20-F.

During our two most recent fiscal years and subsequent interim periods preceding our engagement of KPMG LLP, neither we, nor anyone acting on our behalf, consulted with KPMG LLP on matters that involved (i) the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on our financial statements, and neither a written report nor oral advice was provided to us that KPMG LLP concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any other matter that was either the subject of a disagreement as that term is used in Form 20-F or a reportable event.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of the Republic of Singapore, and certain of our officers and directors are residents outside the United States. In addition, a significant portion of our operations and business is conducted, and a substantial portion of our assets are located, outside the United States.

Although we are incorporated outside the United States, we have agreed to accept service of process in the United States through Cogency Global, Inc., our agent designated for that purpose, located at 122 East 42nd Street, 18th Floor, New York, NY 10168. Nevertheless, since a substantial portion of the assets owned by us are located outside the United States, any judgment obtained in the United States against us may not be collectible within the United States.

An investor may or may not be able to commence an original action against us or our directors or officers, or any person, before the courts outside the United States to enforce liabilities under United States federal securities laws, depending on the nature of the action.

There is uncertainty as to whether judgments of courts in the United States, based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States, will be recognized or enforced by the Singapore courts, and there is doubt as to whether the Singapore courts will enter judgments in original actions brought in the Singapore courts based solely on the civil liability provisions of these securities laws. An *in personam* final and conclusive judgment in the federal or state courts of the United States under which a fixed or ascertainable sum of money is payable may generally be enforced as a debt in the Singapore courts under the common law as long as it is established that the Singapore courts have jurisdiction over the judgment debtor. However, the Singapore courts are unlikely to enforce a foreign judgment if (a) the foreign judgment is inconsistent with a prior local judgment that is binding on the same parties; (b) the enforcement of the foreign judgment would contravene the public policy of Singapore; (c) the proceedings in which the foreign judgment was obtained were contrary to principles of natural justice; (d) the foreign judgment was obtained by fraud; or (e) the enforcement of the foreign judgment amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law.

In particular, the Singapore courts may potentially not allow the enforcement of any foreign judgment for a sum payable in respect of taxes, fines, penalties or other similar charges, including the judgments of courts in the United States based upon the civil liability provisions of the securities laws of the United States or any state or territory of the United States. In respect of civil liability provisions of the United States federal and state securities law which permit punitive damages against us and our directors or executive officers, we are unaware of any decision by the Singapore courts which has considered the specific issue of whether a judgment of a United States court based on such civil liability provisions of the securities laws of the United States or any state or territory of the United States is enforceable in Singapore.

In addition, holders of book-entry interests in our ordinary shares will be required to be registered as shareholders in our register of members in order to have standing to bring a shareholder suit and, if successful, to enforce a foreign judgment against us, our directors or our executive officers in the Singapore courts, subject to applicable Singapore laws. A holder of book-entry interests in our ordinary shares may become our registered shareholder by exchanging its interest in our ordinary shares for certificated ordinary shares and being registered in our register of members. The administrative process of becoming a registered shareholder could result in delays prejudicial to any legal proceeding or enforcement action.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon consummation of this offering, we will become subject to the informational requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. In addition, the SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and controlling shareholder are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will send the transfer agent and persons who are registered as shareholders in our register of members a copy of all notices of shareholders' meetings and other reports, communications and information that are made generally available to shareholders. The transfer agent has agreed to mail to all shareholders a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the transfer agent and will make available to all shareholders such notices and all such other reports and communications received by the transfer agent.

FINANCIAL STATEMENTS

Audited Consolidated Financial Statements for the Years Ended February 29, 2020 and February 28, 2019 — Karooooo Pte. Ltd.	
<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Statement of Financial Position</u>	<u>F-3</u>
<u>Consolidated Statement of Profit or Loss</u>	<u>F-5</u>
<u>Consolidated Statement of Comprehensive Income</u>	<u>F-6</u>
<u>Consolidated Statement of Changes in Equity</u>	<u>F-7</u>
<u>Consolidated Statement of Cash Flows</u>	<u>F-8</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>F-9</u>
Unaudited Condensed Consolidated Financial Statements for the Nine-Month Periods Ended November 30, 2020 and November 30, 2019 — Karooooo Pte. Ltd.	
<u>Condensed Consolidated Statement of Financial Position</u>	<u>F-50</u>
<u>Condensed Consolidated Statement of Profit or Loss</u>	<u>F-51</u>
<u>Condensed Consolidated Statement of Comprehensive Income</u>	<u>F-52</u>
<u>Condensed Consolidated Statement of Changes in Equity</u>	<u>F-53</u>
<u>Condensed Consolidated Statement of Cash Flows</u>	<u>F-54</u>
<u>Notes to the Condensed Consolidated Financial Statements</u>	<u>F-55</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Director of Karooooo Pte. Ltd., Singapore

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of Karooooo Pte. Ltd. and its subsidiaries (the “Company”) as at 29 February 2020 and 28 February 2019, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the years then ended and the related notes (the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 29 February 2020 and 28 February 2019, and the results of its operations and cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis of opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Johannesburg, South Africa

/s/ Deloitte & Touche
29 January 2021

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer;
Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk
Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks
Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public
Policy *R Redfearn Chair of the Board

A full list of partners and Director is available on request

* Partner and Registered Auditor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 29 February 2020

	Notes	2020	2019
Figures in Rand thousands			
ASSETS			
Non-current assets			
Goodwill	8	131,503	122,098
Intangible assets	7	40,739	18,458
Property, plant and equipment	5	854,506	701,152
Capitalized commission assets	6	144,549	108,547
Deferred tax assets	9	106,482	98,055
Total non-current assets		<u>1,277,779</u>	<u>1,048,310</u>
Current assets			
Inventories	10	151,616	206,026
Trade and other receivables	11	251,747	215,589
Loans to related parties	12	11,013	213
Taxation		6,511	7,054
Cash and cash equivalents	13	146,591	51,916
Total current assets		<u>567,478</u>	<u>480,798</u>
Total assets		<u>1,845,257</u>	<u>1,529,108</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	10	10
Foreign currency translation reserve		11,851	(10,584)
Retained earnings		835,978	598,598
Investment by owner		30,383	30,383
Equity attributable to equity holders of parent		<u>878,222</u>	<u>618,407</u>
Non-controlling interest		346,913	219,221
Total equity		<u>1,225,135</u>	<u>837,628</u>
Liabilities			
Non-current liabilities			
Term loans	15	17,815	218,765
Capitalized lease liabilities	16	54,148	69,256
Amounts received in advance	17	55,817	—
Deferred tax liabilities	9	85,392	33,197
Total non-current liabilities		<u>213,172</u>	<u>321,218</u>
Current liabilities			
Term loans	15	5,154	20,525
Trade and other payables	18	170,972	155,530
Loans from related parties	12	8,362	7,716
Capitalized lease liabilities	16	44,849	47,656
Taxation		22,969	42,132

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**as at 29 February 2020**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		Figures in Rand thousands	
Provision for warranties		1,679	2,564
Amounts received in advance	17	152,965	80,377
Bank overdraft	13	—	13,762
Total current liabilities		<u>406,950</u>	<u>370,262</u>
Total liabilities		<u>620,122</u>	<u>691,480</u>
Total equity and liabilities		<u>1,845,257</u>	<u>1,529,108</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 29 February 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		Figures in Rand thousands	
Revenue	19	1,941,893	1,692,708
Cost of sales		(574,770)	(484,700)
Gross profit		1,367,123	1,208,008
Other income		1,867	6,279
Expected credit losses on financial assets		(54,872)	(45,171)
Operating expenses		(683,196)	(669,197)
Sales and marketing		(177,870)	(177,351)
General and Administration		(460,402)	(443,562)
Research and development		(44,924)	(48,284)
Operating profit	20	630,922	499,919
Finance income	21	2,592	2,749
Finance costs	22	(16,831)	(31,438)
Profit before taxation		616,683	471,230
Taxation	23	(173,157)	(110,182)
Profit for the year		<u>443,526</u>	<u>361,048</u>
Profit attributable to:			
Owners of the parent		289,882	236,930
Non-controlling interest		153,644	124,118
		<u>443,526</u>	<u>361,048</u>
Earnings per share			
Basic and diluted earnings per share (Rand)	33.1	14.3	9.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**for the year ended 29 February 2020**

	<u>2020</u>	<u>2019</u>
	Figures in Rand thousands	
Profit for the year	443,526	361,048
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in future periods:		
Exchange differences on translating foreign operations	35,989	29,928
Other comprehensive income for the year	35,989	29,928
Total comprehensive income for the year net of income tax	<u>479,515</u>	<u>390,976</u>
Total comprehensive income attributable to:		
Owners of the parent	312,317	254,625
Non-controlling interest	<u>167,198</u>	<u>136,351</u>
	<u>479,515</u>	<u>390,976</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 29 February 2020

Figures in Rand thousands	Note	Share capital	Foreign currency translation	Investment by owner	Retained earnings	Total attributable to equity holders of the group	Non- controlling interest	Total equity
Figures in Rand thousands								
Balance at 1 March 2018		—	(28,279)	30,383	455,598	457,702	137,455	595,157
Profit for the year		—	—	—	236,930	236,930	124,118	361,048
Other comprehensive income		—	17,695	—	—	17,695	12,233	29,928
Total comprehensive income for the year		—	17,695	—	236,930	254,625	136,351	390,976
Dividends		—	—	—	(93,930)	(93,930)	(54,585)	(148,515)
Issuance of share capital	10 ⁽¹⁾	10	—	—	—	10	—	10
Balance at 28 February 2019		10	(10,584)	30,383	598,598	618,407	219,221	837,628
Profit for the year		—	—	—	289,882	289,882	153,644	443,526
Other comprehensive income		—	22,435	—	—	22,435	13,554	35,989
Total comprehensive income for the year		—	22,435	—	289,882	312,317	167,198	479,515
Dividends		—	—	—	(52,502)	(52,502)	(39,506)	(92,008)
Balance at 29 February 2020		10	11,851	30,383	835,978	878,222	346,913	1,225,135

(1) The issuance of the initial 1,000 shares took place on a non cash flow basis and was fully paid in 2020 as reflected in the cash flow statement.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 29 February 2020

	Notes	2020	2019
		Figures in Rand thousands	
Cash flows from operating activities			
Cash generated from operations	24	1,054,554	635,754
Finance income received	21	2,592	2,749
Finance costs paid		(9,323)	(23,350)
Taxation paid	25	(146,599)	(142,895)
Net cash generated from operating activities		<u>901,224</u>	<u>472,258</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(388,723)	(422,061)
Proceeds on disposal of property, plant and equipment		6,532	4,423
Investment in intangible assets		(34,245)	(13,636)
Advances of loans to related parties		(11,000)	—
Repayment of loans to related parties		—	2,059
Net cash utilized by investing activities		<u>(427,436)</u>	<u>(429,215)</u>
Cash flows from financing activities			
Proceeds from related party loans		—	2,230
Proceeds from issuance of share capital		10	—
Repayment of term loans		(217,815)	—
Proceeds from term loans obtained		—	239,290
Payments of capitalized lease liabilities		(58,417)	(9,599)
Dividends paid	26	(92,008)	(148,515)
Net cash (utilized by)/generated financing activities		<u>(368,230)</u>	<u>83,406</u>
Total cash movements for year		105,558	126,449
Cash and cash equivalents as at the beginning of the year	13	38,144	(95,454)
Translation differences on cash and cash equivalents		2,889	7,149
Total cash and cash equivalents at the end of the year	13	<u>146,591</u>	<u>38,144</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 29 February 2020

1. Presentation of consolidated financial statements

Reporting entity

Karoo0000 Pte. Ltd. (“Karoo0000”), formerly Karoo Pte. Ltd., was incorporated on 19 May 2018 in the Republic of Singapore and is wholly owned by IJ Calisto. Cartrack Holdings Limited (“Cartrack”) is a public company that listed on the Johannesburg Stock Exchange in December 2014. IJ Calisto is the current CEO of Cartrack. Karoo0000 acquired an approximately 68 percent interest in Cartrack effective 17 July 2019.

Through a flow of funds arrangement and a related mandatory public offer, Karoo0000’s acquisition of Cartrack was facilitated by a loan from IJ Calisto that was repayable on demand in either cash or through the receipt of the equivalent number of Cartrack shares at a price of 13.44 ZAR per share, which was the share price at which the mandatory public offer was made. Subsequent to the acquisition, Karoo0000 became the legal and beneficial owner of such Cartrack shares. However, as a consequence of the call option embedded within the loan from IJ Calisto, Karoo0000 did not acquire control as defined by IFRS 10 of Cartrack at the time of the acquisition of such Cartrack shares; instead control remained with IJ Calisto.

On 18 November 2020, the shareholder loan from IJ Calisto to Karoo0000 Pte. Ltd. was converted into ordinary shares of Karoo0000 Pte. Ltd., which was issued to IJ Calisto, and as a result Karoo0000 acquired control of Cartrack on that date. The acquisition of control of Cartrack by Karoo0000 is considered to be a transaction under common control as ultimately both entities were controlled by IJ Calisto before and after the transaction. Therefore, the financial statements have been retrospectively recast to reflect Karoo0000’s controlling interest in Cartrack for all periods presented. For the period prior to the incorporation of Karoo0000, the financial statements reflect IJ Calisto’s controlling interest in Cartrack, which he held through One August (Pty) Limited, a personal holding company owned by IJ Calisto with no other operations that does not form part of the consolidated group. There is currently no specific guidance on accounting for common control transactions under International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS”). In the absence of specific guidance Karoo0000 elected to apply the “pooling of interests” method of accounting. Under “pooling of interests” the assets and liabilities of Cartrack are carried over at their book values with no adjustment made for the acquisition price and prior periods are restated as if the common control transaction had occurred at the beginning of the earliest period presented.

Since the loan was also eliminated as part of the common control transaction it is not presented as a financial liability in the consolidated annual financial statements.

The non-controlling interest principally relates to the public shareholders in Cartrack.

These consolidated annual financial statements comprise Karoo0000 and its subsidiaries (collectively the “group” and individually “group companies”). The group is primarily involved in the design, development and installation of telematics technology, data collection and analysis and the delivery of fleet and mobile asset management solutions delivered as Software-as-a-Service (SaaS) and the tracking and recovery of vehicles.

Statement of compliance

The consolidated annual financial statements are prepared in accordance with IFRS.

The policies applied in these consolidated financial statements are based on IFRS effective as of 29 February 2020.

The consolidated annual financial statements were approved for issue by the Director on 29 January 2021.

Basis of measurement

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

Functional and presentation currency

These consolidated annual financial statements are presented in South African rand (ZAR), which is the group's functional and presentation currency.

All financial information presented has been rounded off to the nearest thousand ZAR, unless otherwise indicated.

2.1 Significant judgements and estimates

The group makes judgements, estimates and assumptions concerning the future when preparing the consolidated annual financial statements. Actual results may differ from these judgements, estimates and assumptions. There are not considered to be any significant judgements which need to be made in applying the group's accounting policies or IFRS.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The accounting estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below:

Estimates*i. Useful life estimates of capitalized telematics devices and capitalized commission assets*

The group completes a detailed assessment annually on the expected life cycle of customer contracts across the group. The continued growth in the customer base over the past few years has provided a more comprehensive database of information and more certainty to support the assessment of the average useful life of contracts with customers. On the basis of the statistical assessment, there has been no change to the estimated average useful life of 60 months of a customer contract in the current year. Contracts which terminate prior to 60 months result in accelerated depreciation of the underlying capitalized telematic devices and capitalized commission assets being recognized immediately in profit or loss.

ii. Impairment of financial assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days since invoicing for the various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future conditions.

iii. Goodwill

The group tests goodwill for impairment on an annual basis. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are performed internally by the group and require the use of various estimates and assumptions regarding discount rates and the future financial performance of the cash-generating units.

2.2 Accounting policies***a) Basis of consolidation***

The consolidated annual financial statements reflect the financial results of the group. All financial results are consolidated with similar items on a line-by-line basis. Inter-company transactions, balances and unrealized gains and losses between entities are eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are consolidated into the group's results from acquisition date until loss of control.

When the group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Non-controlling interest

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group Chief Executive Officer (CEO), who makes strategic decisions.

The group is organized into geographical business units that engage in business activities from which they earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. The group has four operating segments, each segment providing essentially the same or similar products and services to a homogeneous target market, and for which discrete financial information is available.

Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment.

Sales between segments are carried out at cost plus a margin.

c) Foreign currency translation***i. Functional and presentation currency***

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African Rand ("ZAR"), which is the group's presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

Foreign exchange gains/(losses) are classified as net foreign exchange gains and losses in operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses for each income statement presented are translated at average exchange rates;
- (iii) All resulting exchange differences are recognized in other comprehensive income; and
- (iv) Equity items are measured at historical cost at the time of recording, translated at the rate on the date of the recording and are not retranslated to closing rates at reporting dates.

On consolidation, exchange differences arising from the translation of net investments in foreign operations are recognized in other comprehensive income. When a foreign operation is fully disposed of or sold (i.e., control is lost), exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. A repayment/ capitalization of a net investment loan therefore does not result in any exchange differences being transferred from equity to the income statement unless it is part of a transaction resulting in a loss of control.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognized in other comprehensive income.

d) Financial instruments

i. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through profit or loss or fair value through OCI. Financial assets and financial liabilities are initially measured at fair value.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI and fair value through profit or loss (FVTPL). Amortized cost and FVTPL are relevant to the group.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets — Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets — Subsequent measurement and gains and losses

Financial assets at amortized cost. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The group classified its financial assets into the loans and receivables at amortized cost.

Impairment of financial assets

IFRS 9 requires the group to recognize an allowance for ECL for all debt instruments not held at FVTPL.

The group applies the simplified approach to trade receivables which requires ECLs to be recognized from initial recognition. The provision rates are based on days since invoicing for grouping that have similar loss patterns. The provision matrix is initially based on the group's historical observed default rates and is then adjusted with forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

Impairment losses are recognized on an ECL basis and are disclosed separately on the face of the statement of profit or loss.

Financial liabilities — Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) a shorter period, to the amortized cost of a financial liability.

*ii. Derecognition***Financial assets**

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e) Property, plant and equipment*i. Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Capitalized telematics devices (previously referred to as capital rental units) are units installed in customers' vehicles as part of a subscription contract. The hardware and directly related installation costs are capitalized and depreciated over the expected useful life of the average contract. If a contract with a customer is cancelled prior to the end of its useful life, the unamortized cost is recognized immediately in profit and loss.

Where customer contracts are expected to be in existence for periods significantly shorter than the average useful life of 60 months, these are depreciated over a reduced useful life.

ii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss.

The useful lives applied to the various categories of property, plant and equipment including right of use assets are as follows:

Category	Depreciation method	Average useful life
Buildings	Straight line	20 – 50 Years
Capitalized telematics devices	Straight line	5 years
Furniture, fixtures and equipment	Straight line	5 Years
Right of use assets – IT equipment	Straight line	3 years
Leasehold improvements	Straight line	3 years or lease term
Right of use assets – motor vehicles	Straight line	4 years
Plant and equipment	Straight line	5 Years
Right of use assets – property	Straight line	Lease term or useful life whichever is shorter

The residual value, useful life and depreciation method applicable to each asset category are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The carrying amount of property, plant and equipment will be derecognized on disposal or when no future economic benefits are expected from its use. Profit and losses on disposal of any items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized in profit and loss.

f) Capitalized commission assets

i. Recognition and measurement

Sales commissions costs which are directly related to a customer contract are capitalized to capitalized commission assets and are measured at cost less accumulated amortization.

ii. Depreciation

The capitalized commission assets are amortized over the expected useful life of the average contract which is 60 months. If a contract with a customer is cancelled prior to the end of its useful life, the unamortized cost is recognized immediately in profit and loss.

The useful lives of items of capitalized commission assets have been assessed as follows:

Item	Amortization method	Average useful life
Capitalized commission assets	Straight line	5 Years

g) Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Impairment losses recognized as an expense in relation to goodwill are not subsequently reversed.

Goodwill is tested annually for impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination giving rise to goodwill. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes.

On disposal of the relevant cash-generating unit or subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

h) Intangible assets

Research and development costs

Product development costs that are directly attributable to the design, testing and development of identifiable hardware and software, controlled by the group, are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software or product so that it will be available for use or sale;
- Management intends to complete the software or product and use or sell it;
- There is an ability to use or sell the software or product;
- It can be demonstrated how the software or product will generate future probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and use or sell the software or product are available; and
- The expenditure attributable to the software or product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the intangible assets include software costs and the costs of personnel whose sole responsibility is their involvement in the group's research and development function.

Other development expenditures that do not meet the recognition criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period if the criteria are subsequently met.

Costs incurred in enhancing current telematics hardware and software are expensed when incurred.

The capitalized development costs are amortized over their estimated useful life which is considered to be three years due to the life cycle of telematics hardware and software applications.

Acquired computer software

Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring the software into use. The acquired computer software licence is amortized over the expected useful life which is generally three to five years.

i) Impairment of non-financial assets

The group's non-financial assets, other than deferred taxation assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

The impairment loss charged to profit or loss is the excess of the carrying amount over the recoverable amount.

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

With the exception of goodwill, a previously recognized impairment loss will be reversed insofar as estimates change as a result of an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

j) Taxation*Taxation expense*

Current and deferred taxes are recognized as income or an expense and included in profit or loss for the period, except to the extent that the taxation arises from:

- a transaction or event which is recognized, in the same or a different period, to other comprehensive income, or as equity; or
- a business combination.

In such cases, current and deferred taxes are charged or credited to other comprehensive income.

Dividend withholding taxation is currently payable on dividends distributed to equity holders of the group at a rate as determined by each country's jurisdiction. This taxation is not attributable to the company, but is collected by the company and paid to the taxation authorities on behalf of the shareholder.

On receipt of a dividend by a company from an investment held in a taxation jurisdiction outside that of the company, any dividend withholding taxation payable is recognized as part of current taxation.

Income taxation assets and liabilities

Income taxation for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Income taxation liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period. The amount of current taxation payable or receivable is the best estimate of the taxation amount expected to be paid or received that reflects uncertainty relating to income taxes.

Deferred taxation assets and liabilities

Deferred taxation is provided by using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to

the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The provision for deferred taxation is calculated using enacted or substantively enacted taxation rates at the reporting date that are expected to apply when the asset is realized or liability settled. A deferred taxation asset is recognized to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realized.

The provision of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred taxation assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Unrecognized deferred taxation assets are reassessed at each reporting date and recognized to the extent that becomes probable that future taxable profits will be available against which they can be used.

k) Leases

At inception of a contract the group assesses whether contracts contain a lease. A contract contains a lease if control of the use of an asset is obtained in exchange for a consideration.

Should control of the asset be obtained, the group recognizes a right-of-use-asset and a lease liability at the commencement date of the contract. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date. The right-of-use asset is subsequently depreciated over the lease term.

The lease liability is measured at the present value of lease payments discounted using an incremental borrowing rate.

The group has elected not to recognize right of use assets and liabilities for short term leases less than twelve months or low value assets which is in accordance with the accounting standard.

The customer does not control the telematics hardware as the use of the units is predetermined to meet the tracking and recovery services provided by the group and the customer does not have the right to operate the asset nor have they designed the asset. Accordingly, the subscription contract arrangement with the customer is not considered to meet the definition of a lease.

l) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory.

Cost is determined on a weighted average cost basis.

Management consider the condition and usability of inventories on an annual basis to determine whether an allowance for obsolete inventory is required.

m) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables do not include any significant financing element and as a result are measured initially at the transaction price and are subsequently measured at amortized cost less expected credit losses.

n) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows include cash on hand, deposit held on call with banks and bank overdrafts, all of which are available for use by the group and have a maturity of less than three months. Bank overdrafts are included within current liabilities on the statement of financial position.

o) Employee benefits*Short-term employee benefits*

Remuneration of employees is charged to profit or loss. Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to profit or loss as the related service is provided. An accrual is recognized for accumulated leave, incentive bonuses and other employee benefits when the group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

p) Provisions and contingencies

Provisions are recognized when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The group offers stolen vehicle warranties of up to R150,000 in the event of the non-recovery of a vehicle, subject to various terms and conditions. The provision for future warranty claims is based on known claims at year end and takes into account the historic claims to payment ratio.

q) Revenue

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring a good or service.

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

The group principally generates revenue from providing Fleet, SVR and insurance telematics services. The group's telematics services provide intelligence mobility solutions which include the tracking and recovery of stolen vehicles delivered as SaaS. The underlying revenue arises from the telematics contract arrangements with its customers.

Hardware sales

Hardware revenue was recognized when control of the telematics unit was transferred to the customer which occurred upon installation on the customer's vehicle.

Installation revenues

Installation revenue was recognized when the unit was successfully installed, which occurred at the same time that control of the hardware was transferred to the customer, which occurred upon installation on the customer's vehicle. Customers were invoiced when the units were installed and payment terms were generally 30 days.

Subscription revenues

Revenues arising from the telematics service are recognized as the service is provided over the contractual term. Customers are invoiced monthly in advance and invoices are payable on presentation.

Prior to a change in its standard subscription contract in May 2019, control of the telematics unit was transferred to the customer pursuant to certain contracts hereinafter referred to as the “standard option” (previously the “cash option”). For standard option contracts the group identified three performance obligations: hardware sales; installation thereof and telematics services. Revenue was allocated to each performance obligation based upon the relative standalone selling price. Prior to May 2019 the group also provided a minimum term option (previously “rental option”) where control of the telematics unit was not transferred to the customer.

For minimum term option (previously “rental option”) contracts entered into prior to May 2019, and for all contracts entered into following the change in the standard option contract in May 2019 control of the telematics unit is not transferred to the customer. The group considers such arrangements to contain a single performance obligation. Contracts are typically for a 36-month term and then renewable on a monthly basis thereafter on the same pricing terms. The contracts are cancellable upon the payment of a cancellation fee and in the event of cancellation the group retrieves the telematics unit for use on another contract. Any non-refundable amounts received at the inception of the contract are recognized over the expected term of the customer relationship.

The group has assessed whether its subscription contract arrangements contain a significant financing component and it was determined that the contracts do not have a significant financing component because the difference between the timing of when the cash is received and the services are transferred to the customer is not to provide the customer with a benefit of financing.

Miscellaneous rental and contract fees

The group sometimes makes miscellaneous rental charges to customers in order to repair units, make administrative changes to contractual terms or contract cancellation. Such charges are recognized and invoiced when they arise and payment terms are generally 30 days.

Dealership installations

The group installs units into dealership vehicles free of charge, but ownership of the telematics devices remains with the group. Such units are recognized as inventory under the category of “in-vehicle inventory” in anticipation of a future subscription contract. In some cases installed units are removed from dealership vehicles and returned to inventory.

When the dealership sells the motor vehicle to a customer, a customer may sign a subscription contract. Subscription revenue will then be recognized as the service is provided. If the customer does not sign a subscription contract the cost of the unit will be recognized immediately in cost of sales.

Since control of the units is not transferred to the customer and the customer does not have the ability to determine how and for what purpose the unit is used, the group has concluded that its contracts do not contain a lease arrangement.

Although the group does collect certain upfront fees from its customers, these fees represent an insignificant proportion of the total transaction price, and therefore the Company has concluded that the amount invoiced each month for subscription services reasonably represents the value to customers of the group’s performance completed to date. Therefore, revenue is recognized for the amount to which the group has a right to invoice and the group qualifies for the practical expedient provided in IFRS 15:B16. Accordingly, as permitted by IFRS 15:121, the quantitative disclosures about the group’s remaining performance obligations (future subscription services) are not provided.

r) Interest income

Interest is recognized, in profit or loss, using the effective interest rate method.

s) Interest expense

Interest is recognized in profit or loss when incurred.

t) Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares held.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

u) Treasury shares

Treasury shares held by the group are recognized at cost and included as a deduction from equity. These shares are treated as a deduction from the weighted average number of shares. Distributions received on treasury shares are eliminated on consolidation.

3. New standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements which could be relevant to the group are disclosed below. The group intends to adopt these new and amended standards and interpretations, when they become effective. These standards, amended standards and interpretations are not expected to have a material impact on the consolidated financial statements in future reporting periods, due to the nature of the group's business.

Details of amendment	Annual periods beginning on after
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to the Conceptual Framework for Financial Reporting	1 January 2020
Amendments to IFRS 7 and IFRS 9: Interest rate benchmark reform	1 January 2021
Amendments to IAS 1: Classification of Liabilities as Current or Noncurrent	1 January 2022

4. Segment reporting

The group is organized into geographical business units and has four reportable segments. The operating segments are based on geographical locations. The Chief Operating Decision Maker (CODM) monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets and liabilities are not split between long term and current as this segment information is not reviewed on such basis by CODM.

The group's manufacturing entity manufactures products and distributes them to each of the operating segments. Support entities in South Africa and Asia are responsible for development of our hardware and software platforms and provide technical support and distribution support to each of the operating segments. All intergroup transactions are eliminated in the "Eliminations" and "Inter-segment revenue" columns and the margin generated by the support entities, net of any unrealized profit, is allocated to the geographic region where the external revenue is recorded by support entities. Franchise fees charged between South Africa and Africa-Other which are included in inter-segment revenue are done on a basis which takes into account the extent of services undertaken by each of the parties.

Segment results were fundamentally evaluated in the current and prior year based on subscription revenue and earnings before interest, tax, depreciation and amortization (EBITDA) as the profit or loss measures.

The segment's revenue, depreciation and Adjusted EBITDA information provided to the group CEO, for the reportable segments for the year ended 29 February 2020 is as follows:

	Subscription revenue	Hardware and other revenue before eliminations	Eliminations	Inter- segment revenue	Hardware and other revenue after eliminations and inter- segment	Total revenue	Depreciation and amortization*	Adjusted EBITDA
Figures in Rand thousands								
2020								
<i>Geographical business units</i>								
South Africa	1,383,980	335,692	(294,723)	(7,484)	33,485	1,417,465	243,989	747,229
Africa-Other	106,977	1,513	—	7,484	8,997	115,974	6,152	42,098
Europe	168,314	14,092	(9,140)	—	4,952	173,266	40,193	81,782
Asia-Pacific, Middle East and USA	228,446	69,893	(63,151)	—	6,742	235,188	36,690	66,376
Total by Segment	<u>1,887,717</u>	<u>421,190</u>	<u>(367,014)</u>	<u>—</u>	<u>54,176</u>	<u>1,941,893</u>	<u>327,024</u>	<u>937,485</u>
2019								
<i>Geographical business units</i>								
South Africa	1,116,829	623,382	(486,604)	(7,861)	128,917	1,245,746	201,988	607,285
Africa-Other	97,605	10,171	—	7,861	18,032	115,637	3,372	41,268
Europe	142,204	11,463	(6,075)	—	5,388	147,592	33,488	57,642
Asia-Pacific, Middle East and USA	163,902	49,389	(29,558)	—	19,831	183,733	22,663	31,879
Total by Segment	<u>1,520,540</u>	<u>694,405</u>	<u>(522,237)</u>	<u>—</u>	<u>172,168</u>	<u>1,692,708</u>	<u>261,511</u>	<u>738,434</u>

* Depreciation and amortization includes the amortization of capitalized commission assets of R31,262 (FY19:22,996).

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

Reconciliation of Adjusted EBITDA to profit after taxation

	2020	2019
Figures in Rand thousands		
Adjusted EBITDA	937,485	738,434
Depreciation of property, plant and equipment ⁽¹⁾	(282,976)	(236,510)
Amortization of intangible assets ⁽²⁾	(12,786)	(2,005)
Corporate expenses	(10,801)	—
Operating profit	630,922	499,919
Finance income	2,592	2,749
Finance costs	(16,831)	(31,438)
Profit before taxation	616,683	471,230
Taxation	(173,157)	(110,182)
Profit for the year	<u>443,526</u>	<u>361,048</u>

(1) Depreciation of property, plant and equipment includes capitalized telematics devices and right to use assets.

- (2) Amortization of intangible assets includes capitalized research and development and purchased intangible assets.

Total assets by segment

	2020	2019
	Figures in Rand thousands	
Total assets		
South Africa	1,145,039	975,638
Africa – Other	196,156	162,373
Europe	275,290	217,623
Asia-Pacific, Middle East and USA	227,968	173,464
Total by segment	1,844,453	1,529,098
Corporate	804	10
Total	1,845,257	1,529,108

Total non-current assets by segment

	2020	2019
	Figures in Rand thousands	
South Africa	820,658	681,799
Africa-Other	96,263	88,522
Europe	221,840	182,478
Asia Pacific, Middle East and USA	139,018	95,511
Total by segment	1,277,779	1,048,310
Corporate	—	—
	1,277,779	1,048,310

Capital expenditure*

	2020	2019
	Figures in Rand thousands	
South Africa	308,936	360,935
Africa-Other	9,427	8,360
Europe	50,974	32,448
Asia Pacific, Middle East and USA	53,631	33,954
Total by segment	422,968	435,697
Corporate	—	—
Total	422,968	435,697

* Capital expenditure includes additions of property, plant and equipment and intangible assets.

Total liabilities by segment

	2020	2019
	Figures in Rand thousands	
Total liabilities		
South Africa	405,238	493,751
Africa – Other	56,088	46,923
Europe	90,547	87,286
Asia Pacific, Middle East and USA	68,205	63,520
Total by segment	620,078	691,480
Corporate	44	—
Total	<u>620,122</u>	<u>691,480</u>

5. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	Figures in Rand thousands					
Owned assets						
Buildings	2,115	—	2,115	1,962	—	1,962
Capitalized telematics devices	1,485,475	(776,594)	708,881	1,091,014	(541,032)	549,982
Furniture, fixtures and equipment	19,253	(13,035)	6,218	16,025	(10,572)	5,453
Leasehold improvements	20,249	(14,893)	5,356	15,430	(10,355)	5,075
Plant and machinery	3,820	(3,107)	713	2,783	(2,481)	302
Right-of-use assets						
IT equipment	63,793	(35,741)	28,052	58,770	(29,491)	29,279
Motor vehicles	124,893	(65,055)	59,838	116,693	(45,733)	70,960
Property	66,130	(22,797)	43,333	53,365	(15,226)	38,139
Total	<u>1,785,728</u>	<u>(931,222)</u>	<u>854,506</u>	<u>1,356,042</u>	<u>(654,890)</u>	<u>701,152</u>

Reconciliation of the carrying value of property, plant and equipment — 2020

	Opening balance	Additions	Disposals	Translation Adjustments	Depreciation	Closing balance
	Figures in Rand thousands					
Owned assets						
Buildings	1,962	—	—	153	—	2,115
Capitalized telematics devices	549,982	369,156	—	16,554	(226,811)	708,881
Furniture, fixtures and equipment	5,453	2,622	(210)	323	(1,970)	6,218
Leasehold improvements	5,075	4,158	(257)	115	(3,735)	5,356
Plant and machinery	302	965	—	25	(579)	713
Right-of-use assets						
IT equipment	29,279	11,822	(2,436)	506	(11,119)	28,052
Motor vehicles	70,960	10,708	(2,097)	553	(20,286)	59,838
Property	38,139	22,285	(784)	2,169	(18,476)	43,333
Total	<u>701,152</u>	<u>421,716</u>	<u>(5,784)</u>	<u>20,398</u>	<u>(282,976)</u>	<u>854,506</u>

Reconciliation of the carrying value of property, plant and equipment — 2019

	Opening balance as previously reported	IFRS 15	IFRS 16	Opening balance restated	Additions	Disposals	Reclassi- fications	Translation adjustments	De- preciation	Closing balance
Figures in Rand thousands										
Owned assets										
Buildings	4,287	—	—	4,287	—	—	(2,560)	235	—	1,962
Capitalized telematics devices	427,373	(58,796)	—	368,577	353,655	(116)	581	11,063	(183,778)	549,982
Furniture, fixtures and equipment	3,730	—	—	3,730	2,989	—	449	420	(2,135)	5,453
Leasehold improvements	1,125	—	—	1,125	3,357	—	4,042	(659)	(2,790)	5,075
Plant and Machinery	697	—	—	697	490	(94)	(39)	(70)	(682)	302
Right-of-use assets										
IT equipment	13,452	—	—	13,452	27,636	(33)	(2,165)	2,090	(11,701)	29,279
Motor vehicles	60,861	—	—	60,861	31,831	(1,823)	(331)	1,018	(20,596)	70,960
Property	—	—	34,128	34,128	14,897	—	23	3,919	(14,828)	38,139
Total	511,525	(58,796)	34,128	486,857	434,855	(2,066)	—	18,016	(236,510)	701,152

6. Capitalized commission assets

	2020			2019		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Figures in Rand thousands						
Capitalized sales commissions	245,718	(101,169)	144,549	178,330	(69,783)	108,547
Total	245,718	(101,169)	144,549	178,330	(69,783)	108,547

Reconciliation of the carrying value of capitalized sales commissions — 2020

	Opening balance	Additions	Translation adjustments	Amortization	Closing balance
Figures in Rand thousands					
2020					
Capitalized sales commissions	108,547	64,437	2,827	(31,262)	144,549

Reconciliation of the carrying value of capitalized sales commissions — 2019

	Opening balance as previously reported	IFRS15	Opening balance restated	Additions	Translation adjustments	Amortization	Closing balance
Figures in Rand thousands							
2019							
Capitalized sales commissions	—	58,796	58,796	71,454	1,293	(22,996)	108,547

The group capitalizes sales commission costs arising from activated subscription contracts.

7. Intangible assets

	2020			2019		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
Figures in Rand thousands						
Product development costs	46,452	(9,385)	37,067	13,636	—	13,636
Computer software*	11,029	(7,357)	3,672	8,542	(3,720)	4,822
	<u>57,481</u>	<u>(16,742)</u>	<u>40,739</u>	<u>22,178</u>	<u>(3,720)</u>	<u>18,458</u>

Staff costs of R31,178,000 (2019: R13,636,000) have been capitalized to product development costs with regard to the development of new generation telematics hardware and platform software which deployed in the current year.

Reconciliation of the carrying value of intangible assets — 2020

Figures in Rand thousands	Opening balance	Additions	Translation Adjustment	Amortization	Disposal	Closing Balance
Product development costs	13,636	31,178	1,403	(9,150)	—	37,067
Computer software	4,822	3,067	(214)	(3,636)	(367)	3,672
	<u>18,458</u>	<u>34,245</u>	<u>1,189</u>	<u>(12,786)</u>	<u>(367)</u>	<u>40,739</u>

Reconciliation of the carrying value of intangible assets — 2019

	Opening balance	Additions	Translation adjustments	Amortization	Closing balance
Figures in Rand thousands					
Product development costs	—	13,636	—	—	13,636
Computer software	4,520	2,103	204	(2,005)	4,822
	<u>4,520</u>	<u>15,739</u>	<u>204</u>	<u>(2,005)</u>	<u>18,458</u>

8. Goodwill

Goodwill is allocated to the following cash generating units (CGUs): Mozambique, Portugal, Spain, Asia and Africa — Other.

	Mozambique	Portugal	Spain	Other	Total
Figures in Rand thousands					
Balance at 1 March 2018	54,134	25,375	17,986	10,102	107,597
Translation adjustments	8,951	2,553	1,810	937	14,251
Additions	—	—	—	250	250
Balance at 28 February 2019	63,085	27,928	19,796	11,289	122,098
Translation adjustments	4,899	2,449	1,736	321	9,405
Balance at 29 February 2020	<u>67,984</u>	<u>30,377</u>	<u>21,532</u>	<u>11,610</u>	<u>131,503</u>

Impairment testing

The group performs its annual impairment test at the end of each financial year, or more frequently if there are indications that goodwill may be impaired. No impairment was identified in the current year which is consistent with the conclusions reached in 2019.

The group considers the relationship between its market capitalization and its equity attributable to equity holders of the parent, among other factors, when performing the annual test of impairment. At 29 February 2020, the market capitalization of the group exceeded the value of equity by R5.946 billion.

The recoverable amount of each cash-generating unit (CGU) with the exception of the Other CGUs is determined using a discounted cash flow valuation technique, which requires the use of various estimates. Each of the cash flow projections are based on forecasts over a five-year period, which have been approved by senior management. The Other CGUs are valued on an earnings multiple basis.

The key estimates used for the value in use calculations and sensitivity to changes in assumptions are as follows:

Key estimates	CGU	Rates	
		2020	2019
Revenue growth rate			
This is the average annual compound growth rate in revenue that is derived from management’s forecast and is based on external available information, such as GDP and inflation rate data within the region.	Mozambique	7%	6%
	Portugal	3%	2%
	Spain	3%	2%
The growth rate applied for revenue is considered to be the main driver of profitability and hence free cash flow. CGUs are at different maturity levels in their business cycles and hence will reflect considerably different growth rates. The various geographical markets the CGUs operate within also have differences in their economies which have been taken into consideration. The growth rate determined by management is based on historical data from both external and internal sources and is consistent with reported global telematics growth forecasts for the medium to long term and with the assumptions that a market participant would make.			
Terminal growth rate			
The estimated rate of growth after the five-year forecast period. This rate is informed primarily by external forecasts about economic activity by region. Changes in these rates are reflective of changes in market views on the economic growth in those regions.	Mozambique	5%	6%
	Portugal	2%	2%
	Spain	2%	2%
Discount rate			
The rate reflects the specific risks relating to the country and industry in which the entity operates. These rates were determined using externally available information. The rates were determined using the Capital Asset pricing model and adjusting for risk. The rate is a pre-tax rate and the value in use has been determined on a pre-tax basis.	Mozambique	35%	31%
	Portugal	16%	15%
	Spain	15%	15%

Sensitivity analysis

The group has applied a 100 basis point increase and decrease to the discount rates used in the impairment testing which does not result in impairment, however, the headroom on the goodwill balance attributable to Spain is limited when applying this sensitivity analysis.

9. Deferred taxation

	2020	2019
	Figures in Rand thousands	
Deferred taxation liability	(85,392)	(33,197)
Property, plant and equipment and capitalized commission assets	(85,392)	(33,197)
Deferred taxation asset	106,482	98,055
Income received in advance	25,476	16,698
Property, plant and equipment and capitalized commission assets	9,361	—
Inventory	26,018	25,703
Tax losses	16,356	14,677
Lease obligations	16,351	21,923
ECL provision on trade receivables	5,936	4,591
Research and development	1,071	—
Other	5,913	14,463
Total net deferred taxation asset	<u>21,090</u>	<u>64,858</u>
Reconciliation of deferred taxation asset/(liability)		
At beginning of year	64,858	47,172
Increase in income received in advance temporary differences	8,778	4,921
Decrease in property, plant and equipment and capitalized commission assets temporary differences	(42,834)	(24,465)
Increase in inventory temporary differences	315	6,623
Increase in tax losses temporary differences	1,679	7,937
(Decrease)/increase in lease obligation temporary differences	(5,572)	12,476
Increase in ECL provision on trade receivables temporary differences	1,345	2,274
Increase in research and development temporary differences	1,071	—
(Decrease)/increase in other temporary differences	(8,550)	7,920
At end of year	<u>21,090</u>	<u>64,858</u>
Reconciliation of deferred tax		
Opening balance	64,858	47,172
Charge to income statement (note 23)	(45,178)	16,137
Translation differences	1,410	1,549
At end of year	<u>21,090</u>	<u>64,858</u>

The group has not recognized deferred taxation assets relating to available tax losses in start-up subsidiaries where the probability of future taxable income is uncertain. These potential deferred taxation assets will be recognized and utilized in future periods as and when they meet the recognition criteria. The tax losses available from these subsidiaries are R15 million (2019: R16 million). The extent of tax losses available to the group for which deferred tax assets have been recognized amount to R54 million (2019: R52 million). Detailed budgets and forecasts have been prepared by management which support the recoverability of these tax losses. None of the tax losses expire in terms of local tax legislation.

No deferred tax liability is recognized on temporary differences of R1,356 million (2019: R979 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

10. Inventories

	2020	2019
	Figures in Rand thousands	
Telematics devices – available for installation	46,203	119,527
Telematics devices – installed in-vehicle inventory	15,980	—
Components	69,816	58,844
Work in progress	2,009	12,762
Consumables	19,658	15,695
	153,666	206,828
Allowance for obsolete inventory	(2,050)	(802)
	<u>151,616</u>	<u>206,026</u>

During the year, inventory with a carrying value of R7,622,897 (2019: R10,230,098) was recognized as an expense for inventories carried at net realizable value.

During the year, inventory with a carrying value of R102,028,906 (2019: R119,509,619) was recognized in cost of sales.

The allowance for obsolete inventory is determined based on an assessment by management of the condition and usability of inventory at the reporting date. Such an allowance is normally required only when a significant change in technology or physical damage renders inventory unfit for purpose. During the current year there was no material change to the technology resulting in a limited allowance for obsolete inventory at the reporting date.

11. Trade and other receivables

	2020	2019
	Figures in Rand thousands	
Trade receivables	268,749	221,956
Expected credit loss provision	(51,657)	(43,670)
Total	<u>217,092</u>	<u>178,286</u>
Other receivables		
Prepayments	21,170	21,420
Deposits	6,044	3,964
Sundry debtors	7,176	9,218
Value added tax	265	2,701
	<u>251,747</u>	<u>215,589</u>

Loans and receivables

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

The determination of the expected credit loss provision is calculated on a basis specific to each customer grouping and jurisdiction in which the group operates and requires the use of estimates. Additional information regarding credit risk applicable to trade receivables is disclosed in note 30.2.a. The group has recognized a loss allowance of 100% against all receivables over 360 days (with the exception of Africa) based on historical experience that these receivables are generally not recoverable. In Africa, customers take longer to pay based on historical experience and these longer dated receivables are generally recovered thus not requiring a similar level of loss allowance.

The average credit period extended to customers is 30 days. No interest is charged on outstanding trade receivables.

Credit quality of trade and other receivables

Information on credit quality of trade and other receivables is on note 30.2.a.

Reconciliation of the expected credit loss provision recognized with regard to trade and other receivables

	2020	2019
	Figures in Rand thousands	
Opening balance	(43,670)	(30,382)
Adjustment on adoption of IFRS 9	—	5,323
Increase in allowance for expected credit losses	(63,623)	(71,682)
Amounts utilized	57,825	55,803
Translation differences	(2,189)	(2,732)
Closing balance	<u>(51,657)</u>	<u>(43,670)</u>

The carrying amount of trade and other receivables is denominated in the following currencies:

	2020	2019
	Figures in Rand thousands	
Currencies		
Rand	120,112	107,398
Singapore dollar	13,115	16,489
Mozambique metical	30,391	24,602
Euro	18,255	16,668
Nigerian naira	1,158	1,366
Kenyan shillings	7,177	5,782
Tanzanian shillings	12,419	11,384
Polish zloty	5,025	3,656
Thai baht	20,059	9,178
United Arab Emirates dirham	10,055	9,746
US dollar	2,378	593
Other	<u>11,603</u>	<u>8,727</u>
Total	<u>251,747</u>	<u>215,589</u>

12. Loans to/(from) related parties

	2020	2019
	Figures in Rand thousands	
Related parties		
Cartrack Education Fund (NPO)	—	200
J Marais	13	13
Bumbene House Proprietary Limited	11,000	—
	<u>11,013</u>	<u>213</u>
J De Wet	(5,679)	(5,551)
P Lim	(2,683)	(2,151)
Onecell Proprietary Limited	—	(14)
	<u>(8,362)</u>	<u>(7,716)</u>
Current assets	11,013	213
Current liabilities	<u>(8,362)</u>	<u>(7,716)</u>
	<u>2,651</u>	<u>(7,503)</u>

These loans are unsecured, bear no interest and have no fixed terms of repayment. The fair value of these financial instruments approximates the carrying amount.

13. Cash and cash equivalents

	2020	2019
	Figures in Rand thousands	
Cash and cash equivalents consist of:		
Cash on hand	313	276
Bank balances	123,150	51,630
Short-term deposits	23,128	—
Bank overdrafts	—	(13,762)
	<u>146,591</u>	<u>38,144</u>
Current assets	146,591	51,906
Current liabilities	—	(13,762)
	<u>146,591</u>	<u>38,144</u>

Information on cash flow management is included in note 30.2.a. Refer to note 34 for information on the various facilities available to the group.

14. Share capital

	2020	2019
	Figures in Rand thousands	
Issued and fully paid		
1,000 ordinary shares of no par value	10	10

15. Term loans

	2020	2019
	Figures in Rand thousands	
Rand Merchant Bank Limited	2,760	215,421
Caixa Geral de Depositos S.A.	20,209	23,869
Total	22,969	239,290
Less: Short term portion	(5,154)	(20,525)
Long term portion	17,815	218,765

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilization date.

Interest is levied at a rate of prime less 1.7% per annum. The covenants in respect of this loan have been complied at year-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender for this loan, including shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds. At 29 February 2020 Cartrack Proprietary Limited had utilized R2.76 million of the committed term facility.

The loan from Caixa Geral de Depositos S.A. is a euro-denominated loan payable in equal monthly instalments over a five-year period and bears interest of 3.0% per annum. No security has been provided on this loan.

16. Capitalized lease liabilities

	2020	2019
	Figures in Rand thousands	
Maturities analysis – Contractual undiscounted cash flow		
– within one year	44,849	47,656
– within two to four years	43,241	55,306
– Over four years	10,907	13,950
Present value of lease payments	98,997	116,912
Non-current liabilities	54,148	69,256
Current liabilities	44,849	47,656
	98,997	116,912

It is group policy to lease the various commercial properties occupied by the group's operations and certain motor vehicles are leased in terms of instalment sale agreements. The average term of the instalment sale agreements is between three to four years and interest is charged at prime linked interest rates. The group's obligations under instalment sale agreements are secured by the leased assets.

Property leases capitalized have an average lease term of four years and interest incurred is at an incremental borrowing rate of a similar asset. External sources of information were used to determine incremental borrowing rate of a similar asset.

17. Amounts received in advance

	2020	2019
	Figures in Rand thousands	
Opening balance	80,377	74,113
Amounts deferred in current year	275,584	129,477
Amounts released to revenue in the current year	(152,420)	(129,202)
Translation adjustments	5,241	5,989
Closing balance	<u>208,782</u>	<u>80,377</u>
Non-current liabilities	55,817	—
Current liabilities	<u>152,965</u>	<u>80,377</u>
	<u>208,782</u>	<u>80,377</u>

Subscription revenues are billed monthly in advance and then recognized in revenue as the service is provided. There was a change in the current year to the terms of subscription contracts whereby ownership of all telematics units remains with the group which has increased the amounts received in advance from customers. Certain customers have paid for the service upfront and revenue is deferred and recognized over the expected term of the customer relationship, which is estimated to be 60 months. No revenue was recognized in the current reporting period stemming from performance obligations satisfied or partially satisfied in the previous year.

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are satisfied or partially satisfied at the end of the reporting period.

Maturities analysis		
– within one year	152,965	80,377
– within two to four years	50,296	—
– over four years	5,521	—
Present value of amounts received in advance	<u>208,782</u>	<u>80,377</u>

18. Trade and other payables

	2020	2019
	Figures in Rand thousands	
Trade payables	57,109	59,052
Accrued expenses	84,028	65,654
Sundry creditors	7,675	12,126
Value added tax	<u>22,160</u>	<u>18,698</u>
	<u>170,972</u>	<u>155,530</u>

The fair value of the financial instruments approximates their carrying amounts.

19. Revenue**A. Revenue streams**

The group generates revenue from providing Fleet management (“Fleet”), Stolen Vehicle Recovery (“SVR”) and insurance telematics services. It provides fleet, mobile asset and workforce management solutions, underpinned by real-time actionable business intelligence, delivered as Software-as-a-Service (SaaS), as well as the tracking and recovery of stolen vehicles.

	2020	2019
	Figures in Rand thousands	
Revenue from contracts with customers		
Subscription revenue	1,887,717	1,520,540
Hardware sales	36,852	126,299
Installation revenue	752	2,578
	<u>1,925,321</u>	<u>1,649,417</u>
Other revenue		
Miscellaneous contract fees	16,572	43,291
Total revenue	<u>1,941,893</u>	<u>1,692,708</u>

B. Disaggregation of revenue from contracts with customers

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

	February 2020				
	Subscription Revenue	Hardware Sales	Installation Revenue	Miscellaneous Contract Fees	Total
	(Figures in Rand thousands)				
Primary Geographic Markets:					
South Africa	1,383,980	17,429	356	15,700	1,417,465
Africa-Other	106,977	8,343	170	484	115,974
Europe	168,314	4,670	95	187	173,266
Asia-Pacific, Middle East and USA	228,446	6,410	131	201	235,188
Total	1,887,717	36,852	752	16,572	1,941,893
Timing of Revenue Recognition:					
Products transferred at a point in time	—	36,852	752	16,572	54,176
Services transferred over time	1,887,717	—	—	—	1,887,717
Total Revenue	1,887,717	36,852	752	16,572	1,941,893

	February 2019				
	Subscription Revenue	Hardware Sales	Installation Revenue	Miscellaneous Contract Fees	Total
	(Figures in Rand thousands)				
Primary Geographic Markets:					
South Africa	1,116,829	84,351	1,721	42,845	1,245,746
Africa-Other	97,605	17,459	356	217	115,637
Europe	142,204	5,207	107	74	147,592
Asia-Pacific, Middle East and USA	163,902	19,282	394	155	183,733
Total Revenue	1,520,540	126,299	2,578	43,291	1,692,708
Primary Geographic Markets:					
Products transferred at a point in time	—	126,299	2,578	43,291	172,168
Services transferred over time	1,520,540	—	—	—	1,520,540
Total Revenue	1,520,540	126,299	2,578	43,291	1,692,708

20. Operating profit

	Notes	2020	2019
Figures in Rand thousands			
Operating profit is stated after accounting for the following charges:			
Auditor remuneration		6,282	4,841
– Current year (audit services)		6,207	4,841
– Current year (other services)		75	—
Depreciation of property, plant and equipment	5	282,976	238,515
Amortization of capitalized commission assets	6	31,262	22,996
Amortization of intangible assets	7	12,786	—
Write down of inventory to net realizable value	10	7,623	10,230
Research and development		44,924	48,284
Employee costs		343,417	356,910

21. Finance income

	2020	2019
Figures in Rand thousands		
Bank balances	<u>2,592</u>	<u>2,749</u>

22. Finance costs

	2020	2019
Figures in Rand thousands		
Lease liabilities	7,508	8,089
Term loans	8,727	1,954
Interest on tax liabilities	1	4,883
Overdraft	595	16,512
	<u>16,831</u>	<u>31,438</u>

23. Taxation

	2020	2019
Figures in Rand thousands		
Major components of the taxation expense:		
Current taxation		
Income taxation – current year	137,392	132,144
Income taxation – prior year	(12,017)	(5,939)
	<u>125,375</u>	<u>126,205</u>
Deferred taxation		
Deferred taxation – current year	33,217	(6,883)
Deferred taxation – prior year	11,961	(9,254)
	<u>45,178</u>	<u>(16,137)</u>
Withholding tax	2,604	114
Total taxation expense	<u>173,157</u>	<u>110,182</u>

	2020	2019
	Figures in Rand thousands	
Reconciliation between accounting profit and taxation expense:		
Profit before taxation	616,683	471,230
Taxation at the applicable taxation rate of 28% (2019: 28%)	172,671	131,944
Taxation effect of adjustments on taxable income		
Utilization of previously unrecognized taxation losses	(1,349)	(5,694)
Currency adjustment	(7,119)	(8,823)
Tax incentive – research and development	(3,845)	—
Tax incentive – other	(1,921)	—
Non-deductible loan write-off	—	1,633
Non-deductible tax penalties	84	1,601
Non-deductible provision of capital nature	4,907	—
Non-deductible expenses attributable to exempt dividend income	4,334	1,664
Current year losses for which no deferred taxation asset is recognized	2,847	2,936
Withholding tax	2,604	114
Prior year tax overprovision	(56)	(15,193)
Total taxation expense	<u>173,157</u>	<u>110,182</u>

24. Cash generated from operations

	2020	2019
	Figures in Rand thousands	
Profit before taxation	616,683	471,230
Adjustments	339,630	283,925
Depreciation on property, plant and equipment	282,976	236,510
Amortization of intangible asset	12,786	2,005
Amortization of capitalized commission assets	31,262	22,996
Profit on disposal of property, plant and equipment	(748)	(2,357)
Finance income	(2,592)	(2,749)
Finance costs	16,831	31,438
Provision for warranties charge	(885)	(3,918)
Cash generated from operations before working capital changes	956,313	755,155
Changes in working capital		
Decrease/(increase) in Inventories	55,380	(34,019)
Increase in Trade and other receivables	(36,778)	(62,319)
Increase in Trade and other payables	15,671	42,127
Increase in Amounts received in advance	128,405	6,264
Increase in Capitalized commission assets under IFRS 15	(64,437)	(71,454)
Cash generated from operations	<u>1,054,554</u>	<u>635,754</u>

25. Taxation paid

	2020	2019
	Figures in Rand thousands	
Balance payable at beginning of the year	(35,078)	(51,768)
Current taxation for the year recognized in profit or loss	(127,979)	(126,205)
Balance payable at end of the year	16,458	35,078
	<u>(146,599)</u>	<u>(142,895)</u>

26. Dividends paid

	2020	2019
	Figures in Rand thousands	
Amounts recognized as distributions to equity holders in the year	(92,008)	(148,515)

27. Material non-controlling interest

The following table summarizes the information relating to the group's subsidiary that has a material non-controlling interest (NCI), before intra-group eliminations.

	Cartrack Holdings Limited	
	2020	2019
	Figures in Rand thousands	
NCI percentage	32%	32%
Principal place of business	South Africa	South Africa
Revenue	1,941,893	1,692,708
Profit for the year after tax	456,422	361,048
Other comprehensive income	35,052	29,928
Total comprehensive income	491,474	390,976
Profit attributable to NCI	13,440	13,242
Other comprehensive income attributable to NCI	3,466	4,079
Total comprehensive income attributable to NCI	16,906	17,321
Non-current assets	1,277,779	1,048,310
Current assets	566,674	480,788
Current liabilities	(406,906)	(370,262)
Non-current liabilities	(213,172)	(321,218)
	<u>1,224,375</u>	<u>837,618</u>
Net assets attributable to NCI	460,015	370,828
Cash flows from operating activities	914,120	472,258
Cash flows from investing activities	(427,436)	(429,515)
Cash flows from financing activities	(380,949)	83,406
	<u>105,735</u>	<u>126,449</u>
Dividends paid to NCI	<u>(9,112)</u>	<u>(11,018)</u>

28. Interests in subsidiaries

The following table lists the entities which are controlled by the group.

Company Name	Held by	Country of incorporation	% holding 2020	% holding 2019
Cartrack Holdings Limited	Karoo0000 Pte. Ltd.	South Africa	68.06	68.45
Cartrack Proprietary Limited	Cartrack Holdings Limited	South Africa	100.00	100.00
Cartrack Technologies Proprietary Limited	Cartrack Holdings Limited	South Africa	100.00	100.00
Cartrack Manufacturing Proprietary Limited	Cartrack Holdings Limited	South Africa	100.00	100.00
Drive and Save Proprietary Limited	Cartrack Holdings Limited	South Africa	100.00	100.00
Cartrack Namibia Proprietary Limited	Cartrack Holdings Limited	Namibia	100.00	100.00
Cartrack Technologies Pte. Ltd.	Cartrack Holdings Limited	Singapore	100.00	100.00
Cartrack Telematics Proprietary Limited	Cartrack Proprietary Limited	South Africa	100.00	—
Veraspan Proprietary Limited	Cartrack Proprietary Limited	South Africa	100.00	—
Cartrack Fleet Management Proprietary Limited ⁽¹⁾	Cartrack Proprietary Limited	South Africa	100.00	100.00
Cartrack North East Proprietary Limited ⁽¹⁾	Cartrack Proprietary Limited	South Africa	100.00	100.00
Combined Telematics Services Proprietary Limited ⁽¹⁾	Cartrack Proprietary Limited	South Africa	49.00	49.00
Found Proprietary Limited ⁽²⁾	Cartrack Proprietary Limited	South Africa	100.00	100.00
Zonke Bonke Telecoms Proprietary Limited ⁽¹⁾	Cartrack Proprietary Limited	South Africa	100.00	100.00
Cartrack Tanzania Limited	Cartrack Technologies Pte. Ltd.	Tanzania	60.00	60.00
Retriever Limited	Cartrack Technologies Pte. Ltd.	Kenya	85.00	85.00
Cartrack Engineering Technologies Limited	Cartrack Technologies Pte. Ltd.	Nigeria	99.00	99.00
PT. Cartrack Technologies Indonesia	Cartrack Technologies Pte. Ltd.	Indonesia	100.00	100.00
Cartrack Investments UK Limited	Cartrack Technologies Pte. Ltd.	United Kingdom	100.00	100.00
Cartrack Technologies (China) Limited	Cartrack Technologies Pte. Ltd.	Hong Kong	100.00	100.00
Cartrack Malaysia SDN.BHD	Cartrack Technologies Pte. Ltd.	Malaysia	100.00	100.00
Cartrack Technologies LLC	Cartrack Technologies Pte. Ltd.	U.A.E.	100.00	100.00
Cartrack Technologies PHL.INC	Cartrack Technologies Pte. Ltd.	Philippines	51.00	51.00
Cartrack Technologies South East Asia Pte. Ltd.	Cartrack Technologies Pte. Ltd.	Singapore	100.00	100.00
Cartrack Ireland Limited	Cartrack Technologies Pte. Ltd.	Republic of Ireland	100.00	100.00
Cartrack Technologies (Thailand) Company Limited	Cartrack Technologies Pte. Ltd.	Thailand	100.00	100.00
Cartrack New Zealand Limited	Cartrack Technologies Pte. Ltd.	New Zealand	51.00	51.00
Cartrack (Australia) Proprietary Limited ⁽¹⁾	Cartrack Technologies Pte. Ltd.	Australia	100.00	100.00
Cartrack INC.	Cartrack Ireland Limited	U.S.A.	100.00	100.00
Cartrack Polska.SP.ZO.O	Cartrack Investments UK Limited	Poland	90.91	90.91
Cartrack Portugal S.A.	Cartrack Investments UK Limited	Portugal	100.00	100.00
Cartrack Espana, S.L	Cartrack Investments UK Limited	Spain	100.00	100.00
Cartrack Europe SGPS,S.A (Dissolved)	Cartrack Investments UK Limited	Portugal	100.00	100.00
Cartrack Capital SGPS,S.A (Dissolved)	Cartrack Investments UK Limited	Portugal	100.00	100.00
Cartrack Limitada	CartrackTechnologies LLC	Mozambique	50.00	50.00
Auto Club LDA	CartrackTechnologies LLC	Mozambique	80.00	80.00

(1) Dormant

(2) Previously known as Plexique Proprietary Limited

Loans provided to subsidiary companies which require financial support have been subordinated in favor of third-party creditors of the underlying companies.

Cartrack Investments UK Limited has provided Cartrack Espana, S.L with a loan in the amount of euro 1 million (2019: euro 1 million) and Cartrack Technologies Pte. Ltd. has provided Cartrack Investments UK Limited with a guarantee for repayment of the loan.

29. Related parties

	Relationships	
Related parties	Onecell Community Phones Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Community Services Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Data Solutions Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Namibia Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Holdings Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Purple Rain Properties No. 444 Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Cartrack Education Fund (NPO)	Bursary funding — South Africa entities
	J Marais	Shareholder — Cartrack Holdings Limited
	P Lim	Shareholder — Cartrack Technologies PHL INC
	Bumbene House Proprietary Limited	BEE funded company — Cartrack Holdings Limited
	J De Wet	Shareholder — Cartrack New Zealand Limited
	Brick Capital Polska Sp.Zo.O	IJ Calisto has a beneficial interest in this company
	Georgem Proprietary Limited	J Marais has a beneficial interest in this company
	F Calisto	IJ Calisto family
	Cartrack Mozambique LDA	IJ Calisto has a beneficial interest in this company
	CFC Sp.Zo.O	B Debski is a director
	Prime Business	B Debski is a director
Subsidiary companies	All subsidiaries are disclosed in note 28.	
Director	IJ Calisto (executive)	
Key Management Personnel	M Grundlingh	
	B Debski	
	H Louw	
	J Marais	
	J Matias	
	E Ong	
	R Schubert	
	DJ Brown	
	AT Ikalafeng	
	S Rapeti	
	K White	

Key management personnel represent the directors and non-executive directors of Cartrack Holdings Limited.

Loan accounts — owing (to)/by related parties

	2020	2019
	Figures in Rand thousands	
Related party balances		
Bumbene House Proprietary Limited	11,000	—
Cartrack Education Fund (NPO)	—	200
J Marais	13	13
J De Wet	(5,679)	(5,551)
P Lim	(2,683)	(2,151)
Onecell Proprietary Limited	—	(14)
	<u>2,651</u>	<u>(7,503)</u>
Amounts included in trade receivables / (trade payables) regarding related parties		
Trade receivables		
Onecell Proprietary Limited	—	6,664
J Marais	7	—
Onecell Holdings Proprietary Limited	—	3
Trade payables		
Onecell Proprietary Limited	—	(52)
Onecell Community Services Proprietary Limited	—	(339)
Onecell Holdings Proprietary Limited	—	(21)
Prime Business	(399)	—
	<u>(392)</u>	<u>6,255</u>
Related party transactions		
Sales to related parties		
Onecell Proprietary Limited	(407)	(4,042)
CFC.Sp.Zo.O	—	(114)
Brick Capital Polska SP. Z.O.O	—	(1)
Prime Business	—	(44)
	<u>(407)</u>	<u>(4,201)</u>
Purchases from related parties		
Onecell Holdings Proprietary Limited	240	208
Onecell Proprietary Limited	437	467
CFC.Sp.Zo.O	—	7,601
Prime Business	—	148
Onecell Community Services Proprietary Limited	2,796	1,819
Cartrack Mozambique LDA	4,464	5,280
	<u>7,937</u>	<u>15,523</u>
Rent paid to related parties		
Purple Rain Properties No. 444 Proprietary Limited	16,449	17,613
Prime Business	895	836
Brick Capital Lda	—	3,921
Brick Capital Polska Sp.Zo.o	1,663	1,694
F Calisto	880	—
	<u>19,887</u>	<u>24,064</u>

Information regarding the directors and key management personnel is in detailed in note 32.

30. Risk management

The Board of Directors of Cartrack has overall responsibility for the establishment in oversight of Cartrack's risk management framework. The Board of Directors of Cartrack has established the audit and risk committee which is responsible for developing and monitoring Cartrack's risk management policies. The Cartrack audit committee reports regularly to the Board of Directors on its activities.

The group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits, implement controls to enforce limits to monitor risk and adherence to limits.

The committee is assisted in its oversight role by internal audit. Internal audit reviews risk and management controls and procedures, the results of which are reported to the committee.

30.1 Capital risk management

The group's policy is to maintain a strong capital base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors return of the capital, as well as the level of dividends to shareholders.

The capital structure of the group consists of debt, which includes the borrowings and lease obligations disclosed in notes 15 and 16 respectively, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

30.2 Financial risk management

The group has exposure to the following risks arising from financial instruments: credit risk, liquidity risk, currency and interest rate risk.

30.2.a Credit risk

Credit risk is the risk of financial loss to the group if a customer fails to meet its contractual obligations, and arises principally from the group's receivables from customer, cash deposits and cash equivalents.

Credit risk is managed by each subsidiary subject to the group's established policy and procedure. The group has a general credit policy of only dealing with credit worthy customers. A significant element of its individual customers is on debit-order payment method to assess credit risk. There has been no change in credit risk estimation techniques since last year.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. The group does not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics.

There has been no change in credit risk estimation techniques since last year.

The carrying amounts of financial assets represent the maximum credit exposure.

Expected credit losses on financial assets recognized in profit or loss were as follows:

	2020	2019
	Figures in Rand thousands	
Expected credit loss provision on trade receivables arising from contracts with customers	54,872	43,670

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the country in which the customer operates. Details of concentration of revenue are included in note 19.

Expected credit loss assessment process followed in the current year

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days since invoicing date for various groupings of various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future conditions.

The following table provides information about the expected credit loss rate for trade receivables by ageing category as at 29 February 2020:

	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>
Figures in Rand thousands			
Since invoicing	4%	113,385	4,908
1 month since invoicing date	11%	31,875	3,587
2 months since invoicing date	17%	20,670	3,487
3 months since invoicing date	39%	102,819	39,675
Total	<u>19%</u>	<u>268,749</u>	<u>51,657</u>

The following table provides information about the expected credit loss rate for trade receivables by ageing category as at 28 February 2019:

	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>
Figures in Rand thousands			
Since invoicing	5%	57,825	2,813
1 month since invoicing date	8%	36,733	2,832
2 months since invoicing date	13%	21,807	2,859
3 months since invoicing date	33%	105,591	35,166
Total	<u>20%</u>	<u>221,956</u>	<u>43,670</u>

Cash and cash equivalents

The group held cash and cash equivalents of R146 million at 29 February 2020 (2019: R52 million). The cash is held with major banks and financial institutions which are rated and regulated in each country. None of the bank's holding deposits show financial strain.

30.2.b Liquidity risk

The group manages liquidity risk through an ongoing review of future commitments and ensures that there is adequate funding available in terms of cash reserves and committed funding facilities.

Cash flow forecasts are prepared and available borrowing facilities are monitored on an ongoing basis.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>2 years</u>	<u>3 years</u>	<u>4 years</u>	<u>>5 years</u>	<u>Total</u>
Figures in Rand thousands						
At 29 February 2020						
Term loans	5,583	5,583	5,583	4,810	3,618	25,177
Lease obligations	49,532	27,403	13,025	6,378	12,636	108,974
Trade and other payables	148,812	—	—	—	—	148,812
Loans from related parties	8,362	—	—	—	—	8,362
At 28 February 2019						
Term loans	25,662	219,583	5,583	5,583	4,810	261,221
Lease obligations	51,752	35,380	16,417	8,262	15,151	126,962
Trade and other payables	136,832	—	—	—	—	136,832
Loans from related parties	7,716	—	—	—	—	7,716
Bank overdraft	13,762	—	—	—	—	13,762

30.2.c Currency risk

The group is exposed to currency risk to the extent that sales, purchases, and borrowings of the foreign operations are denominated in currencies different to the group's presentation currency. The functional currencies of group companies are primarily the ZAR, US dollar (USD), euro (EUR), Mozambican metical (MZN), the Singapore dollar (SGD) and Polish zloty (PLN).

The group does not apply hedge accounting.

The following average exchange rates were used for consolidation purposes:

ZAR: USD 14.70
 ZAR: EUR 16.30
 ZAR: MZN 0.23
 ZAR: PLN 3.78
 ZAR: SGD 10.71

Exposure to currency risk

The summarized quantitative data about the group's exposure to currency risk as reported to the management of the group is as follows:

	<u>USD</u>	<u>EURO</u>	<u>MZN</u>	<u>SGD</u>	<u>PLN</u>
In thousands of					
At 29 February 2020					
Trade receivables	141	1,115	128,433	1,200	1,267
Trade payables	(10)	(1,145)	(159,797)	(966)	(2,675)
	<u>131</u>	<u>(30)</u>	<u>(31,364)</u>	<u>234</u>	<u>(1,408)</u>
At 28 February 2019					
Trade receivables	61	2,341	111,290	3,337	1,000
Trade payables	(11)	(1,414)	(133,616)	(834)	(3,083)
	<u>50</u>	<u>927</u>	<u>(22,326)</u>	<u>2,503</u>	<u>(2,083)</u>

Sensitivity analysis

A strengthening/weakening of the Rand against the Polish zloty (PLN), euro (EUR), Singapore dollar (SGD) and Mozambican metical (MZN), at year-end would have impacted the measurement of financial instruments denominated in a foreign currency, equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. A factor change of 10% has been applied to the exchange rates.

	Strengthening of ZAR	Weakening of ZAR
	Figures in Rand thousands	
29 February 2020		
USD	(193)	193
EUR	49	(49)
MZN	721	(721)
SGD	(251)	251
PLN	532	(532)
	<u>858</u>	<u>(858)</u>
28 February 2019		
EUR	1,255	(1,255)
MZN	2,252	(2,252)
SGD	2,650	(2,650)
PLN	1,131	(1,131)
	<u>7,288</u>	<u>(7,288)</u>

30.2.d Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group's exposure to interest rate risk relates primarily to the group's loan obligations with variable interest rates. The term loan with Rand Merchant Bank attracts interest at prime less 1,7% p.a. and the loan from Caixa Geral Depositos de S.A. attracts interest is at a rate of 3% p.a.

Short-term deposits held at banking institutions carry interest rates at prevailing market conditions. The average interest rate earned on bank balances for the year was 5,4% (FY19: 5,3%).

No financial instruments were entered into to mitigate the risk of interest rate movements.

Interest rate sensitivity

The following table illustrates the effects on group's earnings and equity, all other factors remaining constant. A factor of 1% has been applied to the interest rates:

	Figures in Rand thousands
29 February 2020	
Effect on profit before tax (1% increase)	(1,951)
Effect on profit before tax (1% decrease)	1,951
28 February 2019	
Effect on profit before tax (1% increase)	(2,380)
Effect on profit before tax (1% decrease)	2,380

31. Analysis of assets and liabilities by financial instrument classification

The following table shows the carrying amounts and classification of financial assets and financial liabilities. The carrying amounts are considered to approximate their fair values.

	Figures in Rand thousands
At 29 February 2020	
Financial assets	
Loans to related parties	11,013
Trade and other receivables	230,312
Cash and cash equivalents	145,787
	<u>387,112</u>
Financial liabilities	
Loans from related parties	8,362
Capitalized lease liabilities	98,997
Trade and other payables	148,812
Term loans	22,969
Amounts received in advance	208,782
	<u>487,922</u>
	Figures in Rand thousands
At 28 February 2019	
Financial assets	
Loans to related parties	213
Trade and other receivables	191,468
Cash and cash equivalents	51,906
	<u>243,587</u>
Financial liabilities	
Term loans	239,290
Loans from related parties	7,716
Capitalized lease liabilities	116,912
Trade and other payables	136,832
Bank overdraft	13,762
Amounts received in advance	80,377
	<u>594,889</u>

32. Director and key management personnel emoluments

	<u>Salary and allowances</u>	<u>Other benefits</u>	<u>Retirement fund</u>	<u>Performance bonuses</u>	<u>Director fees</u>	<u>Total</u>
Figures in Rand thousands						
At 29 February 2020						
Executive Director						
IJ Calisto	3,410	—	147	284	—	3,841
Key Management Personnel⁽¹⁾						
M Grundlingh	2,285	—	157	1,064	—	3,506
DJ Brown ⁽²⁾	—	—	—	—	1,186	1,186
AT Ikalafeng ⁽²⁾	—	—	—	—	477	477
S Rapeti ⁽²⁾	—	—	—	—	545	545
K White ⁽²⁾	—	—	—	—	659	659
B Debski	1,845	18	—	146	—	2,009
J Marais	1,964	198	17	174	—	2,353
J Matias	1,565	—	—	—	—	1,565
E Ong	1,543	232	155	129	—	2,059
R Schubert	2,451	343	46	1,714	—	4,554
H Louw	1,872	117	101	143	—	2,233
	<u>13,525</u>	<u>908</u>	<u>476</u>	<u>3,370</u>	<u>2,867</u>	<u>21,146</u>
At 28 February 2019						
Executive Director						
IJ Calisto	3,185	—	122	180	—	3,487
Key Management Personnel						
M Grundlingh	2,077	—	122	224	—	2,423
DJ Brown ⁽²⁾	—	—	—	—	1,129	1,129
AT Ikalafeng ⁽²⁾	—	—	—	—	546	546
S Rapeti ⁽²⁾	—	—	—	—	260	260
K White ⁽²⁾	—	—	—	—	627	627
JR Edmeston	1,082	2	8	288	—	1,380
B Debski	1,677	11	—	129	—	1,817
J Marais	2,057	—	15	165	—	2,237
J Matias	1,515	—	—	—	—	1,515
E Ong	1,462	254	122	—	—	1,838
R Schubert	2,009	—	124	167	—	2,300
	<u>11,879</u>	<u>267</u>	<u>391</u>	<u>973</u>	<u>2,562</u>	<u>16,072</u>

(1) Key management personnel represent the directors and non-executive directors of Cartrack Holdings Limited

(2) Non-executive director of Cartrack Holdings Limited

33. Basic and diluted earnings per share information

33.1 Basic and diluted earnings per share

	2020	2019
Basic and diluted earnings per share		
The calculation of basic and diluted earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue.		
Basic and diluted earnings per share	14,3	9,2
Weighted average number of ordinary shares		
Issued at the beginning of the year/date of incorporation		
Basic earnings		
Profit attributable to ordinary shareholders (R' 000)	289,882	236,931
Less: Profit arising prior to the incorporation of Karooooo on 19 May 2018 ⁽¹⁾ (R' 000)	—	(50,836)
Profit attributable to ordinary shareholder of Karooooo (R' 000)	<u>289,882</u>	<u>186,095</u>
Diluted basic earnings per share (Unaudited)		
Basic earnings per share		
Basic earnings per share	14,3	9,2
Weighted average number of ordinary shares		
Issued at the beginning of the year		
Basic earnings		
Profit attributable to ordinary shareholder of Karooooo (R' 000)	<u>289,882</u>	<u>186,095</u>

As discussed in Note 1 the Company is deemed to have acquired control of Cartrack when the loan to IJ Calisto was extinguished through the issuance of shares. The acquisition of Cartrack has been accounted for as transaction under common control and prior periods restated accordingly. For the purposes of computing earnings per share, the shares issued to extinguish the loan to IJ Calisto have been treated as outstanding from the date of incorporation of the Company.

- (1) No earnings per share is presented for the profit arising for the period before Karooooo's incorporation on 19 May 2018 as the legal structure did not exist.

33.2 Diluted earnings per share

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

34. Funding facilities

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is repayable in five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilization date.

Interest is levied at a rate of prime less 1.7% per annum. The covenants in respect of this loan have been complied at year-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender for this loan, including

shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds. At 29 February 2020 Cartrack Proprietary Limited had utilized R2.76 million of the committed term facility.

Mercantile Bank Limited has provided Found Proprietary Limited (previously Plexique Proprietary Limited) with an instalment credit agreement facility of R15 million (2019: R15 million). Cartrack Proprietary Limited has provided limited suretyship in favor of Mercantile Bank Limited for this facility. At the end of the year, R3.7 million (2019: R3 million) was utilized.

35. Commitments

There are no capital commitments at the year-end. Lease commitments are disclosed in note 16.

36. Subsequent Events

COVID-19

COVID-19 is considered to be a non-adjusting post balance sheet event as none of the countries in which the group operates were in a 'lockdown' state at the year-end. As a result, the possible impacts of COVID-19 have not resulted in an adjustment to the carrying values of the group's assets being recognized at the year end, but consideration has been given by the board of directors to going concern and the subsequent event disclosure in the preparation of the consolidated financial statements for the year ended 29 February 2020. Cartrack's global operations are subject to risks associated with actions taken by governmental authorities as a result of the COVID-19 pandemic.

These events, together with a number of evolving factors, including the duration and spread of the pandemic, the severity of the impact of the pandemic on economic activity and the changing actions of governmental authorities across the globe, has impacted the group's HY21 results predominantly due to limited capacity to install in-vehicle IoT technology and the inability to deploy talent currently in Singapore into the Asia Pacific region.

Cartrack is actively monitoring these ongoing and potential impacts of COVID-19 in order to mitigate and minimize the impact on its business.

The group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. It has a vertically integrated business model with an unleveraged balance sheet and 98% of revenues being historically recurring in nature. The group generates strong cash flows and also has access to an unutilized R600 million term facility provided by RMB.

The group has sufficient inventory on hand to last for nine months at budgeted volumes (pre COVID-19 budget) and, at present, supply chains are not affected. In addition to this, Cartrack is balancing its costs with the opportunities that may present themselves when the pandemic passes.

Restructuring of the Cartrack group

On 9 September 2020 shareholders of Cartrack Holdings Limited were advised that the Company has entered into negotiations and exploring options with its majority shareholder, Karooooo Pte. Ltd., which, if successfully concluded, may result in the restructuring of the Cartrack group.

Karooooo Dividends

A final dividend of ZAR 5.13 per share relating to the year ended 29 February 2020 was declared by Karooooo, calculated on the basis of shares issued and outstanding on 13 May 2020, and paid on 8 June 2020. In addition, an interim dividend of ZAR 8.26 per share was declared on 13 November 2020 and paid on 30 November 2020.

Related Party Loan

On 22 December 2020, the Company entered into an agreement with a related party, whereby the related party agreed to lend up to an aggregate amount of US\$65,000,000 for the sole purpose of facilitating

the Company's acquisition of the remaining interests in its subsidiary, Cartrack Holdings Limited. Orient Victoria Pte. Ltd. is controlled by our Chief Executive Officer, Isaías (Zak) Jose Calisto. The related party loan bears interest at a rate of 1.25% per annum. Karooooo may not declare any dividends until such time that all amounts due under the related party loan, including any interest accrued and unpaid interest, has been repaid to Orient Victoria Pte. Ltd. in full. On 29 December 2020, the Company drew down USD58,500,000 under the loan.

37. Going concern

The Director has reviewed the group cash flow forecast for the twelve months ending 31 January 2022. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Director is satisfied that the Company and group have access to adequate resources to continue in operational existence for the foreseeable future and are going concerns. The Director has continued to adopt the going concern basis in preparing the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 November 2020

		Nine months ended		Year ended
	Notes	November 2020	November 2019	February 2020
Figures in Rand thousands				
ASSETS				
Non-current assets				
Goodwill		126,146	126,163	131,503
Intangible assets	6	55,114	30,841	40,739
Property, plant and equipment	4	900,001	793,106	854,506
Capitalized commission assets	5	187,637	137,326	144,549
Deferred tax assets		108,943	97,281	106,482
Total non-current assets		1,377,841	1,184,717	1,277,779
Current assets				
Inventories	7	231,299	170,319	151,616
Trade and other receivables	8	284,800	237,378	251,747
Loans to related parties		11,000	1,900	11,013
Taxation		8,692	6,204	6,511
Cash and cash equivalents	9	88,433	134,452	146,591
Total current assets		624,224	550,253	567,478
Total assets		2,002,065	1,734,970	1,845,257
EQUITY AND LIABILITIES				
Equity				
Share capital		10	10	10
Foreign currency translation reserve		11,116	5,536	11,851
Retained earnings		816,744	788,094	835,978
Investment by owner		30,383	30,383	30,383
Equity attributable to equity holders of parent		858,253	824,023	878,222
Non-controlling interest		336,499	320,794	346,913
Total equity		1,194,752	1,144,817	1,225,135
Liabilities				
Non-current liabilities				
Term loans	11	16,054	49,767	17,815
Capitalized lease liabilities		54,573	57,595	54,148
Amounts received in advance	10	79,386	40,499	55,817
Deferred tax liabilities		112,668	67,206	85,392
Total non-current liabilities		262,681	215,067	213,172
Current liabilities				
Term loans	11	1,404	5,095	5,154
Trade and other payables	12	260,173	120,138	170,972
Loans from related parties		7,911	7,764	8,362
Capitalized lease liabilities		35,439	41,512	44,849
Taxation		48,470	50,713	22,969
Provision for warranties		864	1,679	1,679
Amounts received in advance	10	168,646	148,185	152,965
Bank overdraft	9	21,725	—	—
Total current liabilities		544,632	375,086	406,950
Total liabilities		807,313	590,153	620,122
Total equity and liabilities		2,002,065	1,734,970	1,845,257

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the nine month period ended 30 November 2020

		Nine months ended		Year ended
	Notes	November 2020	November 2019	February 2020
Figures in Rand thousands				
Revenue	13	1,674,802	1,431,323	1,941,893
Cost of sales		(464,247)	(423,260)	(574,770)
Gross profit		1,210,555	1,008,063	1,367,123
Other income		1,356	2,339	1,867
Expected credit losses on financial assets		(56,249)	(40,206)	(54,872)
Operating expenses		(589,687)	(501,816)	(683,196)
Sales and marketing		(164,131)	(133,815)	(177,870)
General and Administration		(371,351)	(334,525)	(460,402)
Research and development		(54,205)	(33,476)	(44,924)
Operating profit	14	565,975	468,380	630,922
Finance income		3,852	1,606	2,592
Finance costs		(4,833)	(14,238)	(16,831)
Profit before taxation		564,994	455,748	616,683
Taxation		(170,130)	(126,329)	(173,157)
Profit for the period		<u>394,864</u>	<u>329,419</u>	<u>443,526</u>
Profit attributable to:				
Owners of the parent		—	214,036	289,882
Non-controlling interest		135,989	115,383	153,644
		<u>394,864</u>	<u>329,419</u>	<u>443,526</u>
Earnings per share				
Basic and diluted earnings per share (Rand)	18.1	12.7	10.5	14.3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine month period ended 30 November 2020

	Nine months ended		Year ended
	November 2020	November 2019	February 2020
	Figures in Rand thousands		
Profit for the period	394,864	329,419	443,526
Other comprehensive income			
Items that may be reclassified to profit or loss in future periods:			
Exchange differences on translating foreign operations	(6,027)	22,387	35,989
Other comprehensive (loss) income for the period	(6,027)	22,387	35,989
Total comprehensive income for the period net of income tax	<u>388,837</u>	<u>351,806</u>	<u>479,515</u>
Total comprehensive income attributable to:			
Owners of the parent	256,583	230,156	312,317
Non-controlling interest	<u>132,254</u>	<u>121,650</u>	<u>167,198</u>
	<u>388,837</u>	<u>351,806</u>	<u>479,515</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine month period ended 30 November 2020

Figures in Rand thousands	Note	Share capital	Foreign currency translation	Investment by owner	Retained earnings	Total attributable to equity holders of the group	Non-controlling interest	Total equity
Figures in Rand thousands								
Balance at 1 March 2019	10	(10,584)	30,383	598,598	618,407	219,221	837,628	
Profit for the period ended 30 November 2019	—	—	—	214,036	214,036	115,383	329,419	
Other comprehensive income	—	16,120	—	—	16,120	6,267	22,387	
Total comprehensive income for the period	—	16,120	—	214,036	230,156	121,650	351,806	
Dividends	—	—	—	(24,540)	(24,540)	(20,077)	(44,617)	
Balance at 30 November 2019	10	5,536	30,383	788,094	824,023	320,794	1,144,817	
Profit for the three months ended 29 February 2020	—	—	—	75,846	75,846	38,261	114,017	
Other comprehensive income	—	6,315	—	—	6,315	7,287	13,602	
Total comprehensive income for the period	—	6,315	—	75,846	82,161	45,548	127,709	
Dividends	—	—	—	(27,962)	(27,962)	(19,429)	(47,391)	
Balance at 29 February 2020	10	11,851	30,383	835,978	878,222	346,913	1,225,135	
Profit for the period ended 30 November 2020	—	—	—	258,875	258,875	135,989	394,864	
Other comprehensive income	—	(735)	—	—	(735)	(3,735)	(4,470)	
Total comprehensive income for the period	—	(735)	—	258,875	258,140	132,254	390,394	
Dividends	—	—	—	(272,235)	(272,235)	(136,769)	(409,004)	
Change in control ⁽¹⁾	—	—	—	(5,874)	(5,874)	(5,899)	(11,773)	
Balance at 30 November 2020	10	11,116	30,383	816,744	858,253	336,499	1,194,752	

(1) In August 2020 the Group acquired the remaining 40% share in Cartrack Tanzania and 15% share in Retriever Limited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine month period ended 30 November 2020

		Nine months ended		Year ended
	Notes	November 2020	November 2019	February 2020
Figures in Rand thousands				
Cash flows from operating activities				
Cash generated from operations	15	835,167	763,386	1,054,554
Finance income received		3,852	1,606	2,592
Finance costs paid		(4,027)	(5,850)	(9,323)
Taxation paid		(120,758)	(94,677)	(146,599)
Net cash generated from operating activities		<u>714,234</u>	<u>664,465</u>	<u>901,224</u>
Cash flows from investing activities				
Purchase of property, plant and equipment		(303,719)	(303,888)	(388,723)
Proceeds on disposal of property, plant and equipment		5,997	1,735	6,532
Investment in intangible assets		(33,703)	(20,081)	(34,245)
Advances of loans to related parties		—	—	(11,000)
Repayment of loans to related parties		14	—	—
Net cash utilized by investing activities		<u>(331,411)</u>	<u>(322,234)</u>	<u>(427,436)</u>
Cash flows from financing activities				
(Repayment of)/Proceeds from related party loans		(1,161)	—	—
Proceeds from issuance of share capital		—	10	10
Acquisition of additional interest in subsidiaries		(11,773)	—	—
Repayment of term loans		(6,886)	(184,634)	(217,815)
Payments of capitalized lease liabilities		(40,987)	(27,939)	(58,417)
Dividends paid		(409,004)	(44,617)	(92,008)
Net cash (utilized by)/generated financing activities		<u>(469,811)</u>	<u>(257,180)</u>	<u>(368,230)</u>
Total cash movement		(86,988)	(85,051)	105,558
Cash and cash equivalents as at the beginning of the period	9	146,591	38,144	38,144
Translation differences on cash and cash equivalents		7,105	11,257	2,889
Total cash and cash equivalents at the end of the period	9	66,708	134,452	146,591

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 November 2020

1. Presentation of consolidated financial statements

Reporting entity

Karoo0000 Pte. Ltd. (“Karoo0000”), formerly Karoo Pte. Ltd., was incorporated on 19 May 2018 in the Republic of Singapore and is wholly owned by IJ Calisto. Cartrack Holdings Limited (“Cartrack”) is a public company that listed on the Johannesburg Stock Exchange in December 2014. IJ Calisto is the current CEO of Cartrack. Karoo0000 acquired an approximately 68 percent interest in Cartrack effective 17 July 2019.

Through a flow of funds arrangement and a related mandatory public offer, Karoo0000’s acquisition of Cartrack was facilitated by a loan from IJ Calisto that was repayable on demand in either cash or through the receipt of the equivalent number of Cartrack shares at a price of R13.44 per share, which was the share price at which the mandatory public offer was made. Subsequent to the acquisition, Karoo0000 became the legal and beneficial owner of such Cartrack shares. As a consequence of the call option embedded within the loan from IJ Calisto, Karoo0000 did not acquire control as defined by IFRS 10 of Cartrack at the time of the acquisition of such Cartrack shares; instead control remained with IJ Calisto.

On 18 November 2020, the shareholder loan from IJ Calisto to Karoo0000 Pte. Ltd. was converted into ordinary shares of Karoo0000 Pte. Ltd., which was issued to IJ Calisto, and as a result Karoo0000 acquired control of Cartrack on that date. The acquisition of control of Cartrack by Karoo0000 is considered to be a transaction under common control as ultimately both entities were controlled by IJ Calisto before and after the transaction. Therefore, the financial statements have been retrospectively recast to reflect Karoo0000’s controlling interest in Cartrack for all periods presented. For the period prior to the incorporation of Karoo0000, the financial statements reflect IJ Calisto’s controlling interest in Cartrack, which he held through One August (Pty) Limited, a personal holding company owned by IJ Calisto with no other operations that does not form part of the consolidated group. There is currently no specific guidance on accounting for common control transactions under International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS”). In the absence of specific guidance Karoo0000 elected to apply the “pooling of interests” method of accounting. Under “pooling of interests” the assets and liabilities of Cartrack are carried over at their book values with no adjustment made for the acquisition price and prior periods are restated as if the common control transaction had occurred at the beginning of the earliest period presented.

Since the loan was also eliminated as part of the common control transaction it is not presented as a financial liability in the condensed consolidated financial statements.

The non-controlling interest principally relates to the public shareholders in Cartrack.

These condensed consolidated interim financial statements comprise Karoo0000 and its subsidiaries (collectively the “group” and individually “group companies”). The group is primarily involved in the design, development and installation of telematics technology, data collection and analysis and the delivery of fleet and mobile asset management solutions delivered as Software-as-a-Service (SaaS) and the tracking and recovery of vehicles.

Statement of compliance

The unaudited condensed consolidated interim financial statements for the nine months ended 30 November 2020 have been prepared in accordance with International Accounting Standard, IAS 34: Interim financial reporting.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures as required by International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s consolidated annual financial statements as at 29 February 2020, which were prepared in accordance with IFRS.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated annual financial statements for the year ended 29 February 2020.

Basis of measurement

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

Functional and presentation currency

These unaudited condensed consolidated interim financial statements are presented in South African rand (ZAR), which is the group's presentation currency.

All financial information presented has been rounded off to the nearest thousand ZAR, unless otherwise indicated.

Going concern

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

2. New standards and interpretations

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 29 February 2020.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment reporting

The group is organized into geographical business units and has four reportable segments. The operating segments are based on geographical locations. The Chief Operating Decision Maker (CODM) monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment assets and liabilities are not split between long term and current as this segment information is not reviewed on such basis by the CODM.

The group's manufacturing entity manufactures products and distributes them to each of the operating segments. Support entities in South Africa and Asia are responsible for development of our hardware and software platforms and provide technical support and distribution support to each of the operating segments. All intergroup transactions are eliminated in the "Eliminations" and "Inter-segment revenue" columns and the margin generated by the support entities, net of any unrealized profit, is allocated to the geographic region where the external revenue is recorded by support entities. Franchise fees charged between South Africa and Africa-Other which are included in inter-segment revenue are done on a basis which takes into account the extent of services undertaken by each of the parties.

Segment results were fundamentally evaluated based on subscription revenue and earnings before interest, tax, depreciation and amortization and corporate costs (Adjusted EBITDA) as the profit or loss measures.

The segment's revenue, depreciation and amortization and Adjusted EBITDA information provided to the group CEO, for the reportable segments for the interim period ended 30 November 2020 is as follows:

	Subscription revenue	Hardware and other revenue before eliminations	Eliminations	Inter- segment revenue	Hardware and other revenue after eliminations and inter- segment	Total revenue	Depreciation and amortization	Adjusted EBITDA
Figures in Rand thousands								
Nine months ended 30 November 2020								
Geographical business units								
South Africa	1,181,860	224,981	(195,281)	(6,564)	23,136	1,204,996	228,642	665,694
Africa-Other	78,228	2,040	—	6,866	8,906	87,134	6,074	33,577
Europe	163,665	6,504	(2,243)	—	4,261	167,926	45,587	83,245
Asia-Pacific, Middle East and USA	211,288	87,912	(84,152)	(302)	3,458	214,746	43,768	72,825
Total by Segment	1,635,041	321,437	(281,676)	—	39,761	1,674,802	324,071	855,341

	Subscription revenue	Hardware and other revenue before eliminations	Eliminations	Inter- segment revenue	Hardware and other revenue after eliminations and inter- segment	Total revenue	Depreciation and amortization	Adjusted EBITDA
Figures in Rand thousands								
Nine months ended 30 November 2019								
Geographical business units								
South Africa	1,013,343	263,972	(229,314)	(5,795)	28,863	1,042,206	183,268	556,389
Africa-Other	80,921	1,744	—	5,795	7,539	88,460	4,322	33,272
Europe	123,569	10,681	(7,121)	—	3,560	127,129	29,190	59,809
Asia-Pacific, Middle East and USA	167,291	39,789	(33,552)	—	6,237	173,528	26,200	49,504
Total by Segment	1,385,124	316,186	(269,987)	—	46,199	1,431,323	242,980	698,974
29 February 2020								
Geographical business units								
South Africa	1,383,980	335,692	(294,723)	(7,484)	33,485	1,417,465	243,989	747,229
Africa-Other	106,977	1,513	—	7,484	8,997	115,974	6,152	42,098
Europe	168,314	14,092	(9,140)	—	4,952	173,266	40,193	81,782
Asia-Pacific, Middle East and USA	228,446	69,893	(63,151)	—	6,742	235,188	36,690	66,376
Total by Segment	1,887,717	421,190	(367,014)	—	54,176	1,941,893	327,024	937,485

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

Reconciliation of Adjusted EBITDA to profit for the period

	As at		As at
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Adjusted EBITDA	855,341	698,974	937,485
Depreciation of property, plant and equipment ⁽¹⁾	(270,315)	(211,351)	(282,976)
Amortization of intangible assets ⁽²⁾	(18,750)	(8,639)	(12,786)
Corporate expenses	(301)	(10,604)	(10,801)
Operating profit	565,975	468,380	630,922
Finance income	3,852	1,606	2,592
Finance costs	(4,833)	(14,238)	(16,831)
Profit before taxation	564,994	455,748	616,683
Taxation	(170,130)	(126,329)	(173,157)
Profit for the period	<u>394,864</u>	<u>329,419</u>	<u>443,526</u>

(1) Depreciation of property, plant and equipment includes capitalized telematics devices and right of use assets.

(2) Amortization of intangible assets includes capitalized research and development and purchased intangible assets.

Total assets by segment

	As at		As at
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Total assets			
South Africa	1,242,430	1,082,379	1,145,039
Africa-Other	178,421	177,493	196,156
Europe	293,827	253,377	275,290
Asia-Pacific, Middle East and USA	284,487	221,180	227,968
Total by segment	1,999,165	1,734,429	1,844,453
Corporate	2,900	541	804
Total assets	<u>2,002,065</u>	<u>1,734,970</u>	<u>1,845,257</u>

Total non-current assets by segment

	As at		As at
	November 2020	November 2019	February 2020
Figures in Rand thousands			
South Africa	882,262	764,628	820,658
Africa-Other	83,660	97,626	96,263
Europe	240,612	198,416	221,840
Asia Pacific, Middle East and USA	168,634	124,047	139,018
Total by segment	1,375,168	1,184,717	1,277,779
Corporate	2,673	—	—
Total non-current assets	1,377,841	1,184,717	1,277,779

Capital expenditure*

	Nine months ended		Year ended
	November 2020	November 2019	February 2020
Figures in Rand thousands			
South Africa	242,747	223,980	308,936
Africa-Other	5,642	6,003	9,427
Europe	36,327	54,294	50,974
Asia Pacific, Middle East and USA	52,706	39,692	53,631
Total by segment	337,422	323,969	422,968
Corporate	—	—	—
Total capital expenditure	337,422	323,969	422,968

* Capital expenditure includes additions of property, plant and equipment and intangible assets.

Total liabilities by segment

	As at		As at
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Total liabilities			
South Africa	554,962	393,843	405,238
Africa-Other	58,203	48,651	56,088
Europe	88,399	89,952	90,547
Asia Pacific, Middle East and USA	105,698	56,574	68,205
Total by segment	807,262	589,020	620,078
Corporate	51	1,133	44
Total liabilities	807,313	590,153	620,122

4. Property, plant and equipment

	As of 30 November 2020			As of 30 November 2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Figures in Rand thousands						
Owned assets						
Buildings	1,826	—	1,826	2,034	—	2,034
Capitalized telematics devices	1,729,879	(972,169)	757,710	1,390,805	(721,327)	669,478
Furniture and fixtures and equipment	20,056	(14,219)	5,837	18,400	(12,819)	5,581
Leasehold improvements	27,139	(17,004)	10,135	18,869	(13,219)	5,650
Plant and machinery	3,936	(3,338)	598	5,073	(4,530)	543
Right-of-use assets						
IT equipment	69,625	(43,988)	25,637	69,392	(42,189)	27,203
Motor vehicles	117,138	(73,598)	43,539	115,048	(62,150)	52,898
Property	86,798	(32,080)	54,718	58,926	(29,207)	29,719
Total	2,056,397	(1,156,396)	900,001	1,678,547	(885,441)	793,106

	As of 29 February 2020		
	Cost	Accumulated depreciation	Carrying value
Owned assets			
Buildings	2,115	—	2,115
Capitalized telematics devices	1,485,475	(776,594)	708,881
Furniture and fixtures and equipment	19,253	(13,035)	6,218
Leasehold improvements	20,249	(14,893)	5,356
Plant and machinery	3,820	(3,107)	713
Right-of-use assets			
IT equipment	63,793	(35,741)	28,052
Motor vehicles	124,893	(65,055)	59,838
Property	66,130	(22,797)	43,333
Total	1,785,728	(931,222)	854,506

**Reconciliation of the carrying value of property, plant and equipment — for the nine months ended
30 November 2020**

	Opening balance	Additions	Disposals	Translation Adjustments	Depreciation	Closing balance
Figures in Rand thousands						
Owned assets						
Buildings	2,115	—	—	(289)	—	1,826
Capitalized telematics devices	708,881	274,234	(7,145)	7,677	(225,954)	757,710
Furniture and fixtures and equipment	6,218	1,860	(504)	(91)	(1,745)	5,738
Leasehold improvements	5,356	7,391	—	107	(2,719)	10,135
Plant and machinery	713	—	—	47	(162)	598
Right-of-use assets						
IT equipment	28,052	6,432	(8)	(140)	(8,698)	25,638
Motor vehicles	59,838	3,483	(4,741)	(24)	(15,017)	43,539
Property	43,333	26,713	(706)	1,514	(16,120)	54,718
Total	854,506	320,113	(13,104)	8,801	(270,315)	900,001

**Reconciliation of the carrying value of property, plant and equipment — for the nine months ended
30 November 2019**

	Opening balance	Additions	Disposals	Translation Adjustments	Depreciation	Closing balance
Figures in Rand thousands						
Owned assets						
Buildings	1,962	—	—	72	—	2,034
Capitalized telematics devices	549,982	287,904	—	1,875	(170,283)	669,478
Furniture and fixtures and equipment	5,453	2,400	(35)	(187)	(2,050)	5,581
Leasehold improvements	5,075	2,951	—	336	(2,712)	5,650
Plant and machinery	302	781	—	(81)	(459)	543
Right-of-use assets						
IT equipment	29,279	6,090	(18)	(876)	(7,272)	27,203
Motor vehicles	70,960	3,762	(2,143)	(5,087)	(14,594)	52,898
Property	38,139	9,263	(733)	(2,969)	(13,981)	29,719
Total	701,152	313,151	(2,929)	(6,917)	(211,351)	793,106

Reconciliation of the carrying value of property, plant and equipment — for the year ended 29 February 2020

	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Translation Adjustments</u>	<u>Depreciation</u>	<u>Closing balance</u>
Figures in Rand thousands						
Owned assets						
Buildings	1,962	—	—	153	—	2,115
Capitalized telematics devices	549,982	369,156	—	16,554	(226,811)	708,881
Furniture and fixtures and equipment	5,453	2,622	(210)	323	(1,970)	6,218
Leasehold improvements	5,075	4,158	(257)	115	(3,735)	5,356
Plant and machinery	302	965	—	25	(579)	713
Right-of-use assets						
IT equipment	29,279	11,822	(2,436)	506	(11,119)	28,052
Motor vehicles	70,960	10,708	(2,097)	553	(20,286)	59,838
Property	38,139	22,285	(784)	2,169	(18,476)	43,333
Total	<u>701,152</u>	<u>421,716</u>	<u>(5,784)</u>	<u>20,398</u>	<u>(282,976)</u>	<u>854,506</u>

5. Capitalized commission assets

	As at 30 November 2020			As at 30 November 2019		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying value</u>	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying value</u>
Figures in Rand thousands						
Capitalized sales commissions	320,022	(132,385)	187,637	226,954	(89,628)	137,326
Total	<u>320,022</u>	<u>(132,385)</u>	<u>187,637</u>	<u>226,954</u>	<u>(89,628)</u>	<u>137,326</u>

	As at 29 February 2020		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying value</u>
Figures in Rand thousands			
Capitalized sales commissions	245,718	(101,169)	144,549
Total	<u>245,718</u>	<u>(101,169)</u>	<u>144,549</u>

Reconciliation of the carrying value of capitalized sales commissions — for the nine months ended 30 November 2020

	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Translation adjustments</u>	<u>Amortization</u>	<u>Closing balance</u>
Figures in Rand thousands						
November 2020						
Capitalized sales commissions	<u>144,549</u>	<u>77,620</u>	<u>(666)</u>	<u>1,140</u>	<u>(35,006)</u>	<u>187,637</u>

Reconciliation of the carrying value of capitalized sales commissions — for the nine months ended 30 November 2019

	<u>Opening balance</u>	<u>Additions</u>	<u>Translation adjustments</u>	<u>Amortization</u>	<u>Closing balance</u>
November 2019					
Capitalized sales commissions	<u>108,547</u>	<u>50,480</u>	<u>1,289</u>	<u>(22,990)</u>	<u>137,326</u>

Reconciliation of the carrying value of capitalized sales commissions — for the year ended 29 February 2020

	Opening balance	Additions	Translation adjustments	Amortization	Closing balance
February 2020					
Capitalized sales commissions	<u>108,547</u>	<u>64,437</u>	<u>2,827</u>	<u>(31,262)</u>	<u>144,549</u>

The group capitalizes sales commission costs arising from activated subscription contracts.

6. Intangible assets

	As at 30 November 2020			As at 30 November 2019		
	Cost	Accumulated amortization	Carrying value	Cost	Accumulated amortization	Carrying value
	Figures in Rand thousands					
Product development costs	74,380	(23,467)	50,913	30,488	(3,040)	27,448
Computer software	13,755	(9,554)	4,201	9,946	(6,553)	3,393
	<u>88,135</u>	<u>(33,021)</u>	<u>55,114</u>	<u>40,434</u>	<u>(9,593)</u>	<u>30,841</u>
	As at 29 February 2020					
	Cost	Accumulated amortization	Carrying value			
	Figures in Rand thousands					
Product development costs	46,452	(9,385)	37,067			
Computer software	11,029	(7,357)	3,672			
	57,481	(16,742)	40,739			

Reconciliation of the carrying value of intangible assets — for the nine months ended 30 November 2020

	Opening balance	Additions	Translation Adjustment	Amortization	Closing Balance
Figures in Rand thousands					
Product development costs	37,067	30,912	(856)	(16,210)	50,913
Computer software	<u>3,672</u>	<u>2,791</u>	<u>278</u>	<u>(2,540)</u>	<u>4,201</u>
	<u>40,739</u>	<u>33,703</u>	<u>(578)</u>	<u>(18,750)</u>	<u>55,114</u>

Reconciliation of the carrying value of intangible assets — for the nine months ended 30 November 2019

	Opening balance	Additions	Translation Adjustment	Amortization	Closing Balance
Figures in Rand thousands					
Product development costs	13,636	18,215	1,403	(5,806)	27,448
Computer software	<u>4,822</u>	<u>1,866</u>	<u>(462)</u>	<u>(2,833)</u>	<u>3,393</u>
	<u>18,458</u>	<u>20,081</u>	<u>941</u>	<u>(8,639)</u>	<u>30,841</u>

Reconciliation of the carrying value of intangible assets — for the year ended 29 February 2020

	<u>Opening balance</u>	<u>Additions</u>	<u>Translation Adjustment</u>	<u>Amortization</u>	<u>Disposal</u>	<u>Closing Balance</u>
Figures in Rand thousands						
Product development costs	13,636	31,178	1,403	(9,150)	—	37,067
Computer software	4,822	3,067	(214)	(3,636)	(367)	3,672
	<u>18,458</u>	<u>34,245</u>	<u>1,189</u>	<u>(12,786)</u>	<u>(367)</u>	<u>40,739</u>

7. Inventories

	<u>As at</u>		<u>As at</u>
	<u>30 November 2020</u>	<u>30 November 2019</u>	<u>29 February 2020</u>
Figures in Rand thousands			
Telematics devices – available for installation	100,667	86,981	46,203
Telematics devices – installed in-vehicle inventory	22,107	—	15,980
Components	69,906	54,603	69,816
Work in progress	18,396	6,991	2,009
Consumables	23,363	22,547	19,658
	<u>234,439</u>	<u>171,122</u>	<u>153,666</u>
Allowance for obsolete inventory	(3,140)	(803)	(2,050)
	<u>231,299</u>	<u>170,319</u>	<u>151,616</u>

During the period, no inventory was recognized as an expense for inventories carried at net realizable value.

The allowance for obsolete inventory is determined based on an assessment by management of the condition and usability of inventory at the reporting date. Such an allowance is normally required only when a significant change in technology or physical damage renders inventory unfit for purpose. During the current period there was no material change to the technology resulting in a limited allowance for obsolete inventory at the reporting date.

8. Trade and other receivables

	<u>As at</u>		<u>As at</u>
	<u>30 November 2020</u>	<u>30 November 2019</u>	<u>29 February 2020</u>
Figures in Rand thousands			
Trade receivables	314,221	260,915	268,749
Expected credit loss provision	(82,858)	(52,779)	(51,657)
	<u>231,363</u>	<u>208,136</u>	<u>217,092</u>
Other receivables			
Prepayments	34,490	18,223	21,170
Deposits	5,607	4,724	6,044
Sundry debtors	9,232	5,764	7,176
Value added tax	4,108	531	265
	<u>284,800</u>	<u>237,378</u>	<u>251,747</u>

9. Cash and cash equivalents

	As at		As at
	30 November 2020	30 November 2019	29 February 2020
Figures in Rand thousands			
Cash and cash equivalents consist of:			
Cash on hand	515	218	313
Bank balances	69,430	115,560	123,150
Short-term deposits	18,488	18,674	23,128
	88,433	134,452	146,591
Bank overdrafts	(21,725)	—	—
	66,708	134,452	146,591
Current assets	88,433	134,452	146,591
Current liabilities	(21,725)	—	—
	<u>66,708</u>	<u>134,452</u>	<u>146,591</u>

10. Amounts received in advance

	As at		As at
	30 November 2020	30 November 2019	29 February 2020
Figures in Rand thousands			
Opening balance	208,782	80,377	80,377
Amounts deferred in current period	237,848	229,367	275,584
Amounts released to revenue in the current period	(195,631)	(122,954)	(152,420)
Translation adjustments	(2,967)	1,894	5,241
Closing balance	<u>248,032</u>	<u>188,684</u>	<u>208,782</u>
Non-current liabilities	79,386	40,499	55,817
Current liabilities	168,646	148,185	152,965
	<u>248,032</u>	<u>188,684</u>	<u>208,782</u>

Certain customers have paid for the service upfront and revenue is deferred and recognized over the expected term of the customer relationship, which is estimated to be 60 months. No revenue was recognized in the current reporting period stemming from performance obligations satisfied or partially satisfied in the previous year.

The following table include estimated revenue expected to be recognised in the future related to performance obligations that are satisfied or partially satisfied at the end of the reporting period.

	As at		As at
	30 November 2020	30 November 2019	29 February 2020
Figures in Rand thousands			
Maturities analysis			
– within one year	168,646	148,185	152,965
– within two to four years	73,460	36,449	50,296
– over five years	5,926	4,050	5,521
Present value of amounts received in advance	<u>248,032</u>	<u>188,684</u>	<u>208,782</u>

11. Term loans

	As at		As at
	30 November 2020	30 November 2019	29 February 2020
Figures in Rand thousands			
Rand Merchant Bank Limited	—	34,438	2,760
Caixa Geral de Depositos S.A.	17,458	20,424	20,209
	17,458	54,862	22,969
Less: Short term portion	(1,404)	(5,095)	(5,154)
Long term portion	16,054	49,767	17,815

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilization date.

Interest is levied at a rate of prime less 1.7% per annum. The covenants in respect of this loan have been complied at period-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender for this loan, including shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds.

The loan from Caixa Geral de Depositos S.A. is a euro-denominated loan payable in equal monthly instalments over a five-year period and bears interest of 3.0% per annum. No security has been provided on this loan.

12. Trade and other payables

	As at		As at
	30 November 2020	30 November 2019	29 February 2020
Figures in Rand thousands			
Trade payables	105,241	42,862	57,109
Accrued expenses	78,530	34,591	84,028
Sundry creditors	49,138	17,496	7,675
Value added tax	27,264	25,189	22,160
	260,173	120,138	170,972

The fair value of the financial instruments approximates their carrying amounts.

13. Revenue**A. Revenue streams**

The group generates revenue from providing Fleet management ("Fleet"), Stolen Vehicle Recovery ("SVR") and insurance telematics services. It provides fleet, mobile asset and workforce management solutions, underpinned by real-time actionable business intelligence, delivered as Software-as-a-Service (SaaS), as well as the tracking and recovery of stolen vehicles.

	Nine months ended		Year Ended
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Revenue from contracts with customers			
Subscription revenue	1,635,041	1,385,124	1,887,717
Hardware sales	25,567	36,666	36,852
Installation revenue	2,950	580	752
	<u>1,663,558</u>	<u>1,422,370</u>	<u>1,925,321</u>
Other revenue			
Miscellaneous contract fees	11,244	8,953	16,572
Total revenue	<u>1,674,802</u>	<u>1,431,323</u>	<u>1,941,893</u>

B. Disaggregation of revenue from contracts with customers

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

	Nine months ended 30 November 2020				
	Subscription revenue	Hardware sales	Installation revenue	Miscellaneous contract fees	Total
Figures in Rand thousands					
Primary geographical markets					
South Africa	1,013,343	12,583	1,335	9,218	1,042,206
Africa-Other	90,921	8,194	712	—	88,460
Europe	123,569	2,716	485	1,060	127,129
Asia Pacific, Middle East and USA	211,288	2,074	418	966	214,746
Total revenue	<u>1,635,041</u>	<u>25,567</u>	<u>2,950</u>	<u>11,244</u>	<u>1,674,802</u>
Timing of revenue recognition					
Products transferred at a point in time	—	25,567	2,950	11,244	39,761
Services transferred over time	<u>1,635,041</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,635,041</u>
Total revenue	<u>1,635,041</u>	<u>25,567</u>	<u>2,950</u>	<u>11,244</u>	<u>1,674,802</u>

	Nine months ended 30 November 2019				
	Subscription revenue	Hardware sales	Installation revenue	Miscellaneous contract fees	Total
Figures in Rand thousands					
Primary geographical markets					
South Africa	1,014,185	21,345	267	7,251	1,043,048
Africa-Other	80,080	6,996	143	400	87,619
Europe	123,568	3,425	70	65	127,128
Asia Pacific, Middle East and USA	167,291	4,900	100	1,237	173,528
Total revenue	<u>1,385,124</u>	<u>36,666</u>	<u>580</u>	<u>8,953</u>	<u>1,431,323</u>
Timing of revenue recognition					
Products transferred at a point in time	—	36,666	580	8,953	46,199
Services transferred over time.	<u>1,385,124</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,385,124</u>
Total revenue	<u>1,385,124</u>	<u>36,666</u>	<u>580</u>	<u>8,953</u>	<u>1,431,323</u>

	Year ended February 2020				
	Subscription revenue	Hardware sales	Installation revenue	Miscellaneous contract fees	Total
	Figures in Rand thousands				
Primary geographical markets					
South Africa	1,383,980	17,429	356	15,700	1,417,465
Africa-Other	106,977	8,343	170	484	115,974
Europe	168,314	4,670	95	187	173,266
Asia Pacific, Middle East and USA	228,446	6,410	131	201	235,188
Total revenue	1,887,717	36,852	752	16,572	1,941,893
Timing of revenue recognition					
Products transferred at a point in time	—	36,852	752	16,572	54,176
Services transferred over time.	1,887,717	—	—	—	1,887,717
Total revenue	1,887,717	36,852	752	16,572	1,941,893

14. Operating profit

	Nine months ended		Year ended
	November	November	February
Notes	2020	2019	2020
Figures in Rand thousands			
Operating profit is stated after accounting for the following charges:			
Auditor remuneration	4,717	4,850	6,282
– Current period (audit services)	4,717	4,755	6,207
– Current period (other services)	—	75	75
Depreciation of property, plant and equipment	270,315	211,352	282,976
Amortization of capitalized commission assets	35,006	22,990	31,262
Amortization of intangible assets	18,750	8,639	12,786
Write down of inventory to net realizable value	—	—	7,623
Research and development	54,205	33,476	44,924
Employee costs	371,894	285,202	343,417

15. Cash generated from operations

	Nine months ended		Year ended
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Profit before taxation	564,994	455,748	616,683
Adjustments	323,445	252,696	339,630
Depreciation on property, plant and equipment	270,315	211,352	282,976
Amortization of intangible assets	18,750	8,639	12,786
Amortization of capitalized commission assets	35,006	22,990	31,262
Profit on disposal of property, plant and equipment	(744)	(1,239)	(748)
Finance income	(3,852)	(1,606)	(2,592)
Finance costs	4,833	14,238	16,831
Provision for warranties charge	(863)	(1,678)	(885)
Cash generated from operations before working capital changes	888,439	708,444	956,313
Changes in working capital			
(Increase)/Decrease in Inventories	(79,315)	35,707	55,380
Increase in trade and other receivables	(34,871)	(21,789)	(36,778)
Increase/(Decrease) in trade and other payables	91,600	(12,920)	15,671
Increase in amounts received in advance	36,615	104,424	128,405
Increase in capitalized commission assets under IFRS 15	(67,301)	(50,480)	(64,437)
Cash generated from operations	<u>835,167</u>	<u>763,386</u>	<u>1,054,554</u>

16. Related parties

	Relationships	
Related parties	Onecell Community Phones Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Community Services Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Data Solutions Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Namibia Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Holdings Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Purple Rain Properties No. 444 Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Onecell Proprietary Limited	IJ Calisto has a beneficial interest in this company
	Cartrack Education Fund (NPO)	Bursary funding – South Africa entities
	J Marais	Shareholder – Cartrack Holdings Limited
	P Lim	Shareholder – Cartrack Technologies PHL INC
	Bumbene House Proprietary Limited	BEE funded company – Cartrack Holdings Limited
	J De Wet	Shareholder – Cartrack New Zealand Limited
	Brick Capital Polska Sp.Zo.O	IJ Calisto has a beneficial interest in this company
	Georgem Proprietary Limited	J Marais has a beneficial interest in this company
	F Calisto	IJ Calisto family
	Cartrack Mozambique LDA	IJ Calisto has a beneficial interest in this company
	CFC Sp.Zo.O	B Debski is a director
	Prime Business	B Debski is a director

Loan accounts — owing (to)/by related parties

	Nine months ended		Year ended
	November 2020	November 2019	February 2020
Figures in Rand thousands			
Related party balances			
Bumbene House Proprietary Limited	11,000	—	11,000
Cartrack Education Fund (NPO)	—	2	—
J Marais	—	13	13
J De Wet	(4,977)	(5,510)	(5,679)
P Lim	(2,934)	(2,254)	(2,683)
	<u>3,089</u>	<u>(7,749)</u>	<u>2,651</u>
Amounts included in trade receivables/ (trade payables) regarding related parties			
Trade receivables			
Onecell Proprietary Limited	—	1,582	—
J Marais	—	—	7
Onecell Holdings Proprietary Limited	—	3	—
Purple Rain Properties No. 444 Proprietary Limited	—	2,860	—
Onecell Community Services Proprietary Limited	—	2,950	—
Mulamobile (Pty) Ltd	4	—	—
Trade payables			
Onecell Community Services Proprietary Limited	—	(11)	—
Prime Business	(2,334)	(2,065)	(399)
	<u>(2,330)</u>	<u>5,319</u>	<u>(392)</u>
Related party transactions			
Sales to related parties			
Onecell Proprietary Limited	—	(217)	(407)
CFC.Sp.Zo.O	(199)	—	—
Brick Capital Polska SP. ZO.O	(2)	—	—
Mulamobile (Pty) Ltd	(62)	—	—
	<u>(263)</u>	<u>(217)</u>	<u>(407)</u>
Purchases from related parties			
Onecell Holdings Proprietary Limited	83	138	240
Onecell Proprietary Limited	319	277	437
Brick Capital Polska SP. ZO.O	33	—	—
Onecell Community Services Proprietary Limited	4,703	1,334	2,796
Mulamobile (Pty) Ltd	238	—	—
Cartrack Mozambique LDA	—	—	4,464
	<u>5,376</u>	<u>1,749</u>	<u>7,937</u>
Rent paid to related parties			
Purple Rain Properties No. 444 Proprietary Limited	9,893	11,044	16,449
Prime Business	930	763	895
Brick Capital Lda	1,110	—	—
Brick Capital Polska Sp.Zo.o	1,593	1,443	1,663
F Calisto	789	659	880
	<u>14,315</u>	<u>13,909</u>	<u>19,887</u>

17. Analysis of assets and liabilities by financial instrument classification

The following table shows the carrying amounts and classification of financial assets and financial liabilities. The carrying amounts are considered to approximate their fair values.

	As at		As at
	November 2020	November 2019	February 2020
	Figures in Rand thousands		
At 30 November 2020			
Financial assets			
Loans to related parties	11,000	1,900	11,013
Trade and other receivables	246,202	218,624	230,312
Cash and cash equivalents	88,433	134,452	145,787
	345,635	354,976	387,112
Financial liabilities			
Loans from related parties	7,911	7,764	8,362
Capitalized lease liabilities	90,012	99,107	98,997
Trade and other payables	232,909	94,949	148,812
Term loans	17,458	54,862	22,969
Bank overdraft	21,725	—	—
Amounts received in advance	248,032	188,684	208,782
	618,047	445,366	487,922

18. Basic and diluted earnings per share information**18.1 Basic and diluted earnings per share**

	Nine months ended		Year ended
	November 2020	November 2019	February 2020
Figures in Rand			
Basic and diluted earnings per share			
The calculation of basic and diluted earnings per share has been based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue.			
Basic and diluted earnings per share			
Basic and diluted earnings per share	12.7	10.5	14.3
Weighted average number of ordinary shares Issued at the beginning of the year/date of incorporation			
Basic earnings			
Profit attributable to ordinary shareholders (R'000)	258,875	214,036	289,882
Diluted basic earnings per share			
Basic earnings per share			
Basic earnings per share	12.7	10.5	14.3
Weighted average number of ordinary shares issued at the beginning of the year			
Basic earnings			
Profit attributable to ordinary shareholder of Karoo000 (R'000)	258,875	214,036	289,882

As discussed in Note 1 the Company is deemed to have acquired control of Cartrack when the loan to IJ Calisto was extinguished through the issuance of shares. The acquisition of Cartrack has been accounted for as transaction under common control and prior periods restated accordingly. For the purposes of computing earnings per share, the shares issued to extinguish the loan to IJ Calisto have been treated as outstanding from the date of incorporation of the Company.

18.2 Diluted earnings per share

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

19. Funding facilities

Rand Merchant Bank Limited has provided a R600 million funding facility to Cartrack Proprietary Limited of which R50 million is committed for a fixed period and R550 million is uncommitted. The final repayment date on the committed term facility is repayable in five years from the commencement date, being 31 January 2025 and the uncommitted term facility is repayable three years from utilization date.

Interest is levied at a rate of prime less 1.7% per annum. The covenants in respect of this loan have been complied at year-end. A guarantee has been signed by both Cartrack Holdings Limited and Cartrack Manufacturing Proprietary Limited for this loan and security has been provided in the form of a pledge and cession by the borrower and the guarantors of certain rights in favor of the lender for this loan, including shares held in South African entities, all claims, bank accounts, cash and cash equivalent investments, intellectual property, insurance policies and insurance proceeds.

20. Commitments

There are no capital commitments at the end of the period.

21. Subsequent Events

COVID-19

COVID-19 is considered to be a non-adjusting post balance sheet event as none of the countries in which the group operates were in a 'lockdown' state as at 30 November 2020. As a result, the possible impacts of COVID-19 have not resulted in an adjustment to the carrying values of the group's assets being recognized at the year end, but consideration has been given by the board of directors to going concern and the subsequent event disclosure in the preparation of the consolidated financial statements for the period ended 30 November 2020. Cartrack's global operations are subject to risks associated with actions taken by governmental authorities as a result of the COVID-19 pandemic.

These events, together with a number of evolving factors, including the duration and spread of the pandemic, the severity of the impact of the pandemic on economic activity and the changing actions of governmental authorities across the globe, has impacted the group's results for the period ended 30 November 2020 predominantly due to limited capacity to install in-vehicle IoT technology and the inability to deploy talent currently in Singapore into the Asia Pacific region.

Cartrack is actively monitoring these ongoing and potential impacts of COVID-19 in order to mitigate and minimize the impact on its business.

The group operates as a key "must have" service to its customers, driving efficiency through a digital transformation platform. It has a vertically integrated business model with an unleveraged balance sheet and 98% of revenues being historically recurring in nature. The group generates strong cash flows and also has access to an unutilized R600 million term facility provided by RMB.

The group has sufficient inventory on hand to last for nine months at budgeted volumes (pre COVID-19 budget) and, at present, supply chains are not affected. In addition to this, Cartrack is balancing its costs with the opportunities that may present themselves when the pandemic passes.

Restructuring of the Cartrack group

On 9 September 2020 shareholders of Cartrack Holdings Limited were advised that the Company has entered into negotiations and exploring options with its majority shareholder, Karooooo Pte. Ltd., which, if successfully concluded, may result in the restructuring of the Cartrack group.

Related Party Loan

On 22 December 2020, the Company entered into an agreement with a related party, whereby the related party agreed to lend up to an aggregate amount of US\$65,000,000 for the sole purpose of facilitating the Company's acquisition of the remaining interests in its subsidiary, Cartrack Holdings Limited. Orient Victoria Pte. Ltd. is controlled by our Chief Executive Officer, Isaías (Zak) Jose Calisto. The related party loan bears interest at a rate of 1.25% per annum. Karooooo may not declare any dividends until such time that all amounts due under the related party loan, including any interest accrued and unpaid interest, has been repaid to Orient Victoria Pte. Ltd. in full. On 29 December 2020, the Company drew down USD58,500,000 under the loan.

22. Going concern

The Director has reviewed the group cash flow forecast for the period ending 31 January 2022. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Director is satisfied that the Company and group have access to adequate resources to continue in operational existence for the foreseeable future and are going concerns. The Director has continued to adopt the going concern basis in preparing the financial statements.

Ordinary Shares

Karooooo Ltd.

Morgan Stanley

BofA Securities

William Blair

PROSPECTUS

, 2021

Until , 2021 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers’ obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 6. Indemnification of Directors and Officers

Our constitution provides that, subject to the provisions of the Singapore Companies Act and every other Singapore statute for the time being in force and affecting the Company, every director, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by them in the execution and discharge of their duties or in relation thereto. In particular, and without prejudice to the generality of the foregoing, no director, secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, willful default, breach of duty or breach of trust.

Under Section 172 of the Singapore Companies Act, any provision exempting or indemnifying the officers of a company (including directors) against any liability that would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. However, a company is not prohibited from: (a) as provided in Section 172A of the Singapore Companies Act, purchasing and maintaining for any such individual insurance against liability incurred by him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company; or (b) as provided in Section 172B of the Singapore Companies Act, indemnifying the individual against liability incurred by him or her to a person other than the company except when the indemnity is against any liability (i) of the individual to pay a fine in criminal proceedings, (ii) of the individual to pay a penalty to a regulatory authority in respect of non-compliance with any requirements of a regulatory nature (howsoever arising), (iii) incurred by the individual in defending criminal proceedings in which he or she is convicted, (iv) incurred by the individual in defending civil proceedings brought by the company or a related company in which judgment is given against him or her, or (v) incurred by the individual in connection with an application for relief under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant him or her relief.

We will enter into indemnification agreements with our officers and directors. These indemnification agreements will provide our officers and directors with indemnification to the maximum extent permitted by the Singapore Companies Act, save that the Company shall not provide any indemnity (to any extent) to a director or an officer against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company save for the circumstances as permitted pursuant to Section 172A and Section 172B of the Singapore Companies Act. We will also obtain a policy of directors' and officers' liability insurance that will insure directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances which are permitted under the Singapore Companies Act.

Item 7. Recent Sales of Unregistered Securities

Karooooo Pte. Ltd. was incorporated on May 19, 2018. Since then, we have issued the following securities. We believe that each of the following issuances was exempt from, or not subject to, registration under the Securities Act as transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions.

Purchaser	Date of Issuance	Number of Securities	Consideration (in thousands of U.S. dollars)	Underwriting Discount and Commission
Isaias (Zak) Jose Calisto	May 19, 2018	1,000	0.7	Not Applicable
Isaias (Zak) Jose Calisto	July 18, 2019	266,415,930	194,867.2	Not Applicable
Isaias (Zak) Jose Calisto	November 18, 2020	20,331,894	194,242.0	Not Applicable

In connection with our corporate reorganization, Karooooo Pte. Ltd. expects to issue up to ordinary shares in a transaction exempt from, or not subject to, the registration requirements under the Securities Act subsequent to the closing of this offering.

Cartrack Holdings Limited has not issued any securities since March 1, 2017.

Item 8. Exhibits

(a) The following documents are filed as part of this registration statement:

- 1.1 Form of Underwriting Agreement*
- 3.1 [Constitution of Karooooo Ltd.](#)
- 4.1 Specimen Share Certificate*
- 5.1 Opinion of Allen & Gledhill LLP as to the validity of the ordinary shares*
- 10.1 [Revolving Credit Facility dated February 18, 2021 by and between Cartrack Proprietary Limited, The Standard Bank of South Africa Limited and the parties listed therein as the original guarantors](#)
- 10.2 [Loan Agreement dated July 4, 2019 by and between Isaias \(Zak\) Jose Calisto and Karooooo Pte. Ltd.](#)
- 10.3 [Loan Capitalization Agreement dated November 18, 2020 by and between Isaias \(Zak\) Jose Calisto and Karooooo Pte. Ltd. as supplemented by the addendum dated February 15, 2021.](#)
- 10.4 [Loan Agreement dated December 22, 2020 by and between Orient Victoria Pte. Ltd. and Karooooo Pte. Ltd.](#)
- 10.5 Form of Registration Rights Agreement*
- 10.6 Form of Indemnification Agreement*
- 16.1 [Letter Regarding Change in Accountants](#)
- 21.1 [List of Subsidiaries](#)
- 23.1 [Consent of Deloitte & Touche](#)
- 23.2 Consent of Allen & Gledhill LLP (included in Exhibit 5.1)*
- 24.1 [Powers of Attorney \(included on signature page to the registration statement\)](#)
- 99.1 [Request for Waiver and Representation under Item 8.A.4 of Form 20-F](#)

* To be filed by amendment.

(b) Financial Statement Schedules

None.

Item 9. Undertakings

The undersigned registrant hereby undertakes the following:

(a) to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser;

(b) insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant

will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue;

(c) for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(d) for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Singapore, on February 26, 2021.

Karooooo Ltd.

By: /s/ Isaias (Zak) Jose Calisto

Name: Isaias (Zak) Jose Calisto

Title: Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Isaias (Zak) Jose Calisto and Morné Grundlingh and each of them, individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the U.S. Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on February 26, 2021 in the capacities indicated:

Name	Title	Date
/s/ Isaias (Zak) Jose Calisto Isaias (Zak) Jose Calisto	Chief Executive Officer and Director (principal executive officer)	February 26, 2021
/s/ Morné Grundlingh Morné Grundlingh	Chief Financial Officer and Director (principal financial officer and principal accounting officer)	February 26, 2021
/s/ Brett Nagle Brett Nagle	Director	February 26, 2021
/s/ David Brown David Brown	Director	February 26, 2021
/s/ Andrew Leong Andrew Leong	Director	February 26, 2021
/s/ Colleen A. De Vries Colleen A. De Vries	Authorized Representative in the United States	February 26, 2021

Co. Reg. No. 201817157Z

This is the printed document containing the new Constitution of Karooooo Ltd. adopted by way of a Special Resolution passed on 20 February 2021 and for the purpose of identification subscribed by me.

/s/ Steven Luk Chiew Peng

Name: STEVEN LUK CHIEW PENG
(Company Secretary)

THE COMPANIES ACT, CHAPTER 50

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

KAROOOOO LTD.

Incorporated on the 19th day of May 2018

(Adopted by Special Resolution passed on 20 February 2021)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989

TABLE OF CONTENTS

Headings	Page
INTERPRETATION	1
NAME	3
REGISTERED OFFICE	3
CAPACITY AND POWERS	3
LIABILITY OF MEMBERS	3
ISSUE OF SHARES	3
VARIATION OF RIGHTS	5
ALTERATION OF SHARE CAPITAL	6
SHARES	7
SHARE CERTIFICATES	8
CALLS ON SHARES	8
FORFEITURE AND LIEN	9
RESTRICTION ON TRANSFER OF SHARES	11
TRANSMISSION OF SHARES	12
GENERAL MEETINGS	13
NOTICE OF GENERAL MEETINGS	13
PROCEEDINGS AT GENERAL MEETINGS	15
VOTES OF MEMBERS	17
CORPORATIONS ACTING BY REPRESENTATIVES	21
DIRECTORS	21
CHIEF EXECUTIVE OFFICERS	22
VACATION OF OFFICE OF DIRECTORS	23
APPOINTMENT AND REMOVAL OF DIRECTORS	23
ALTERNATE DIRECTORS	25
MEETINGS AND PROCEEDINGS OF DIRECTORS	26
BORROWING POWERS	27
GENERAL POWERS AND DUTIES OF DIRECTORS	28

SECRETARY	29
THE SEAL	29
AUTHENTICATION OF DOCUMENTS	30
RESERVES	30
DIVIDENDS	30
BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES	32
FINANCIAL STATEMENTS	33
AUDITOR	33
NOTICES	34
WINDING UP	36
INDEMNITY	37
SECRECY	37
PERSONAL DATA	37

THE COMPANIES ACT, CHAPTER 50

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

KAROOOOO LTD.

(Adopted by Special Resolution passed on 20 February 2021)

INTERPRETATION

1. In this Constitution (if not inconsistent with the subject or context) the words and expressions set out in the first Interpretation column below shall bear the meanings set opposite to them respectively.

“Act”	The Companies Act, Chapter 50.
“in writing”	Written or produced by any substitute for writing or partly one and partly another and shall include (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Statutes) any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.
“JSE”	A public company registered and incorporated with limited liability under the company laws of the Republic of South Africa under registration number 2005/022939/06 and licensed as an exchange under the Financial Markets Act of South Africa, Act No. 19 of 2012 (as amended).
“JSE Listings Requirements”	The Listings Requirements of the JSE, as amended from time to time.
“month”	Calendar month.

“Office”	The registered office of the Company for the time being.
“paid”	Paid or credited as paid.
“registered address” or “address”	In relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.
“Seal”	The Common Seal of the Company.
“SENS”	The South African Stock Exchange News Service.
“Statutes”	The Act and every other act for the time being in force concerning companies and affecting the Company.
“Stock Exchange”	Any stock exchange upon which shares in the Company may be listed.
“this Constitution”	This Constitution as from time to time altered.

The expressions “current address”, “electronic communication”, “Special Resolution” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

References in this Constitution to “holders” of shares or a class of shares shall, except where otherwise expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares, and “holding” and “held” shall be construed accordingly.

References in this Constitution to “member” shall, where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.

The expression “Secretary” shall include any person appointed by the Directors to perform any of the duties of the Secretary of the Company and where two or more persons are appointed to act as Secretaries, or where one or more Assistant or Deputy Secretaries are appointed, shall include any one of those persons.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine gender shall include the feminine gender. Words denoting persons shall include corporations.

Any reference in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Except as aforesaid, any word or expression defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in this Constitution.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of this Constitution.

NAME

- | | | |
|----|--|------|
| 2. | The name of the Company is Karooooo Ltd. | Name |
|----|--|------|

REGISTERED OFFICE

- | | | |
|----|--|--------|
| 3. | The Office of the Company will be situated in Singapore. | Office |
|----|--|--------|

CAPACITY AND POWERS

- | | | |
|----|--|---------------------|
| 4. | Subject to the provisions of the Act and any other written law and this Constitution, the Company has: | Capacity and powers |
| | (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and | |
| | (b) for these purposes, full rights, powers and privileges. | |

LIABILITY OF MEMBERS

- | | | |
|----|--|----------------------|
| 5. | The liability of the members is limited. | Liability of members |
|----|--|----------------------|

ISSUE OF SHARES

- | | | |
|----|--|--|
| 6. | (A) The Company has power to issue different classes of shares, including shares which confer special, limited or conditional voting rights, or which do not confer voting rights. | Issue of different classes of shares |
| | (B) Notwithstanding anything in article 6(A), the Company shall not undertake any issuance of shares that confer special, limited or conditional voting rights, or that confer no voting rights, unless it is approved by the members of the Company by Special Resolution. | Special Resolution required for issuance of shares with special voting rights etc. |
| 7. | (A) Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and the listing rules of the Stock Exchange, and without prejudice to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Company in General Meeting may approve and for such consideration (if any) and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, or which do not confer voting rights, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors and Provided always that: | Issue of shares |

- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply;
- (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and
- (c) to the extent that any shares of the Company are listed on the JSE, where the members authorise the Directors to issue unissued securities and/or grant options to subscribe for unissued securities, as the Directors in their discretion deem fit, such corporate action has been approved by the JSE and are subject to the JSE Listings Requirements.

(B) The Company may issue shares for which no consideration is payable to the Company. Issue of shares for no consideration

8. The rights attached to shares issued upon special conditions shall be clearly defined in this Constitution. Special rights

8A. Subject to the Statutes and any applicable laws, the holders of shares (other than ordinary shares) and any special shares created for purpose of black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 of South Africa ("**Preference Shareholders**") shall not be entitled to vote on any resolution taken by the Company, save in the following instances: Preference shares

- (a) during any special period, as provided for in article 8A(c), during which any dividend, any part of any dividend on such shares held by the Preference Shareholders or any redemption payment thereon remains in arrears and unpaid;
- (b) in regard to any resolution proposed for the winding-up of the Company or the reduction of its capital;
- (c) the period referred to in article 8A(a) shall be a period not more than six months after the due date of the dividend or redemption payment in question or, where no due date is specified, after the end of the financial year of the Company in respect of which such dividend accrued or such redemption payment became due; and
- (d) in regard to any resolution proposed to vary any rights attached to shares held by such Preference Shareholders.

VARIATION OF RIGHTS

9. If at any time the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney or other duly authorised representative one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney or other duly authorised representative may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that:

Variation of rights

- (a) where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting; or
- (b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney or other duly authorised representative may demand a poll.

The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

10. The special rights attached to any class of shares having preferential rights shall unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking equally therewith.

Issue of further shares with special rights

ALTERATION OF SHARE CAPITAL

11. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A). Offer of new shares to members
- (B) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise. New shares subject to the Statutes and this Constitution
12. (A) The Company may by Special Resolution:
- (a) consolidate and divide all or any of its shares;
 - (b) subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares;
 - (c) subject to the provisions of this Constitution and the Statutes, convert its share capital or any class of shares from one currency to another currency; and
 - (d) cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited, and diminish the amount of its share capital by the number of the shares so cancelled.
- (B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares. Power to convert shares
13. (A) The Company may by Special Resolution reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Power to reduce capital

<p>(B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.</p>	<p>Power to repurchase shares</p>
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<p>(C) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.</p>	<p>Treasury shares</p>
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SHARES

<p>14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder thereof.</p>	<p>Absolute owner of shares</p>
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<p>15. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, or which do not confer voting rights, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.</p>	<p>Rights and privileges of new shares</p>
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<p>16. Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.</p>	<p>Power of Directors to issue shares</p>
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<p>17. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.</p>	<p>Power to pay commission and brokerage</p>
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18. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this article shall not affect the liability of any allottee who may have agreed to pay the same. Payment of instalments

SHARE CERTIFICATES

19. Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class. Share certificates

20. In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate for such share to any one of the registered joint holders shall be sufficient delivery to all such holders. Issue of certificate to joint holders

21. Every person whose name is entered as a member in the Register of Members shall be entitled to receive, in accordance with the Act, a certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine. Entitlement to certificate

22. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, the Company shall issue a new certificate in lieu thereof on such evidence being produced and a letter of indemnity (if required) being given by the member, transferee, person entitled or purchaser, as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of a fee not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a member or person entitled to whom such new certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. Replacement share certificates

22A. The shares of the Company in each class shall rank *pari passu*. *Pari passu* ranking of shares

CALLS ON SHARES

23. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments. Calls on shares

24. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls, instalments and interest due in respect thereof. A call may be revoked or postponed as the Directors may determine. Notice of calls
25. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 10 per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part. Interest on unpaid calls
26. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. When calls made and payable
27. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. Power of Directors to differentiate
28. The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent. per annum as the member paying such sum and the Directors may agree. Payment of calls in advance

FORFEITURE AND LIEN

29. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. Notice requiring payment of calls
30. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited. Notice to state place and time of payment
31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. Forfeiture on non-compliance with notice

32. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid. Sale of forfeited shares
33. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part. Rights and liabilities of members whose shares have been forfeited
34. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared or payable in respect of such shares. Such lien shall be restricted to unpaid calls and instalments (together with any interest and expenses thereon) upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this article. Company to have paramount lien
35. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. Sale of shares subject to lien
36. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser. Application of sale proceeds
37. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share. Title to forfeited or surrendered shares

RESTRICTION ON TRANSFER OF SHARES

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| <p>38. Subject to the Act and the restrictions set out in this Constitution, any member may transfer all or any of his shares, but every transfer must be in writing and in the usual or common form, or in any other form which the Directors may approve. The instrument of transfer of a share shall be signed both by the transferor and by the transferee, and by the witness or witnesses thereto. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. Shares of different classes shall not be comprised in the same instrument of transfer.</p> | <p>Form and execution of transfer</p> |
| <p>39. All instruments of transfer which are registered shall be retained by the Company but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.</p> | <p>Retention of transfers</p> |
| <p>40. No share shall in any circumstances be transferred to any infant or bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.</p> | <p>Infant, bankrupt or mentally disordered</p> |
| <p>41. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine. Provided always that such Register shall not be closed for more than 30 days in any calendar year.</p> | <p>Closure of Register of Members</p> |
| <p>42. (A) The Directors may, in their sole discretion, refuse to register an instrument of transfer of shares in respect of any share on which the Company has a lien or to a person of whom they do not approve but shall in such event:</p> <ul style="list-style-type: none"> (a) within 30 days after the date on which the transfer was lodged with the Company, send to the transferor and to the transferee notice of the refusal; and (b) within 30 days beginning with the day on which the application for a transfer of shares was made to the Company for a person to be registered as a member in respect of shares which have been transferred or transmitted to him by act of parties or operation of law, serve on the applicant a notice in writing stating the facts which are considered to justify refusal in the exercise of that discretion. | <p>Directors' power to refuse to register a transfer</p> |
| <p>(B) The Directors may, in their sole discretion, refuse to register any transfer of shares unless:</p> <ul style="list-style-type: none"> (a) such fee not exceeding S\$2 or such other sum as the Directors may from time to time require under the provisions of this Constitution, is paid to the Company in respect thereof; and (b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do. | <p>When Directors may refuse to register a transfer</p> |

43. The Company may provide a book to be called “Register of Transfers” which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares. Register of Transfers
- 43A. Subject to the Act and this Constitution, all transactions (including share transfers) shall comply with the listing rules of the Stock Exchange (including the JSE Listings Requirements for so long as the shares of the Company are listed on the JSE). Compliance with applicable listing rules.
- 43B. The shares of the Company set out in the Company's South African Branch Register or, as the case may be, administrative depositary share register (in other words, the shares listed on the JSE) may be moved from such South African Branch Register or, as the case may be, administrative depositary share register to the Register of Members or any other Branch Register (“**Removal Process**”), provided that the Company provides the JSE with written confirmation that all of the agreements with transfer secretaries make provisions to: Transfer from South African Branch Register or, as the case may be, administrative depositary share register.
- (a) mandate a compulsory one day Removal Process; and
 - (b) introduce appropriate penalty measures where the Removal Process is not adopted and implemented by the transfer secretaries.

TRANSMISSION OF SHARES

44. In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. Survivor or legal personal representatives of deceased member
45. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided) upon producing such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of his desire or transfer such share to some other person. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member. Transmission of shares

<p>46. Except as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to article 44 or article 45 shall (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise) as if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members in respect of the share.</p>	<p>Rights of person on transmission of shares</p>
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<p>47. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.</p>	<p>Fee for registration of probate etc.</p>
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GENERAL MEETINGS

<p>48. (A) Except as otherwise permitted under the Act, an Annual General Meeting shall be held in accordance with the provisions of the Act. All General Meetings (other than the Annual General Meeting) shall be called Extraordinary General Meetings.</p>	<p>Annual General Meeting and Extraordinary General Meeting</p>
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<p>(B) The time and place of any General Meeting shall be determined by the Directors.</p>	<p>Time and place</p>
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<p>49. The Directors may whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by the Act. If at any time there are not sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.</p>	<p>Calling Extraordinary General Meeting</p>
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NOTICE OF GENERAL MEETINGS

<p>50. Subject to the provisions of the Act relating to Special Resolutions and agreements to shorter notice, 14 days' notice at the least (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to all members and such persons as are under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:</p>	<p>Notice of General Meeting</p>
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| <p>(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and</p> <p>(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the members having a right to vote at that meeting,</p> | |
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Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

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| <p>51. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. Where the Company has one or more classes of shares that confer special, limited or conditional voting rights, or that confer no voting rights, the notice shall also specify the special, limited or conditional voting rights, or the absence of voting rights, in respect of each such class of shares.</p> | <p>Contents of notice for General Meeting</p> |
| <p>(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.</p> | <p>Contents of notice for Annual General Meeting</p> |
| <p>(C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.</p> | <p>Notice of General Meeting for special business and Special Resolutions</p> |
52. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) declaring a dividend;
 - (b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) appointing or re-appointing the Auditor;
 - (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
 - (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 78 and/or article 79.

PROCEEDINGS AT GENERAL MEETINGS

53. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two members present in person shall form a quorum save that:

Quorum

- (a) in the event of a corporation being beneficially entitled to the whole of the issued shares of the Company, one person representing such corporation shall be a quorum and shall be deemed to constitute a meeting and, if applicable, the provisions of Section 179 of the Act shall apply; and
- (b) in the event the Company has only one member, the Company may pass a resolution by that member recording the resolution and signing the record in accordance with the provisions of Section 184G of the Act.

For the purpose of this article, “member” includes a person attending by proxy or by attorney or other duly authorised representative.

Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.

54. If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or to such other day, and at such other time and place as the Directors may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved. No notice of any such adjournment as aforesaid shall be required to be given to the members.

If quorum not present, adjournment or dissolution of meeting

55. Subject to the provisions of the Act, the members may participate in a General Meeting by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating in the General Meeting are able to hear and be heard by all other members without the need for a member to be in the physical presence of another member(s) and participation in the General Meeting in this manner shall be deemed to constitute presence in person at such meeting. The members participating in any such General Meeting shall be counted in the quorum for such General Meeting and subject to there being a requisite quorum under this Constitution, all resolutions agreed by the members in such General Meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held. A General Meeting conducted by means of a conference telephone or a video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the members attending the General Meeting, provided that at least one of the members present at the General Meeting was at that place for the duration of the General Meeting.

General Meeting via conference telephone, video conference telephone or similar communications equipment

56. (A) Subject to any additional requirements as may be imposed by the Act or this Constitution, all resolutions of the members shall be adopted by a simple majority vote of the members present and voting.

Voting

(B) If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

Amendment of resolutions

57.	Subject to the provisions of the Act:	Resolutions in writing
	<ul style="list-style-type: none"> (a) a Special Resolution may be passed by written means if the resolution indicates that it is a Special Resolution and if it has been formally agreed on any date by one or more members who on that date represent at least 75 per cent. of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company; and (b) an Ordinary Resolution is passed by written means if the resolution does not indicate that it is a Special Resolution and if it has been formally agreed on any date by one or more members who on that date represent a majority of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company. 	
	<p>A Special or Ordinary Resolution passed by written means may consist of several documents in the like form each signed by one or more of the members who have the right to vote on that resolution at a General Meeting of the Company. The expressions “by written means” and “signed” include approval by any such member by telefax or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors. For the purpose of this article, “member” includes a person signing by proxy or by attorney or as representing a corporation which is a member.</p>	
58.	The Chairman of the Board of Directors, failing whom the Deputy Chairman, if any, shall preside as chairman at every General Meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither is present within 10 minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall choose one of their number, or if no Director is present or if all the Directors present decline to take the chair, the members present shall choose one of their number, to be chairman of the meeting.	Chairman of General Meeting
59.	The chairman of any General Meeting at which a quorum is present may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time (or <i>sine die</i>) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more or <i>sine die</i> , notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.	Business at adjourned meeting
60.	At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:	Method of voting
	<ul style="list-style-type: none"> (a) by the chairman of the meeting; or (b) by not less than two members present in person or by proxy or by attorney or other duly authorised representative and entitled to vote at the meeting; or 	

- (c) by a member present in person or by proxy or by attorney or other duly authorised representative and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member present in person or by proxy or by attorney or other duly authorised representative, and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this article may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

61. If a poll is duly demanded, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may, or if so directed by the meeting shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Taking a poll

62. A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. Timing for taking a poll

63. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote. Casting vote of chairman

VOTES OF MEMBERS

64. Subject and without prejudice to any special rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative. Every member who is present in person or by proxy, or by attorney or other duly authorised representative shall: How members may vote

- (a) on a show of hands, have one vote, Provided always that in the case of a member who is represented by two or more proxies, only one of the proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote on a show of hands; and
- (b) on a poll, have one vote for each share which he holds or represents.

65.	In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy or by attorney or other duly authorised representative, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the share.	Voting rights of joint holders
66.	Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy or by attorney or other duly authorised representative at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.	Voting in the event of mental disorder
67.	No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at any General Meeting either personally or by proxy or by attorney or other duly authorised representative, or to exercise any other right conferred by membership in relation to meetings of the Company, unless all calls or other sums presently payable by him to the Company in respect of such shares have been paid.	Entitlement of members to vote
68.	No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.	When objection to admissibility of votes may be made
69.	On a poll, votes may be given either personally or by proxy or by attorney or other duly authorised representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.	Votes on a poll
70. (A)	Except as otherwise provided in the Act, a member may appoint more than two proxies to attend, speak and vote at the same General Meeting. Where such member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the instrument of proxy.	Appointment of proxies
(B)	The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.	Notes and instructions
(C)	A proxy need not be a member of the Company.	Proxy need not be a member

71. (A) The instrument appointing a proxy shall be in writing and:

Execution of proxies
- (a) in the case of an individual, shall be:

(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, if the instrument is delivered personally or sent by post; or

(ii) authorised by that corporation, through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of articles 71(A)(a)(ii) and 71(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by the use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 72(A), failing which the instrument may be treated as invalid.

Witness and authority

(C) The Directors may, in their absolute discretion:

Directors may approve method and manner, and designate procedure, for electronic communications

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in articles 71(A)(a)(ii) and 71(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 71(A)(a)(i) and/or (as the case may be) article 71(A)(b)(i) shall apply.

(D) The instrument appointing a proxy shall be in the following form with such variations, if any, as circumstances may require or in any other form which the Directors may approve: Form of proxies

“[Name of company]

I/We*, [name(s)], of [address(es)], being a member/members* of the above-named Company, appoint [name] of [address], or failing him/her*, [name] of [address], as my/our* proxy to vote for me/us* on my/our* behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company, to be held on [date], and at any adjournment of the meeting.
Signed on [date].

*Delete whichever is not applicable.”

72. (A) The instrument appointing a proxy or the power of attorney or other authority, if any: Deposit of proxies

- (a) if sent personally or by post, shall be deposited at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or adjourned meeting (or, if no place is so specified, at the Office); or
- (b) if submitted by electronic communication, shall be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or adjourned meeting,

and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default the instrument of proxy shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy or the power of attorney or other authority, if any, relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 72 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 72(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 72(A)(a) shall apply. Directors may specify means for electronic communications

73. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting. Rights of proxies

74.	A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy was given. Provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.	Intervening death or mental disorder
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CORPORATIONS ACTING BY REPRESENTATIVES

75.	In accordance with the provisions of Section 179 of the Act, any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall, in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be personally present at any such meeting if the person so authorised is present thereat.	Corporations acting by representatives
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DIRECTORS

76.	Subject to the other provisions of Section 145 of the Act, there shall be at least one Director who is ordinarily resident in Singapore.	Number of Directors
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77.	A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.	No share qualification for Directors
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78.	Subject to the provisions of Section 169 of the Act, the remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.	Remuneration of Directors
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79.	Subject to the provisions of Section 169 of the Act, any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.	Remuneration for work outside scope of ordinary duties
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80.	The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.	Reimbursement of expenses
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<p>81. (A) Other than the office of Auditor, a Director may hold any other office or place of profit under the Company and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from transacting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such transaction or arrangement or any transaction or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so transacting or being so interested be liable to account to the Company for any profit realised by any such transaction or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.</p>	<p>Power of Directors to hold office of profit and to transact with Company</p>
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<p>(B) A Director may be or become a director of or hold any office or place of profit (other than as Auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.</p>	<p>Holding of office in other companies</p>
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<p>(C) The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.</p>	<p>Directors may exercise voting power conferred by Company's shares in another company</p>
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CHIEF EXECUTIVE OFFICERS

<p>82. The Directors may from time to time appoint one or more of their body to be Chief Executive Officer or Chief Executive Officers (or other equivalent position) of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p>	<p>Appointment of Chief Executive Officer</p>
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<p>83. A Chief Executive Officer (or person holding an equivalent position) who is a Director shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company.</p>	<p>Retirement, resignation and removal of Chief Executive Officer</p>
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<p>84. Subject to Section 169 of the Act, where applicable, the remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participation in profits or by any or all these modes.</p>	<p>Remuneration of Chief Executive Officer</p>
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85.	The Directors may from time to time entrust to and confer upon a Chief Executive Officer (or person holding an equivalent position) for the time being such of the powers exercisable under this Constitution by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.	Powers of Chief Executive Officer
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VACATION OF OFFICE OF DIRECTORS

86.	The office of a Director shall be vacated in any of the following events, namely:	When office of Director to be vacated
	<ul style="list-style-type: none"> (a) if he becomes prohibited from being a Director by reason of any order made under the Act; or (b) if he ceases to be a Director by virtue of any of the provisions of the Act or this Constitution; or (c) if he shall become disqualified from being a Director by virtue of his disqualification or removal or the revocation of his appointment as a director, as the case may be, under the provisions of the Act and any other written law in Singapore; or (d) subject to the provisions of Section 145 of the Act, if he resigns by writing under his hand left at the Office; or (e) if he shall have a bankruptcy order made against him or if he shall make any arrangement or composition with his creditors generally; or (f) if he becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or (g) if he is removed by the Company in General Meeting pursuant to this Constitution. 	

APPOINTMENT AND REMOVAL OF DIRECTORS

87.	The Company may in accordance with and subject to the provisions of the Statutes by Ordinary Resolution of which special notice has been given remove any Director from office (notwithstanding any provision of this Constitution or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment, the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.	Removal of Directors
88.	The Directors shall be divided into three (3) classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III.	Classified Board

<p>89. The Board of Directors may assign members of the Board of Directors already in office to such classes at the time such classification becomes effective. The term of office of the initial Class I Directors shall expire at the first Annual General Meeting following the adoption of this Constitution, the term of office of the initial Class II Directors shall expire at the second Annual General Meeting following the adoption of this Constitution and the term of office of the initial Class III Directors shall expire at the third Annual General Meeting following the adoption of this Constitution. At each Annual General Meeting, commencing with the first Annual General Meeting following the adoption of this Constitution, each of the successors elected to replace the Directors of a Class whose term shall have expired at such Annual General Meeting shall be elected to hold office until the third Annual General Meeting next succeeding his or her election and until his or her respective successor shall have been duly elected and qualified. A retiring Director shall be eligible for re-election.</p>	<p>Term of Directors</p>
<p>90. The Company at the meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:</p> <ul style="list-style-type: none"> (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or (b) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or (c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or (d) where the default is due to the moving of a resolution in contravention of the next following article. 	<p>Filling vacated office</p>
<p>The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.</p>	
<p>91. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution passed in contravention of this article shall be void.</p>	<p>Appointment of two or more persons as Directors</p>

92.	The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto the Directors shall have power at any time to do so, but any person so appointed by the Directors shall hold office only until the next Annual General Meeting. He shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.	Power to fill casual vacancies and appoint additional Directors
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ALTERNATE DIRECTORS

93. (A)	Any Director may at any time by writing under his hand and deposited at the Office or by telefax sent to the Secretary appoint any person to be his Alternate Director and may in like manner at any time terminate such appointment. Any appointment or removal by telefax shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile.	Appointment of Alternate Directors
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(B)	A Director or any other person may act as an Alternate Director to represent more than one Director and such Alternate Director shall be entitled at meetings of the Directors to one vote for every Director whom he represents in addition to his own vote if he is a Director.	Voting and capacity
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(C)	The appointment of an Alternate Director shall <i>ipso facto</i> determine on the happening of any event which if he were a Director would render his office as a Director to be vacated and his appointment shall also <i>ipso facto</i> determine if his appointor ceases for any reason to be a Director.	Determination of appointment of Alternate Directors
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(D)	An Alternate Director shall be entitled to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally, if his appointor is absent from Singapore or is otherwise unable to act as such Director, to perform all functions of his appointor as a Director (except the power to appoint an Alternate Director) and to sign any resolution in accordance with the provisions of article 100.	Powers of Alternate Directors
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(E)	An Alternate Director shall not be taken into account in reckoning the minimum number of Directors allowed for the time being under this Constitution but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote. Provided that in the event the Company has more than one Director, he shall not constitute a quorum under article 95 if he is the only person present at the meeting notwithstanding that he may be an Alternate to more than one Director.	Quorum
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(F)	An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be indemnified to the same extent <i>mutatis mutandis</i> as if he were a Director.	Alternate Directors may contract with Company
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(G)	An Alternate Director shall be entitled to be repaid expenses and receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.	Remuneration of Alternate Directors
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(H)	An Alternate Director shall not be required to hold any share qualification.	No share qualification
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MEETINGS AND PROCEEDINGS OF DIRECTORS

94. (A) Subject to the provisions of this Constitution, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Meetings of Directors

At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors.

(B) Directors may participate in a meeting of the Directors by means of a conference telephone or video conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum in accordance with this Constitution, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A meeting conducted by means of a conference telephone or video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Directors attending the meeting, Provided always that at least one of the Directors present at the meeting was at that place for the duration of the meeting. Participation by conference telephone, video conference telephone or similar communications equipment

(C) In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is ceasing to take part in the meeting. Director participating in conference meeting to be made known

95. In the event the Company has more than one Director, the quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two. Notwithstanding the foregoing, in the event the Company has only one Director, that Director shall form the quorum and may pass a resolution by recording the resolution and signing the record. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. Quorum

96. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote. Votes

97. Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office held or property possessed by a Director which might create duties or interests in conflict with his duties or interests as a Director. A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. Directors to observe Section 156 of the Act and not to vote on transactions or proposed transactions in which they have an interest

98. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with this Constitution, any member may summon a General Meeting for the purpose of appointing Directors. Proceedings in case of vacancies

99.	The Directors may elect from their number a Chairman and if desired a Deputy Chairman and determine the period for which he is or they are to hold office. The Deputy Chairman will perform the duties of the Chairman during the Chairman's absence for any reason. The Chairman and in his absence the Deputy Chairman shall preside as Chairman at meetings of the Directors but if no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.	Chairman and Deputy Chairman
100.	A resolution in writing signed by a majority of the Directors and being not less than are sufficient to form a quorum shall be as effective as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form, each signed by one or more Directors. The expressions "in writing" and "signed" include approval by any such Director by telefax or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.	Resolutions in writing
101.	The Directors may delegate any of their powers or discretion to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.	Power to appoint committees
102.	The meetings and proceedings of any such committee consisting of two or more members shall be governed <i>mutatis mutandis</i> by the provisions of this Constitution regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding article.	Meetings and proceedings of committees
103.	All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.	Validity of acts of Directors in committees in spite of some formal defect

BORROWING POWERS

104.	Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.	Directors' borrowing powers
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GENERAL POWERS AND DUTIES OF DIRECTORS

105. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors may exercise all such powers of the Company as are not by the Statutes or by this Constitution required to be exercised by the Company in General Meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking or property unless such proposals have been approved by the Company in General Meeting in accordance with the provisions of the Act. The general powers given by this article shall not be limited or restricted by any special authority or power given to the Directors by any other article. General powers of Directors to manage Company's business
106. The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby. Directors may establish local boards or agencies
107. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Directors may appoint attorneys
108. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine. Cheques, etc.
109. The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Statutes cause to be kept a Branch Register or Registers of Members and the Directors may (subject to the provisions of the Statutes) make and vary such regulations as they may think fit in respect of the keeping of any such Register. Registers

110. (A) The Directors shall cause minutes to be made of all of the following matters in books to be provided for the purpose: Minutes

- (a) of all appointments of officers made by the Directors;
- (b) of the names of the Directors present at each meeting of Directors and of any committee of Directors;
- (c) of all resolutions and proceedings at all meetings of the Company and of any class of members, of the Directors and of committees of Directors; and
- (d) in the event the Company has only:
 - (i) one Director, of all duly signed records of resolutions passed, and all declarations made, by that Director; and
 - (ii) one member, of all duly signed records of resolutions passed by that member.

(B) The minutes referred to in article 110(A) must be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.

SECRETARY

111. The Secretary shall in accordance with the provisions of the Act be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit, two or more persons may be appointed as Secretaries. The Directors may also appoint from time to time on such terms as they may think fit, one or more Assistant or Deputy Secretaries. The appointment and duties of the Secretary, Assistant Secretaries or Deputy Secretaries shall not conflict with the provisions of the Act and in particular Section 171 of the Act. Secretary

THE SEAL

112. Where the Company has a Seal, the Directors shall provide for the safe custody of the Seal which shall only be used by the authority of the Directors or of a committee of Directors authorised by the Directors in that behalf. Seal

113. Every instrument to which the Seal is affixed shall be signed autographically by a Director and the Secretary or a second Director or some other person appointed by the Directors for the purpose save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors. Affixing Seal

114. (A) Where the Company has a Seal, the Company may exercise the powers conferred by the Statutes with regard to having an official seal for use in any place outside Singapore as referred to in Section 41(7) of the Act which shall be a facsimile of the Seal with the addition on its face of the name of the place where it is to be used and the person affixing such official seal shall, in writing under his hand, certify on the instrument to which it is affixed the date on which and the place at which it is affixed. Official seal

(B) Where the Company has a Seal, the Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal

AUTHENTICATION OF DOCUMENTS

115. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents, accounts and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents, accounts or financial statements are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this article may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.
- Power to authenticate documents

RESERVES

116. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.
- Reserves

DIVIDENDS

117. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.
- Declaration of dividends
118. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
- Fixed and Interim dividends

119.	Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:	Apportionment of dividends
	(a) all dividends in respect of shares shall be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and	
	(b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.	
For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.		
120.	(A) No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.	Dividends payable out of profits
	(B) No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.	No interest on dividends
121.	The Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.	Deduction from dividends
122.	(A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	Retention of dividends on shares subject to lien
	(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.	Retention of dividends pending transmission
123.	The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.	Unclaimed dividends or other moneys
124.	The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.	Payment of dividend <i>in specie</i>

125.

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Dividends payable by cheque or warrant
126.

If two or more persons are registered in the Register of Members as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

Payment of dividends to joint holders

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

127.

(A)

The Directors may, with the sanction of an Ordinary Resolution of the Company (but subject to article 6(B)):

Power to issue free bonus shares and/or to capitalise reserves
- (a)

issue bonus shares for which no consideration is payable to the Company, to the persons registered as holders of shares in the Register of Members at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares; and/or
- (b)

capitalise any sum standing to the credit of any of the Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.
- (B)

The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Power of Directors to give effect to bonus issues and capitalisations

FINANCIAL STATEMENTS

128. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit. No member of the Company (other than a Director, the holding company or the parent company, as the case may be, of the Company) or other person shall have any right of inspecting any account or book or document or other recording of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors or by an Ordinary Resolution of the Company. Accounting records

129. Unless the Company is exempted under the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such financial statements, balance sheets, reports, statements and other documents as may be necessary, in accordance with the provisions of the Act. Presentation of financial statements

130. Subject to the provisions of the Act, a copy of the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto), which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, shall not less than 14 days before the date of the General Meeting be sent to every member of the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of this Constitution; Provided always that: Copies of financial statements

(a) such documents may be sent less than 14 days before the date of the General Meeting as required under article 130 if all the persons entitled to receive notice of General Meetings of the Company so agree; and

(b) this article 130 shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of any joint holders of a share in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

AUDITOR

131. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified. Validity of acts of Auditor

132. Subject to the provisions of the Act, an Auditor or his agent authorised by him in writing for the purpose shall be entitled to attend any General Meeting and to receive all notices of, and other communications relating to, any General Meeting which any member is entitled to receive, and to be heard at any General Meeting which he attends on any part of the business of the meeting which concerns the Auditor in his capacity as Auditor. Auditor entitled to attend General Meetings

NOTICES

133. (A) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted. Service of notices

(B) Without prejudice to the provisions of article 133(A), but subject otherwise to the Act and any regulations made thereunder relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a member may be given, sent or served using electronic communications: Electronic communications

(a) to the current address of that person; or

(b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures.

(C) For the purposes of article 133(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document. Implied consent

(D) Notwithstanding article 133(C) above, the Directors may, at their discretion, at any time by notice in writing give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document. Deemed consent

<p>(E) Where a notice or document is given, sent or served by electronic communications:</p> <p>(a) to the current address of a person pursuant to article 133(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and</p> <p>(b) by making it available on a website pursuant to article 133(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or any other applicable regulations or procedures.</p>	<p>When notice given by electronic communications deemed served</p>
<p>(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 133(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:</p> <p>(a) by sending such separate notice to the member personally or through the post pursuant to article 133(A);</p> <p>(b) by sending such separate notice to the member using electronic communications to his current address pursuant to article 133(B)(a); and/or</p> <p>(c) by way of advertisement in the daily press and for so long as the shares of the Company are listed on the JSE, by way of announcement on SENS.</p>	<p>Notice to be given of service on website</p>
<p>(G) Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.</p>	<p>Signature on notice</p>
<p>(H) When a given number of days' notice or notice extending over any other period is required to be given the day of service shall not, unless it is otherwise provided or required by this Constitution or by the Act, be counted in such number of days or period.</p>	<p>Day of service not counted</p>
<p>(I) The provisions in this article 133 shall apply <i>mutatis mutandis</i> to notices of meetings of Directors or any committee of Directors.</p>	<p>Notice of meetings of Directors or any committee of Directors</p>
<p>134. Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members in respect of the share shall be sufficient notice to all the joint holders in their capacity as such.</p>	<p>Service of notices in respect of joint holders</p>
<p>135. A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company an address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any member or given, sent or served to any member using electronic communications in pursuance of this Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member in the Register of Members as sole or first-named joint holder.</p>	<p>Service of notices after death, bankruptcy, etc.</p>

136. (A) Notice of every General Meeting shall be given in the manner hereinbefore authorised to: Persons entitled to receive notices of General Meeting
- (a) every member;
 - (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a member who but for the same would be entitled to receive notice of the meeting; and
 - (c) the Auditor.
- (B) No other person shall be entitled to receive notices of General Meetings.

WINDING UP

137. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up. Power to present winding up petition
138. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company, whether the assets consist of property of the same kind or not, and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other securities in respect of which there is a liability. Distribution of assets *in specie*
139. In the event of a winding up of the Company every member of the Company who is not for the time being in Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in any leading daily newspaper in the English language in circulation in Singapore or by a registered letter sent through the post and addressed to such member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted. For so long as the shares of the Company are listed on the JSE, an announcement on any such appointment shall also be made on SENS. Member outside Singapore

INDEMNITY

140. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto. Without prejudice to the generality of the foregoing, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust. Indemnity

SECRECY

141. No member shall be entitled to require discovery of or any information respecting any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public save as may be authorised by law. Secrecy

PERSONAL DATA

142. (A) A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes: Personal data of members

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that member's holding of shares in the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its members to receive notices of meetings, financial statements and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
- (g) implementation and administration of, and compliance with, any provision of this Constitution;
- (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
- (i) purposes which are reasonably related to any of the above purpose;

(B) Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in article 142(A)(f) and 142(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

Personal data of proxies and/or representatives

I, the sole subscriber whose name and occupation are hereunto subscribed, am desirous of being formed into a company in pursuance of this Constitution, and I agree to take the number of shares in the capital of the Company set opposite to my name.

Name and Occupation of Subscriber	Number of shares taken by each subscriber
ISAIAS JOSE CALISTO 3 Ardmore Park #28-02 Ardmore 3 Singapore 259950 Director	One Thousand (1,000)
Total Number of Shares Taken...	One Thousand (1,000)

NAME AND OCCUPATION OF SUBSCRIBER

ISAIAS JOSE CALISTO
3 Ardmore Park #28-02
Ardmore 3
Singapore 259950

Director

Dated this 19th day of May 2018



Execution Version

REVOLVING CREDIT FACILITY AGREEMENT

between

CARTRACK PROPRIETARY LIMITED
(in its capacity as Borrower)

and

THE STANDARD BANK OF SOUTH AFRICA LIMITED
(acting through its Corporate and Investment Banking division)
(in its capacity as Original Lender)

and

THE PARTIES LISTED IN Annexure A AS ORIGINAL GUARANTORS
(in their capacity as Original Guarantors)

The Central 96 Rivonia Road
Sandton 2196 Johannesburg South Africa
Private Bag 10015 Sandton 2146

Docex 111 Sandton
Tel +27 11 535 8000
Fax +27 11 535 8600

www.werksmans.com



TABLE OF CONTENTS

1	DEFINITIONS AND INTERPRETATION	1
2	THE FACILITY	29
3	PURPOSE	29
4	CONDITIONS OF UTILISATION	30
5	UTILISATION	31
6	REPAYMENT	32
7	PREPAYMENT AND CANCELLATION	32
8	INTEREST	37
9	INTEREST PERIODS	38
10	CHANGES TO THE CALCULATION OF INTEREST	38
11	FEES	41
12	TAX GROSS UP AND INDEMNITIES	41
13	INCREASED COSTS	46
14	INDEMNITY	47
15	MITIGATION BY THE LENDER	48
16	COSTS AND EXPENSES	48
17	GUARANTEE AND INDEMNITY	49
18	REPRESENTATIONS	54
19	INFORMATION UNDERTAKINGS	62
20	FINANCIAL COVENANTS	67
21	GENERAL UNDERTAKINGS	72
22	EVENTS OF DEFAULT	83
23	CHANGES TO THE LENDER	88
24	CHANGES TO THE OBLIGORS	90
25	CONDUCT OF BUSINESS BY THE LENDER	91
26	PAYMENT MECHANICS	91
27	SET-OFF	93



28	NOTICES	94
29	CALCULATIONS AND CERTIFICATES	98
30	PARTIAL INVALIDITY	98
31	REMEDIES AND WAIVERS	99
32	CONFIDENTIAL INFORMATION	99
33	CONFIDENTIALITY OF FUNDING RATES	102
34	RENUNCIATION OF BENEFITS	104
35	COUNTERPARTS	104
36	WAIVER OF IMMUNITY	104
37	SOLE AGREEMENT	105
38	NO IMPLIED TERMS	105
39	GOVERNING LAW	105
40	ENFORCEMENT	105

ANNEXURES

ANNEXURE A - THE ORIGINAL GUARANTORS

ANNEXURE B - CONDITIONS PRECEDENT

ANNEXURE C - UTILISATION REQUEST

ANNEXURE D - FORM OF TRANSFER CERTIFICATE

ANNEXURE E - FORM OF ACCESSION LETTER

ANNEXURE F - FORM OF COMPLIANCE CERTIFICATE

ANNEXURE G - FORM OF RESIGNATION LETTER

ANNEXURE H - TIMETABLES

ANNEXURE I - SHAREHOLDERS OF THE BORROWER

ANNEXURE J - PERMITTED TRANSFEREES

ANNEXURE K - EXISTING FINANCIAL INDEBTEDNESS

ANNEXURE L - DORMANT ENTITIES



REVOLVING CREDIT FACILITY AGREEMENT

between

CARTRACK PROPRIETARY LIMITED
(in its capacity as Borrower)

and

THE STANDARD BANK OF SOUTH AFRICA LIMITED
(acting through its Corporate and Investment Banking division)
(in its capacity as Original Lender)

and

THE PARTIES LISTED IN Annexure A AS ORIGINAL GUARANTORS
(in their capacity as Original Guarantors)

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement –

- 1.1.1 **“Accession Letter”** - in relation to an Additional Guarantor, a document substantially in the form set out in Annexure E (*Form of Accession Letter*);
- 1.1.2 **“Additional Guarantor”** - a company which becomes an Additional Guarantor in accordance with 24.2;
- 1.1.3 **“Affiliate”** - in relation to any person, shall mean a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company, provided that, in relation to the Borrower, it shall mean a member of the Group;
- 1.1.4 **“Agreement”** - this Agreement and its Annexures;



- 1.1.5 **“Auditors”** - one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche or any other firm approved in advance by the Lender (such approval not to be unreasonably withheld or delayed);
- 1.1.6 **“Authorisation”** - an authorisation, consent, approval, resolution, licence, permit, exemption, filing, notarisation, lodgement or registration;
- 1.1.7 **“Availability Period”** - in respect of -
 - 1.1.7.1 Tranche A, the period from and including the Effective Date to and including the date which falls on the corresponding day in the Month which falls three months prior to the Repayment Date;
 - 1.1.7.2 Tranche B, with effect from the Effective Date, the period from and including the date on which the Tranche B Conditions have been fulfilled to and including the date which falls on the corresponding day in the Month which falls three months prior to the Repayment Date;
- 1.1.8 **“Available Commitment”** - in relation to any Tranche, the Lender’s Commitment in respect of that Tranche minus –
 - 1.1.8.1 the amount of its participation in any outstanding Loans in respect of such Tranche; and
 - 1.1.8.2 in relation to any proposed Utilisation of such Tranche, the amount of its participation in any Loans in respect of such Tranche that are due to be made on or before the proposed Utilisation Date;
- 1.1.9 **“Borrower”** – Cartrack Proprietary Limited (registration number 2001/006063/07), a private company duly incorporated and registered in accordance with the laws of South Africa;
- 1.1.10 **“Break Costs”** - the amount (if any) by which –
 - 1.1.10.1 the interest (excluding the Margin) which the Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;



exceeds –

- 1.1.10.2 the amount which the Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period;
- 1.1.11 **“Budget”** – in relation to each Financial Year of the Borrower, each budget delivered by the Borrower to the Lender in respect of that Financial Year pursuant to 19.4;
- 1.1.12 **“Business Day”** - a day (other than a Saturday, a Sunday or official public holiday) on which banks are open for general business in Johannesburg;
- 1.1.13 **“Cartrack Holdings”** - Cartrack Holdings Limited (registration number 2005/036316/06), a public company duly incorporated and registered in accordance with the laws of South Africa;
- 1.1.14 **“Code”** - the US Internal Revenue Code of 1986;
- 1.1.15 **“Commitment”** - the Tranche A Commitment or the Tranche B Commitment, to the extent not cancelled, reduced or transferred by the Lender under this Agreement;
- 1.1.16 **“Companies Act”** – the Companies Act 71 of 2008 and including any regulations promulgated thereunder;
- 1.1.17 **“Compliance Certificate”** - a certificate substantially in the form set out in Annexure F (*Form of Compliance Certificate*);



- 1.1.18 **“Confidential Information”** - all information relating to the Borrower, any Obligor, the Group, the Finance Documents or the Facility of which the Lender becomes aware in its capacity as, or for the purpose of becoming, the Lender or which is received by the Lender in relation to, or for the purpose of becoming the Lender under, the Finance Documents or the Facility from any member of the Group or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes –
- 1.1.18.1 information that –
- 1.1.18.1.1 is or becomes public information other than as a direct or indirect result of any breach by the Lender of 32; or
- 1.1.18.1.2 is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- 1.1.18.1.3 is known by the Lender before the date the information is so disclosed to it or is lawfully obtained by the Lender after that date, from a source which is, as far as the Lender is aware, unconnected with the Group and which, in either case, as far as the Lender is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality, and;
- 1.1.18.1.4 any Funding Rate;
- 1.1.19 **“Confidentiality Undertaking”** - a confidentiality undertaking in a form agreed between the Borrower and the Lender;
- 1.1.20 **“Default”** - an Event of Default or any event or circumstance specified in 22 which would (with the expiry of any applicable grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default;
- 1.1.21 **“Delisting Event”** - the delisting of the shares of Cartrack Holdings from the securities exchange operated by the JSE;
- 1.1.22 **“Disposal”** - a sale, lease (other than a lease of assets entered into in the ordinary course of business), licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions), and **“Dispose”** (or any other derivative thereof) shall have a corresponding meaning;



- 1.1.23 **“Disruption Event”** - either or both of –
- 1.1.23.1 a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- 1.1.23.2 the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party –
- 1.1.23.2.1 from performing its payment obligations under the Finance Documents; or
- 1.1.23.2.2 from communicating with other Parties in accordance with the terms of the Finance Documents, and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;
- 1.1.24 **“Distribution”** – shall bear the meaning assigned to such term in section 1 of the Companies Act and includes any payment (whether in cash or in *specie*) by way of interest or principal (whether in respect of an inter-company loan or otherwise), dividend, fee, royalty or other distribution or payment (including, by way of the repurchase of any shares);
- 1.1.25 **“EBITDA”** - has the meaning assigned to this term in 20.1.6;
- 1.1.26 **“Economic Failure”** – shall occur if, in the reasonable opinion of the Lender, a change or deterioration occurs in the domestic or international capital, money, banking, financial, monetary, economic, political or financial market conditions at any time, from and including the Signature Date up to (and including) the first Utilisation Date which falls thereafter, which renders it impractical or uneconomical for the Lender to provide the Facility at all or on the terms set out in the Finance Documents;



- 1.1.27 **“Effective Date”** – the date on which the Lender notifies the Borrower that it has received all of the documents and other evidence listed in Part I of Annexure B to its satisfaction;
- 1.1.28 **“Environment”** - humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media –
- 1.1.28.1 air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- 1.1.28.2 water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- 1.1.28.3 land (including, without limitation, land under water);
- 1.1.29 **“Environmental Claim”** - any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law;
- 1.1.30 **“Environmental Law”** - any applicable law or regulation which relates to –
- 1.1.30.1 the pollution or protection of the Environment;
- 1.1.30.2 harm to or the protection of human health;
- 1.1.30.3 the conditions of the workplace; or
- 1.1.30.4 the generation, handling, storage, use, release, emission or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste;
- 1.1.31 **“Environmental Permits”** - any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any Obligor conducted on or from the properties owned or used by any Obligor;



- 1.1.32 **“Equity Cure Funding”** - funding provided to the Borrower pursuant to a subscription for new share capital in the Borrower by the Shareholders, for the purpose of avoiding the occurrence of an Event of Default of the nature contemplated in clause 22.2, alternatively for the purpose of remedying an Event of Default of the nature contemplated in such clause which has occurred, in the latter instance subject always to the provisions of clause 20.4.1;
- 1.1.33 **“Event of Default”** - any event or circumstance specified as such in 22;
- 1.1.34 **“Excluded Disposal”** - a Disposal to the extent that -
- 1.1.34.1 the proceeds of such Disposal is not applied as contemplated in 1.1.34.2 or 1.1.34.3 below and do not (together with all other proceeds of Disposals received by the Group during the Financial Year during which that Disposal is implemented) exceed R25,000,000 in aggregate; or
- 1.1.34.2 the proceeds of such Disposal is used to replace the assets Disposed of with assets comparable or superior as to type, value and quality within 90 days of receipt of such proceeds; or
- 1.1.34.3 the board of directors of the relevant Group member resolves, within 90 days of receipt of such proceeds, to apply such proceeds to replace the assets Disposed of with assets comparable or superior as to type, value and quality and are so applied to acquire such assets within 90 days of the passing of such resolution; or
- 1.1.34.4 such Disposal is of obsolete or redundant assets on an arm’s length basis which are no longer required for the efficient operation of the business of an Obligor, or any other assets made in the ordinary course of the day-to-day business of an Obligor on an arm’s length basis; or
- 1.1.34.5 such Disposal comprises of any of the Borrower’s book debts that are more than 120 days overdue and are classified as bad debts for cash and on non-recourse terms, provided that such Disposals shall not be made at a discount of more than 20% of the face value of such book debts; or

- 1.1.34.6 such Disposal is concluded in the ordinary course of business of the Borrower or other member of the Group and in keeping with normal business practices in the Group;
- 1.1.35 **“Excluded Insurance Proceeds”** - any Insurance Proceeds (excluding Insurance Proceeds on account of any claims under third party liability policies or claims in respect of loss of profits) to the extent that:
- 1.1.35.1 such Insurance Proceeds are not applied as contemplated in 1.1.35.2 or 1.1.35.3 below and such Insurance Proceeds do not (together with all other Insurance Proceeds received by the Group during the Financial Year during which those Insurance Proceeds are received) exceed R25,000,000 in aggregate; or
- 1.1.35.2 such Insurance Proceeds are applied towards the replacement, reinstatement and/or repair of the assets in respect of which the relevant insurance claim was made with assets comparable or superior as to type, value and quality or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made (or to reimburse the relevant Group company for any amount applied in replacing, reinstating and/or repairing such assets with assets comparable or superior as to type, value and quality) within 90 days of receipt of such Insurance Proceeds; or
- 1.1.35.3 the board of directors of the relevant Group member resolves, within 90 days of receipt of such Insurance Proceeds, to apply such Insurance Proceeds towards the replacement, reinstatement and/or repair of the assets in respect of which the relevant insurance claim was made to with assets comparable or superior as to type, value and quality or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made (or to reimburse the relevant Group company for any amount applied in replacing, reinstating and/or repairing such assets with assets comparable or superior as to type, value and quality), and such Insurance Proceeds are so applied within 90 days of the passing of such resolution;



- 1.1.36 **“Facility”** - the revolving credit facility made available under this Agreement as described in 2, comprising of Tranche A and Tranche B;
- 1.1.37 **“FATCA”** means –
- 1.1.37.1 sections 1471 to 1474 of the Code or any associated regulations;
- 1.1.37.2 any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in 1.1.37.1; or
- 1.1.37.3 any agreement pursuant to the implementation of any treaty, law or regulation referred to in 1.1.37.1 or 1.1.37.2 with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;
- 1.1.38 **“FATCA Application Date”** means –
- 1.1.38.1 in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- 1.1.38.2 in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2019; or
- 1.1.38.3 in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within 1.1.38.1 or 1.1.38.2, 1 January 2019,
- or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement;
- 1.1.39 **“FATCA Deduction”** - a deduction or withholding from a payment under a Finance Document required by FATCA;



- 1.1.40 **“FATCA Exempt Party”** - a Party that is entitled to receive payments free from any FATCA Deduction;
- 1.1.41 **“Finance Documents”** – collectively –
- 1.1.41.1 this Agreement;
- 1.1.41.2 the Transaction Security Documents;
- 1.1.41.3 the Subordination Agreement;
- 1.1.41.4 the Release Agreement;
- 1.1.41.5 any other agreement or document that may be designated as a “Finance Document” by written agreement between the Borrower and the Lender; and
- 1.1.41.6 any amendment agreement to any of the Finance Documents referred to in 1.1.41.1 to 1.1.41.5 (both inclusive), and **“Finance Document”** shall be a reference to any one of them, as the context may require;
- 1.1.42 **“Financial Covenants”** – the financial covenants recorded in clause 20;
- 1.1.43 **“Financial Indebtedness”** means any indebtedness for or in respect of –
- 1.1.43.1 moneys borrowed;
- 1.1.43.2 any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- 1.1.43.3 any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- 1.1.43.4 the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with GAAP in force prior to 1 January 2019, have been treated as an operating lease);



- 1.1.43.5 receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- 1.1.43.6 any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other clause of this definition having the commercial effect of a borrowing;
- 1.1.43.7 any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- 1.1.43.8 any amount raised by the issue of shares which are redeemable;
- 1.1.43.9 any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- 1.1.43.10 the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in 1.1.43.1 to 1.1.43.9;
- 1.1.44 **“Financial Year”** - in respect of -
 - 1.1.44.1 the Borrower, each of the Borrower’s financial years, which as at the Signature Date ends on the last day of February of each calendar year;
 - 1.1.44.2 each Guarantor, each of such Guarantor’s financial years, which as at the Signature Date ends on the last day of February of each calendar year;
- 1.1.45 **“Funding Rate”** - any individual rate notified by the Lender to the Borrower pursuant to 10.4.1.2;
- 1.1.46 **“Group”** - Cartrack Holdings and the other Obligors from time to time;



- 1.1.47 **“Guarantor”** - an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with 24;
- 1.1.48 **“Holding Company”** - in relation to a person, any other person in respect of which it is a Subsidiary;
- 1.1.49 **“IFRS”** - international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;
- 1.1.50 **“Insolvency Event”** - in relation to any person, any of the following events or circumstances –
- 1.1.50.1 a binding order or binding declaration is made, or a meeting of the directors or shareholders of such person is convened, to consider the passing of, or a resolution is passed for the administration, custodianship, curatorship, business rescue, bankruptcy, liquidation, sequestration, winding-up, dissolution or reorganisation (and whether provisional or final) (by way of voluntary arrangement, scheme of arrangement or otherwise) of such person, or of its estate;
- 1.1.50.2 such person files any resolution or makes any application (or such application is made by any other person), in each instance directly or indirectly in relation to any business rescue proceedings involving such person and/or any order is made by any court in relation to any business rescue proceedings involving such person. For the purposes of this 1.1.50, the term “*business rescue*” shall have a meaning which is the same as the meaning attributed to such term in section 128(1)(b) of the Companies Act, or any equivalent legislation in any jurisdiction to which such person is subject;
- 1.1.50.3 such person is unable (or admits inability) or is deemed to be unable to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or proposes or seeks to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors generally or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;



- 1.1.50.4 such person takes any proceeding or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof) with its general body of creditors which it would otherwise be unable to pay when due), or proposes to take any such step;
- 1.1.50.5 such person takes any proceeding or other step, with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due), or proposes to take any such step;
- 1.1.50.6 any receiver, administrative receiver, judicial receiver, business rescue practitioner, administrator, compulsory manager, judicial custodian, curator, trustee in bankruptcy, liquidator, or the like is appointed in respect of such person or any part of its assets, or such person requests any such appointment in respect of itself;
- 1.1.50.7 such person commits any act which, if such act was committed by an individual, would constitute an act of insolvency within the meaning of section 8 of the Insolvency Act, 1936, or any equivalent legislation in any jurisdiction to which such person is subject;
- 1.1.51 **“Insurance Policies”** - in relation to any member of the Group, all contracts and policies of insurance and re-insurance of any kind which are effected and maintained by or on behalf of that member of the Group;
- 1.1.52 **“Insurance Proceeds”** - the proceeds of any insurance claim under any insurance maintained by any member of the Group;
- 1.1.53 **“Interest Payment Dates”** - 31 May, 31 August, 30 November and the last day of February of each year;



- 1.1.54 **“Interest Period”** – each period which commences on one Interest Payment Date and which ends on the day prior to the next Interest Payment Date provided that, in relation to –
- 1.1.54.1 each Loan –
- 1.1.54.1.1 the first Interest Period in respect of such Loan shall commence on (and include) the Utilisation Date of such Loan and end on (but exclude) the next Interest Payment Date; and 1.1.55
- 1.1.54.1.2 the last Interest Period in respect of such Loan shall commence on (and include) the Interest Payment Date immediately preceding the Repayment Date and end on the Repayment Date;
- 1.1.54.2 any Unpaid Sum which consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan, the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan.
- 1.1.55 **“Interpolated Screen Rate”** - in relation to any Loan, the rate (rounded to the same number of decimal places as the Screen Rate) which results from interpolating on a linear basis between –
- 1.1.55.1 the Screen Rate for the longest period (for which the Screen Rate is available) which is less than the Interest Period of that Loan; and
- 1.1.55.2 the Screen Rate for the shortest period (for which the Screen Rate is available) which exceeds the Interest Period of that Loan,
- each as of the Specified Time for ZAR;
- 1.1.56 **“JIBAR”** - in relation to any Loan the applicable Screen Rate –
- 1.1.56.1 as of the Specified Time the offering of deposits in ZAR for a period equal in length to the Interest Period of the relevant Loan; or
- 1.1.56.2 as otherwise determined pursuant to 10.1; and
- 1.1.56.3 if in either case, that rate is less than zero, then JIBAR shall be deemed to be zero;



- 1.1.57 **“Johannesburg Market”** - in relation to ZAR, the South African interbank market;
- 1.1.58 **“JSE”** – JSE Limited, registration number 2005/022939/06, a public company licensed as an exchange under the Financial Markets Act, No. 19 of 2012 and registered and incorporated with limited liability according to the company laws of South Africa;
- 1.1.59 **“Karoo”** – Karooooo PTE Ltd, registration number 201817157Z, an exempt private company limited by shares, incorporated in Singapore;
- 1.1.60 **“Lender”** – SBSA, or any other bank, financial institution, trust, fund or other entity to which SBSA has transferred its rights and obligations hereunder in accordance with 23, which in each case has not ceased to be a Party in accordance with the terms of this Agreement;
- 1.1.61 **“Loan”** - a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan;
- 1.1.62 **“Margin”** - in respect of -
- 1.1.62.1 Tranche A, 2.05% per annum;
- 1.1.62.2 Tranche B, 2.05% per annum, subject to variation as determined by the Lender in its sole discretion dependent on prevailing market conditions at the time of Utilisation, as notified by the Lender to the Borrower by no later than the applicable Utilisation Date;
- 1.1.63 **“Material Adverse Effect”** - a material adverse effect on –
- 1.1.63.1 the business, operations, property, condition (financial or otherwise) or prospects of any Obligor and/or the Group taken as a whole;
- 1.1.63.2 the ability of any Obligor to perform any of its obligations under the Finance Documents; or
- 1.1.63.3 the validity or enforceability of any of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of the Lender under any of the Finance Documents.



- 1.1.64 **“Material Subsidiary”** – any member of the Group which contributes 5% or more to the Group’s EBITDA on a consolidated basis;
- 1.1.65 **“Measurement Dates”** – the last day of each quarter in each Financial Year of the Borrower, being 31 May, 31 August, 30 November and the last day of February of each Financial Year of the Borrower;
- 1.1.66 **“Month”** - a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that –
- 1.1.66.1 (subject to 1.1.66.3) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- 1.1.66.2 if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- 1.1.66.3 if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;
- The above rules will only apply to the last Month of any period;
- 1.1.67 **“Net Disposal Proceeds”** - the cash consideration received (including any amount owing to and set off by any purchaser) by a member of the Group for any Disposal (other than an Excluded Disposal) made by that member of the Group of all or part of its business, undertaking or assets after deducting -
- 1.1.67.1 any expenses in relation to such Disposal which are properly evidenced and reasonably incurred; and



- 1.1.67.2 any Tax incurred and required to be paid by that member of the Group in connection with that Disposal (as reasonably determined by the relevant Group member on the basis of professional advice and existing rates and taking account of any available credit, deduction or allowance);
- 1.1.68 **“Net Insurance Proceeds”** - Insurance Proceeds received by the Borrower or any other member of the Group (other than Excluded Insurance Proceeds), after deducting -
- 1.1.68.1 any expenses in relation to the relevant claim giving rise to the relevant Insurance Proceeds which are properly evidenced and reasonably incurred; and
- 1.1.68.2 any Taxes incurred or required to be paid by that member of the Group in connection with such Insurance Proceeds (as reasonably determined by the relevant Group member on the basis of professional advice and existing rates and taking account of any available credit, deduction or allowance);
- 1.1.69 **“New Lender”** - has the meaning given to that term in 23;
- 1.1.70 **“Obligor”** - the Borrower or a Guarantor;
- 1.1.71 **“Obligor Coverage Test”** – has the meaning given to it in 21.29.1;
- 1.1.72 **“Obligor Earnings Ratio”** - for each Measurement Period and as at any date, the ratio between (1) Obligor EBITDA for such Measurement Period or as at such date and (2) EBITDA for such Measurement Period or as at such date, expressed as a percentage;
- 1.1.73 **“Obligor EBITDA”** – EBITDA of the Obligors (calculated on the same basis as for the Group save that it will be calculated on an unconsolidated basis and will exclude intragroup items);

- 1.1.74 **“Obligor Pledge and Cession”** – the written pledge and cession agreement concluded or to be concluded on or about the Signature Date between the Lender and the Obligors, in terms of which, *inter alia*, each Obligor -
- 1.1.74.1 pledges any and all shares held by it in any Obligor from time to time; and
- 1.1.74.2 cedes, *in securitatem debiti*, all its rights, title and interest in and to -
- 1.1.74.2.1 the shares, investments and securities and any and all claims held by it on account of the shares, investments and securities contemplated in 1.1.74.1 above;
- 1.1.74.2.2 any and all bank accounts held by it with any bank from time to time and any and all amounts standing to the credit of those bank accounts from time to time;
- 1.1.74.2.3 any and all Insurance Policies and any Insurance Proceeds;
- 1.1.74.2.4 all amounts of any nature whatsoever now or from time to time in the future owing to it by any third person, including, without limitation, all and any amounts now or from time to time owing to that Obligor by any of its debtors,
- as security for its payment and/or performance obligations to the Lender under the Finance Documents;
- 1.1.75 **“Original Financial Statements”** –
- 1.1.75.1 in relation to the Borrower, the audited consolidated financial statements of the Group for the Financial Year ended 29 February 2020; and
- 1.1.75.2 in relation to each Original Obligor other than the Borrower, its audited financial statements for its Financial Year ended 29 February 2020;
- 1.1.76 **“Original Guarantor”** - each Subsidiary of Cartrack Holdings as at the Signature Date, as set out in Annexure A (*The Original Guarantors*);
- 1.1.77 **“Original Jurisdiction”** - in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the Signature Date, or, in the case of an Additional Guarantor, as at the date on which that Additional Guarantor becomes Party as a Guarantor;



- 1.1.78 **“Original Obligor”** - the Borrower or an Original Guarantor;
- 1.1.79 **“Party”** - a party to this Agreement;
- 1.1.80 **“Permitted Distribution”** - any Distribution effected by any member of the Group with the prior written consent of the Lender, and in accordance with the dividend policy approved by the board of such member of the Group, provided that -
- 1.1.80.1 no Event of Default is continuing or might reasonably be expected to result from the making of such proposed Distribution;
- 1.1.80.2 the requirements set out in 20.2 are complied with as at the date of such proposed Distribution, and will be complied with for the next twelve months following the date of the Distribution (as reasonably estimated utilising all of the relevant financial information available as at the date of the proposed Distribution);
- 1.1.81 **“Permitted Loans”** - loans made by the Borrower to Cartrack Management Services Proprietary Limited (registration number 2009/001287/07) which do not exceed an amount of R14,400,000 in aggregate in any Financial Year;
- 1.1.82 **“Quasi-Security”** has the meaning given to it in 21.3;
- 1.1.83 **“Quotation Day”** - in relation to any period for which an interest rate is to be determined, the first day of that period unless market practice differs in the Johannesburg Market, in which case the Quotation Day will be determined by the Lender in accordance with market practice in the Johannesburg Market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days);
- 1.1.84 **“Reference Bank Rate”** - the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request by the Reference Banks –
- 1.1.84.1 (other than where 1.1.84.2 applies) as the rate at which the relevant Reference Banks could borrow funds in the Johannesburg Market in ZAR and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or



- 1.1.84.2 if different, as the rate (if any and applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator;
- 1.1.85 **“Reference Banks”** - the principal Johannesburg offices of Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited or such other entities as may be appointed by the Lender in consultation with the Borrower;
- 1.1.86 **“Refinance Funding”** - funding, other than (i) internally generated cash flows of the Group and/or (ii) any amounts which have been advanced to the Borrower in the form of ordinary shareholder equity from shareholders of the Borrower, and provided that such amount was not procured by the Borrower from a third party financier, utilised or intended to be utilised directly or indirectly, to make a repayment or prepayment of the outstanding balance of any Loan and raised by the Borrower or any of the Borrower’s direct or indirect Affiliates, from a financial institution other than the Lender;
- 1.1.87 **“Related Fund”** - in relation to a fund (the **“first fund”**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund;
- 1.1.88 **“Release Agreement”** - the written release letter concluded or to be concluded between FirstRand Bank Limited (acting through its Rand Merchant Bank division), FirstRand Bank Limited (acting through its RMB Corporate Banking division) and the Obligors in terms of which, *inter alia*, the security provided by the Obligors in respect of the RMB Security Documents (as defined therein) is irrevocably released on the terms and conditions contained therein;



- 1.1.89 **“Relevant Jurisdiction”** - in relation to an Obligor –
 - 1.1.89.1 its Original Jurisdiction; and
 - 1.1.89.2 any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
 - 1.1.90 **“Repayment Date”** - the date which falls on the third anniversary of the Effective Date;
 - 1.1.91 **“Representative”** - any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian appointed by the Lender;
 - 1.1.92 **“Resignation Letter”** - a letter substantially in the form set out in Annexure G (*Form of Resignation Letter*);
 - 1.1.93 **“Sanctioned Entity”** –
 - 1.1.93.1 an entity, country or territory which is listed on a Sanctions List or is subject to Sanctions;
 - 1.1.93.2 a person which is ordinarily resident in a country or territory which is listed on a Sanctions List or is subject to Sanctions;
 - 1.1.94 **“Sanctioned Transaction”** - the use of the proceeds of a Facility for the purpose of financing or providing any credit, directly or indirectly, to –
 - 1.1.94.1 a Sanctioned Entity; or
 - 1.1.94.2 any other person or entity, if any member of the Group has actual knowledge that the person or entity proposes to use the proceeds of the financing or credit for the purpose of financing or providing any credit, directly or indirectly, to a Sanctioned Entity,
- in each case to the extent that to do so is prohibited by, or would cause any breach of, Sanctions (including at the time that the funding is advanced);

1.1.95 **“Sanctions”** - trade, economic or financial sanctions, laws, regulations, embargoes or restrictive measures imposed, administered or enforced from time to time by any Sanctions Authority;

1.1.96 **“Sanctions Authority”** –

1.1.96.1 the United Nations;

1.1.96.2 the European Union;

1.1.96.3 the Council of Europe (founded under the Treaty of London, 1946);

1.1.96.4 the government of the United States of America;

1.1.96.5 the government of the United Kingdom;

1.1.96.6 the government of the Republic of France; and

1.1.96.7 the government of South Africa,

and any of their governmental authorities, including, without limitation, the Office of Foreign Assets Control for the US Department of Treasury (**OFAC**), the US Department of Commerce, the US State Department or the US Department of the Treasury, Her Majesty’s Treasury (**HMT**) and the French Ministry of Finance (**MINEFI**);

1.1.97 **“Sanctions List”** –

1.1.97.1 the Specially Designated Nationals and Blocked Persons List maintained and published by OFAC;

1.1.97.2 the Consolidated List of Financial Sanctions Targets and the Investments Ban List maintained and published by HMT,

or any similar list maintained and published, or a public announcement of a Sanctions designation made, by any Sanctions Authority, in each case as amended, supplemented or substituted from time to time;



- 1.1.98 **“SBSA”** – The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company duly incorporated in accordance with the laws of South Africa, acting through its Corporate and Investment Banking division;
- 1.1.99 **“Repeating Representations”** - each of the representations set out in 18.1 to 18.11 (both inclusive), 18.13 to 18.17 (both inclusive), and 18.19 to 18.27 (both inclusive);
- 1.1.100 **“Screen Rate”** - the mid-market rate for deposits in ZAR for the relevant period before any correction, recalculation or republication by the administrator which appears on the Reuters Screen SAFETY Page alongside the caption “YIELD” at the applicable time (or any replacement Reuters page which displays that rate, or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters). If such page or service ceases to be available, the Lender may specify another page or service displaying the appropriate rate after consultation with the Borrower;
- 1.1.101 **“Secured Obligations”** - all obligations at any time due, owing or incurred by any Obligor to the Lender or any other Obligor under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity);
- 1.1.102 **“Secured Property”** - all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security;
- 1.1.103 **“Security”** - a mortgage bond, notarial bond, cession in security, charge, pledge, hypothec, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
- 1.1.104 **“Shareholders”** – the ordinary shareholders of the Borrower, being as at the Signature Date, those Entities or Persons listed in Annexure I;
- 1.1.105 **“Signature Date”** - the date of the signature of the Party last signing this Agreement in time;
- 1.1.106 **“South Africa”** - the Republic of South Africa;



- 1.1.107 **“Specified Time”** - a day or time determined in accordance with Annexure H (*Timetables*);
- 1.1.108 **“Subordination Agreement”** – the written subordination agreement concluded or to be concluded contemporaneously herewith, between the Shareholders, the Borrower and the Lender, in terms of which, *inter alia*, the Shareholders subordinate all of their claims against the Borrower in favour of the Lender;
- 1.1.109 **“Subsidiary”** - a **“subsidiary”** as defined in the Companies Act 2008 and shall include any person who would, but for not being a “company” under the Companies Act 2008, qualify as a “subsidiary” as defined in the Companies Act 2008;
- 1.1.110 **“Tax”** - any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);
- 1.1.111 **“Total Commitments”** - the aggregate of the Commitments, being R925,000,000 at the Signature Date;
- 1.1.112 **“Tranche A”** – that portion of the Facility equal to the Tranche A Commitment made available by the Lender to the Borrower in terms of 5;
- 1.1.113 **“Tranche A Commitment”** – that portion of the Commitment equal to R75,000,000;
- 1.1.114 **“Tranche B”** – that portion of the Facility equal to the Tranche B Commitment made available by the Lender to the Borrower in terms of 5;
- 1.1.115 **“Tranche B Commitment”** – that portion of the Commitment equal to R850,000,000;
- 1.1.116 **“Tranche B Conditions”** – the conditions precedent set out in 4.2.2;
- 1.1.117 **“Tranches”** - collectively, Tranche A and Tranche B and **“Tranche”** means either of Tranche A and Tranche B as the context may require;



- 1.1.118 **“Transaction Security”** - the Security created or expressed to be created in favour of the Lender pursuant to the Transaction Security Documents;
- 1.1.119 **“Transaction Security Documents”** means each of –
- 1.1.119.1 the Obligor Pledge and Cession;
- 1.1.119.2 any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents;
- 1.1.120 **“Transfer”** has the meaning given to it in 23.1;
- 1.1.121 **“Transfer Certificate”** - a certificate substantially in the form set out in Annexure D or any other form agreed between the Lender and the Borrower;
- 1.1.122 **“Transfer Date”** - in relation to a Transfer, the later of –
- 1.1.122.1 the proposed Transfer Date specified in the Transfer Certificate; and
- 1.1.122.2 the date on which the Lender executes the Transfer Certificate;
- 1.1.123 **“Treasury Transactions”** - any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price;
- 1.1.124 **“Unpaid Sum”** - any sum due and payable but unpaid by an Obligor under the Finance Documents;
- 1.1.125 **“US”** - the United States of America;
- 1.1.126 **“US Tax Obligor”** means –
- 1.1.126.1 the Borrower which is resident for tax purposes in the US; or
- 1.1.126.2 an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes;

- 1.1.127 **“Utilisation”** - a utilisation of the Facility;
- 1.1.128 **“Utilisation Date”** - the date of a Utilisation, being the date on which the relevant Loan is to be made;
- 1.1.129 **“Utilisation Request”** - a notice substantially in the form set out in Annexure C (*Utilisation Request*);
- 1.1.130 **“VAT”** –
- 1.1.130.1 any value added tax as provided for in the Value Added Tax Act, 1991;
- 1.1.130.2 any general service tax; and
- 1.1.130.3 any other tax of a similar nature;
- 1.1.131 **“ZAR” or “R”** - South African Rand, the lawful currency of South Africa;
- 1.2 **Construction**
- 1.2.1 Unless a contrary indication appears, any reference in this Agreement to –
- 1.2.1.1 the **“Lender”**, any **“Obligor”**, any **“Party”**, or any other person shall be construed so as to include its successors in title, permitted cessionaries and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
- 1.2.1.2 a document in **“agreed form”** is a document which is previously agreed in writing by or on behalf of the Borrower and the Lender or, if not so agreed, is in the form specified by the Lender;
- 1.2.2 **“assets”** includes present and future properties, revenues and rights of every description;
- 1.2.3 **“authority”** includes any court or any governmental, intergovernmental or supranational body, agency, department or any regulatory, self-regulatory or other authority;



- 1.2.4 a **“Finance Document”** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- 1.2.5 the use of the word **“including”** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the eiusdem generis rule must not be applied in the interpretation of such general wording or such specific examples;
- 1.2.6 **“guarantee”** means (other than in 17) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- 1.2.7 **“indebtedness”** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 1.2.8 a **“person”** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
- 1.2.9 a **“regulation”** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- 1.2.10 a provision of law is a reference to that provision as amended or re-enacted; and
- 1.2.11 a time of day is a reference to Johannesburg time;
- 1.3 The determination of the extent to which a rate is **“for a period equal in length”** to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.



- 1.4 Section, clause and annexure headings are for ease of reference only.
- 1.5 Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- 1.6 A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived.
- 1.7 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in an interpretation clause, effect shall be given to it as if it were a substantive provision of the relevant Finance Document.
- 1.8 Unless inconsistent with the context, an expression in any Finance Document which denotes the singular includes the plural and *vice versa*.
- 1.9 The annexures to any Finance Document form an integral part thereof and a reference to a “**clause**” or an “**Annexure**” is a reference to a clause of, or an annexure to, this Agreement.
- 1.10 The rule of construction that, in the event of ambiguity, a contract shall be interpreted against the party responsible for the drafting thereof, shall not apply in the interpretation of the Finance Documents.
- 1.11 The expiry or termination of any Finance Documents shall not affect those provisions of the Finance Documents that expressly provide that they will operate after any such expiry or termination or which of necessity must continue to have effect after such expiry or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 1.12 The Finance Documents shall to the extent permitted by applicable law be binding on and enforceable by the administrators, trustees, permitted cessionaries, business rescue practitioners or liquidators of the Parties as fully and effectually as if they had signed the Finance Documents in the first instance and reference to any Party shall be deemed to include such Party’s administrators, trustees, permitted cessionaries, business rescue practitioners or liquidators, as the case may be.



1.13 Where figures are referred to in numerals and in words in any Finance Document, if there is any conflict between the two, the words shall prevail.

1.14 Unless a contrary indication appears, where any number of days is to be calculated from a particular day, such number shall be calculated as including that particular day and excluding the last day of such period.

1.15 **Third party rights**

1.15.1 Except as expressly provided for in this Agreement or in any other Finance Document, no provision of any Finance Document constitutes a stipulation for the benefit of any person who is not a party to that Finance Document.

1.15.2 Notwithstanding any term of any Finance Document, the consent of any person who is not a party to that Finance Document is not required to rescind or vary that Finance Document at any time except to the extent that the relevant variation or rescission (as the case may be) relates directly to the right conferred upon any applicable third party under a stipulation for the benefit of that party that has been accepted by that third party.

2 **THE FACILITY**

Subject to the terms of this Agreement, the Lender makes available to the Borrower a ZAR revolving credit facility in an aggregate amount equal to the Commitment, comprising of Tranche A and Tranche B.

3 **PURPOSE**

3.1 **Purpose**

The Borrower shall apply all amounts borrowed by it under the Facility towards its general corporate purposes.

3.2 **Monitoring**

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrower may not deliver a Utilisation Request unless the Lender has received all of the documents and other evidence listed in Part 1 of Annexure B in form and substance satisfactory to the Lender on or before 26 February 2021. The Lender shall notify the Borrower promptly upon being so satisfied.

4.2 Further conditions precedent

The Lender will only be obliged to comply with 5.4 if on the date of any Utilisation Request-

4.2.1 relating to a Utilisation of Tranche A and on the proposed Utilisation Date -

4.2.1.1 the Effective Date has occurred;

4.2.1.2 no Default is continuing or would result from the proposed Loan; and

4.2.1.3 the Repeating Representations to be made by each Obligor are true in all material respects; and

4.2.2 relating to a Utilisation of Tranche B and on the proposed Utilisation Date, in addition to the conditions set out in 4.2.1.1 to 4.2.1.3, -

4.2.2.1 the Lender has confirmed to the Borrower in writing that it has obtained final credit approval in respect of such Utilisation; and

4.2.2.2 the Borrower has provided evidence, to the satisfaction of the Lender, that the requirements set out in 20.2 will be complied with as at the proposed Utilisation Date and for the next two Measurement Dates immediately following such proposed Utilisation Date.



5 UTILISATION

5.1 Delivery of a Utilisation Request

Subject to 4, the Borrower may utilise each of the Tranche A Commitment and the Tranche B Commitment by delivery to the Lender of a duly completed Utilisation Request in respect thereof not later than the Specified Time, provided that, subject to the remaining provisions of this Agreement, the Utilisation Date specified in the Utilisation Request must be a date which falls within the applicable Availability Period.

5.2 Completion of a Utilisation Request

5.2.1 Subject to 5.1, a Utilisation Request is irrevocable and will not be regarded as having been duly completed unless –

5.2.1.1 the proposed Utilisation Date is a Business Day within the applicable Availability Period;

5.2.1.2 it identifies the Tranche to be utilised pursuant to such Utilisation request;

5.2.1.3 in respect of a Utilisation of Tranche A, the date of the Utilisation Request is not less than three Business Days prior to the proposed Utilisation Date;

5.2.1.4 in respect of a Utilisation of Tranche B, the date of the Utilisation Request is not less than five Business Days prior to the proposed Utilisation Date;

5.2.1.5 the currency and amount of the Utilisation comply with clause 5.3; and

5.2.1.6 it identifies the proposed first Interest Period and that Interest Period complies with clause 9.

5.2.2 Only one Loan may be requested in each Utilisation Request.

5.3 Currency and amount

5.3.1 The currency specified in a Utilisation Request must be ZAR.



5.3.2 The amount of the proposed Loan in respect of any Tranche must be an amount which is not more than the Available Commitment in respect of such Tranche and which is a minimum of ZAR25,000,000 or, if less, the Available Commitment in respect of such Tranche.

5.4 **Lender's participation**

If the conditions set out in this Agreement have been met, the Lender shall make each Loan available by the Utilisation Date thereof.

5.5 **Cancellation of Commitment**

The Commitments in respect of a Tranche which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period in respect of such Tranche.

6 **REPAYMENT**

6.1 **Repayment of Loans**

The Borrower shall repay the Loans made to it in full on the Repayment Date.

6.2 **Reborrowing**

All principal amounts constituting a Loan voluntarily prepaid or repaid by the Borrower shall be available for re-advance to the Borrower subject to and in accordance with the other provisions of this Agreement.

7 **PREPAYMENT AND CANCELLATION**

7.1 **Illegality**

If it becomes unlawful, in any applicable jurisdiction, for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan or it becomes unlawful for any Affiliate of the Lender for the Lender to do so –

7.1.1 the Lender shall promptly notify the Borrower upon becoming aware of that event;



- 7.1.2 upon the Lender notifying the Borrower, the Available Commitment in respect of both Tranche A and Tranche B will be immediately cancelled; and
- 7.1.3 the Borrower shall repay the Lender's participation in the Loans on the last day of the Interest Period for each Loan occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law) and the Lender's corresponding Commitment shall be cancelled in the amount of the participations repaid.
- 7.2 **Sanctions**
- 7.2.1 If any Obligor –
- 7.2.1.1 is or becomes a Sanctioned Entity;
- 7.2.1.2 participates in any manner in any Sanctioned Transaction;
- 7.2.1.3 acts, directly or indirectly, to benefit any party against whom Sanctions have been established by a Sanctions Authority;
- then
- 7.2.1.4 the Borrower shall notify the Lender promptly upon becoming aware of that event; and
- 7.2.1.5 the Lender shall not be obliged to fund any Utilisation.
- 7.2.2 The Lender, in the case of 7.2.1.1 to 7.2.1.3 (both inclusive) may by notice to the Borrower, elect to cancel its Commitment with effect from the date of receipt by the Borrower of such notice and declare its participation in all outstanding Loans immediately due and payable.
- 7.2.3 On receipt by the Borrower of a notice referred to in 7.2.2 above, the relevant Commitment of the Lender will be immediately cancelled and the Lender's participation in all outstanding Loans under the Facility owing to the Lender shall become immediately due and payable.



7.3 **Change of control**

7.3.1 If a Change of Control occurs –

7.3.1.1 the Borrower shall promptly notify the Lender upon becoming aware of that event;

7.3.1.2 the Lender shall not be obliged to fund a Utilisation; and

7.3.1.3 if the Lender so requires, the Lender shall, by not less than five days' notice to the Borrower, cancel the Commitments and declare all outstanding Loans, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Commitments will be cancelled and all such outstanding Loans and amounts will become immediately due and payable.

7.3.2 For the purposes of 7.3.1 above, “**Change of Control**” means –

7.3.2.1 at any time before the Delisting Event. Karoo ceases directly or indirectly to hold 68.17% of the issued shares of Cartrack Holdings;

7.3.2.2 at any time after the Delisting Event, Karoo (ceases directly or indirectly to hold 100% of the issued shares of Cartrack Holdings;

7.3.2.3 Cartrack Holdings ceases directly or indirectly to hold 100% of the issued shares of the Borrower; and/or

7.3.2.4 any change in the shareholding of any Guarantor subsequent to the Effective Date.

7.4 **Net Disposal Proceeds and Net Insurance Proceeds**

7.4.1 The Borrower shall, as applicable –

7.4.1.1 within five Business Days of receipt of any Net Disposal Proceeds or Net Insurance Proceeds (as the case may be); or



7.4.1.2 upon the expiry of the relevant period contemplated in 1.1.34.2 of the definition of “*Excluded Disposal Proceeds*” or the relevant period contemplated in 1.1.35.2 of the definition of “*Excluded Insurance Proceeds*”,

notify the Lender in writing of the full amount of such Net Disposal Proceeds or Net Insurance Proceeds (as the case may be) (the “**Offered Amount**”) and in each such notice (“**Offer Notice**”) offer to make a prepayment to the Lender of the full Offered Amount in prepayment of the outstanding Loans.

7.4.2 The Lender shall, within seven Business Days of receipt of the Offer Notice (“**Acceptance Period**”), notify the Borrower in writing (“**Acceptance Notice**”) whether it wishes to accept the offer of the Offered Amount, provided that, if the Lender fails to so notify the Borrower, it shall be deemed to have accepted the relevant offer in full.

7.4.3 If an offer is accepted or deemed to accepted by the Lender in accordance with 7.4.2, the Borrower shall, on the first Interest Payment Date immediately succeeding the earlier of (i) the date of the Acceptance Notice and (ii) the expiry of the Acceptance Period, apply the Offered Amount make a mandatory prepayment of the outstanding Loans on account of the Facility.

7.4.4 If any portion of any Offered Amount is not required to be applied towards the repayment of the outstanding Loans in accordance with this 7.4, (the “**Distributable Amount**”), the Borrower or the relevant member of the Group shall be entitled to apply the Distributable Amount towards any purpose it deems fit.

7.5 **Voluntary cancellation**

The Borrower may, if it gives the Lender not less than seven Business Days’ (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (but, if in part, being a minimum amount of ZAR25,000,000) of the Available Commitment in respect of any Tranche.



7.6 Voluntary prepayment of Loans

The Borrower may, if it gives the Lender not less than seven Business Days' (or such shorter period as the Lender may agree) prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of ZAR25,000,000).

7.7 Prepayment Penalty

7.7.1 If the Borrower utilises directly or indirectly any Refinance Funding in relation to the repayment or prepayment of any Loan or cancellation of any Commitment, then all and not less than all of the outstanding balance of every Loan together with all interest and other amounts accrued thereon under this Agreement must be simultaneously repaid by the Borrower, the Total Commitment shall be cancelled upon such prepayment and –

7.7.1.1 prior to the first anniversary of the Effective Date, a prepayment penalty equal to 2% (plus VAT thereon if applicable) of the face value amount of such prepayment;

7.7.1.2 on or after the first anniversary of the Effective Date and prior to the second anniversary of the Effective Date, a prepayment penalty equal to 1% (plus VAT thereon if applicable) of the face value amount of such prepayment;

(each of the amounts payable in respect of 7.7.1.1 and 7.7.1.2, a **“Prepayment Penalty”**), provided that such prepayment shall be allocated by the Lender first as to costs, then as to accrued interest and finally as to the outstanding principal under such Loan.

7.8 Restrictions

7.8.1 Any notice of cancellation or prepayment given by any Party under this 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.



- 7.8.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs and, save as otherwise provided for in 7.7, without premium or penalty.
- 7.8.3 The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- 7.8.4 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

8 INTEREST

8.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable –

8.1.1 Margin; and

8.1.2 JIBAR.

8.2 Payment of interest

The Borrower shall pay accrued interest on each Loan during each Interest Period on the Interest Payment Date immediately following such Interest Period and in full on the Repayment Date.

8.3 Default interest

8.3.1 If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 2% per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Lender (acting reasonably). Any interest accruing under this 8.3 shall be immediately payable by the Obligor on demand by the Lender.



- 8.3.2 Default interest (if unpaid) arising on any overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notification of rates of interest**

The Lender shall promptly notify the Borrower of the determination of a rate of interest under this Agreement and of each Funding Rate relating to a Loan.

9 **INTEREST PERIODS**

9.1 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

9.2 **Consolidation of Loans**

If two or more Interest Periods in respect of any Loans end on the same date, those Loans will be consolidated into, and treated as, a single Loan on the last day of the Interest Period.

10 **CHANGES TO THE CALCULATION OF INTEREST**

10.1 **Unavailability of Screen Rate**

- 10.1.1 Interpolated Screen Rate: If no Screen Rate is available for JIBAR for the Interest Period of a Loan, the applicable JIBAR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Loan.

- 10.1.2 Reference Bank Rate: If no Screen Rate is available for JIBAR for (i) ZAR; or (ii) the Interest Period of a Loan, and it is not possible to calculate the Interpolated Screen Rate, the applicable JIBAR shall be the Reference Bank Rate as of the Specified Time and for a period equal in length to the Interest Period of that Loan.



10.1.3 Cost of funds: If 10.1.2 above applies but no Reference Bank Rate is available or the relevant Interest Period there shall be no JIBAR for that Loan and 10.4 shall apply to that Loan for that Interest Period.

10.2 **Calculation of Reference Bank Rate**

10.2.1 Subject to 10.2.2, if JIBAR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.

10.2.2 If at or about noon on the Quotation Day, none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

10.3 **Market disruption**

If, before close of business in Johannesburg on the Quotation Day, the Lender notifies the Borrower that the cost to it of funding its participation in a Loan from the wholesale market for ZAR would be in excess of JIBAR or that JIBAR has ceased to be an accredited rate, then 10.4 shall apply to that Loan for the relevant Interest Period.

10.4 **Cost of funds**

10.4.1 If this 10.4 applies, the rate of interest on the Lender's share of the relevant Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of –

10.4.1.1 the Margin; and

10.4.1.2 the rate notified by the Lender to the Borrower as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to the Lender of funding its participation in that Loan from whatever source(s) it may reasonably select.



10.4.2 If this 10.4 applies and the Lender or the Borrower so requires, the Lender and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

10.4.3 Any alternative basis agreed pursuant to 10.4.2 above shall, with the prior consent of the Lender and the Borrower, be binding on all Parties.

10.5 **Break Costs**

10.5.1 The Borrower shall, within three Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

10.5.2 The Lender shall, as soon as reasonably practicable after a demand by the Borrower, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

10.6 **Economic Failure**

On the occurrence of an Economic Failure, the Lender reserves the right to increase the applicable Margin applicable to the Facility by such an amount as may be necessary to compensate for the Lender's loss of return. Upon the determination by the Lender that an Economic Failure has occurred, the Lender shall by written notice advise the Borrower of the increased Margin and, upon the Lender so notifying the Borrower, the applicable Margin shall increase by the percentage recorded in such notice, with effect from the date of occurrence of such Economic Failure.



11 FEES

11.1 Commitment fee

11.1.1 The Borrower shall pay to the Lender a fee computed at the rate of 30% of the Margin, together with VAT thereon, per annum on the Lender's Available Commitment in respect of Tranche A for the Availability Period.

11.1.2 The accrued commitment fee is payable in arrears on each Interest Payment Date which falls within the Availability Period (on the basis that the first Interest Period following the Effective Date ends on 30 May 2021), on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the Lender's Commitment in respect of the Initial Facility at the time the cancellation is effective.

11.2 Debt origination fee

11.2.1 The Borrower shall pay to the Lender an irrevocable and non-refundable debt origination fee in an amount equal to ZAR1,850,000, together with VAT thereon, on the Effective Date.

11.2.2 The Borrower acknowledges that the fee contemplated in 11.2.1 is irrevocable and is required to be paid on the Effective Date in consideration for the expertise used in the debt structuring, implementation and completion of the transaction contemplated in this Agreement.

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

12.1.1 In this Agreement –

12.1.1.1 **“Protected Party”** means the Lender which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document;



- 12.1.1.2 “**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax;
- 12.1.1.3 “**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document;
- 12.1.1.4 “**Tax Payment**” means either the increase in a payment made by an Obligor to the Lender under 12.2 or a payment under 12.3.
- 12.1.2 Unless a contrary indication appears, in this 12 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.
- 12.2 **Tax gross-up**
- 12.2.1 Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- 12.2.2 The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly. Similarly, the Lender shall notify the Borrower and any relevant Obligor on becoming so aware in respect of a payment payable to the Lender.
- 12.2.3 If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- 12.2.4 If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- 12.2.5 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.



12.3 **Tax indemnity**

12.3.1 The Borrower shall (within three Business Days of demand by the Lender) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

12.3.2 Clause 12.3.1 above shall not apply –

12.3.2.1 with respect to any Tax assessed on the Lender under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes, if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Lender; or

12.3.2.2 to the extent a loss, liability or cost is -

12.3.2.2.1 compensated for by an increased payment under 12.2; or

12.3.2.2.2 relates to a FATCA Deduction required to be made by a Party.

12.3.3 A Protected Party making, or intending to make a claim under 12.3.1 shall promptly notify the Borrower of the event which will give, or has given, rise to the claim.

12.4 **Tax Credit**

If an Obligor makes a Tax Payment and the Lender determines that –

12.4.1 a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, or to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and



12.4.2 the Lender has obtained, utilised and retained that Tax Credit, the Lender shall pay an amount to the Obligor which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 **Stamp taxes**

The Borrower shall (within three Business Days of demand) indemnify the Lender against, and shall pay to the Lender, any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 **Value added tax**

12.6.1 All amounts set out or expressed to be payable under a Finance Document by any Party to the Lender which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, if VAT is or becomes chargeable on any supply made by the Lender to any Party under a Finance Document and the Lender is required to account to the relevant tax authority for the VAT, that Party must pay to the Lender (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and the Lender must promptly provide an appropriate VAT invoice to that Party).

12.6.2 Where a Finance Document requires any Party to reimburse or indemnify the Lender for any costs or expenses, that Party shall reimburse or indemnify (as the case may be) the Lender for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that the Lender reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

12.7 **FATCA Information**

12.7.1 Subject to 12.7.3, each Party shall, within ten Business Days of a reasonable request by another Party –



- 12.7.1.1 confirm to that other Party whether it is –
- 12.7.1.1.1 a FATCA Exempt Party; or
- 12.7.1.1.2 not a FATCA Exempt Party;
- 12.7.1.2 supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
- 12.7.1.3 supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- 12.7.2 If a Party confirms to another Party pursuant to 12.7.1.1 that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- 12.7.3 Clause 12.7.1 shall not oblige the Lender to do anything, and 12.7.1.3 shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of –
- 12.7.3.1 any law or regulation;
- 12.7.3.2 any fiduciary duty; or
- 12.7.3.3 any duty of confidentiality.
- 12.7.4 If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with 12.7.1.1 or 12.7.1.2 (including, for the avoidance of doubt, where 12.7.3 applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.



13 INCREASED COSTS

13.1 Increased costs

13.1.1 Subject to 13.3 the Borrower shall, within three Business Days of a demand by the Lender, pay for the account of the Lender the amount of any Increased Costs incurred by the Lender or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the Signature Date.

13.1.2 In this Agreement “**Increased Costs**” means –

13.1.2.1 a reduction in the rate of return from the Facility or on the Lender’s (or its Affiliate’s) overall capital;

13.1.2.2 an additional or increased cost; or

13.1.2.3 a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

The Lender intending to make a claim pursuant to 13.1 shall notify the Borrower of the event giving rise to the claim.

13.3 Exceptions

13.3.1 Clause 13.1 does not apply to the extent any Increased Cost is –

13.3.1.1 attributable to a Tax Deduction required by law to be made by an Obligor;



13.3.1.2 compensated for by 12.3 (or would have been compensated for under 12.3 but was not so compensated solely because any of the exclusions in 12.3.2 applied); or

13.3.1.3 attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

13.3.2 In this 13.3, a reference to a “**Tax Deduction**” has the same meaning given to that term in 12.1.

14 **INDEMNITY**

14.1 The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify the Lender against and shall pay to the Lender any cost, loss or liability incurred by the Lender as a result of –

14.1.1 the occurrence of any Default;

14.1.2 a failure by an Obligor to pay any amount due under a Finance Document on its due date;

14.1.3 funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender alone); or

14.1.4 a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

14.1.5 The Borrower shall promptly indemnify the Lender, each Affiliate of the Lender and each officer or employee of the Lender or its Affiliate, against any cost, loss or liability incurred by the Lender or its Affiliate (or officer or employee of the Lender or Affiliate) in connection with or arising out of the use of proceeds under the Facility or Transaction Security being taken over the Secured Property (including but not limited to those incurred in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry concerning the use of proceeds under the Facility), unless such loss or liability is caused by the gross negligence or wilful misconduct of the Lender or its Affiliate (or employee or officer of the Lender or Affiliate). Any Affiliate or any officer or employee of the Lender or its Affiliate may rely on this 14, subject to 1.15.



15 **MITIGATION BY THE LENDER**

15.1 **Mitigation**

15.1.1 The Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of 7.1, 12 or 13 including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate.

15.1.2 Clause 15.1.1 does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 **Limitation of liability**

15.2.1 The Borrower shall promptly indemnify the Lender against and shall pay to the Lender all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under 15.1.

15.2.2 The Lender is not obliged to take any steps under 15.1 if, in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

16 **COSTS AND EXPENSES**

16.1 **Transaction expenses**

The Borrower shall promptly on demand pay the Lender the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with the negotiation, preparation, printing, execution, syndication and perfection of –

16.1.1.1 the Transaction Security, this Agreement, and any other documents referred to in this Agreement; and



16.1.1.2 any other Finance Documents executed after the Signature Date.

16.2 Amendment costs

If

16.2.1 an Obligor requests an amendment, waiver or consent; or

16.2.2 there is any change in law or any regulation which requires an amendment, waiver or consent under the Finance Documents, the Borrower shall, within three Business Days of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) reasonably incurred by the Lender (and by any Representative appointed by the Lender) in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Borrower shall, within three Business Days of demand, pay to the Lender the amount of all costs and expenses (including legal fees on the scale as between attorney and own client whether incurred before or after judgement) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document and the Transaction Security and any proceedings instituted by or against the Lender as a consequence of taking or holding the Transaction Security or enforcing these rights.

17 GUARANTEE AND INDEMNITY

17.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally, as a principal obligor and not merely as a surety and on the basis of discrete obligations enforceable against it –

17.1.1 guarantees to the Lender punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;



17.1.2 undertakes to the Lender that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

17.1.3 agrees with the Lender that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Lender immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this 17 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 **Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by the Lender in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, business rescue proceedings, liquidation, winding-up or otherwise, without limitation, then the liability of each Obligor under this 17 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 **Waiver of defences**

The obligations of each Guarantor under this 17 will not be affected by any act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this 17 (without limitation and whether or not known to it or the Lender) including –



- 17.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;
- 17.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- 17.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or nonobservance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 17.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- 17.4.5 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- 17.4.6 any unenforceability, illegality, invalidity suspension or cancellation of any obligation of any person under any Finance Document or any other document or security;
- 17.4.7 any insolvency, liquidation, winding-up, business rescue or similar proceedings (including, but not limited to, receipt of any distribution made under or in connection with those proceedings);
- 17.4.8 any other Finance Document not being executed by or binding against any other Guarantor or any other party; or
- 17.4.9 any other fact or circumstance arising on which a Guarantor might otherwise be able to rely on a defence based on prejudice, waiver or estoppel.



17.5 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, the Lender (or any trustee or agent on its behalf) may –

17.6.1 refrain from applying or enforcing any other moneys, security or rights held or received by the Lender (or agent or other person on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

17.6.2 hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this 17.

17.7 **Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Lender otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this 17 –

17.7.1 to be indemnified by an Obligor;

17.7.2 to claim any contribution from any other guarantor of or provider of security for any Obligor's obligations under the Finance Documents;

17.7.3 to take the benefit (in whole or in part and whether by way of subrogation, cession of action or otherwise) of any rights of the Lender under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Lender;



- 17.7.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under 17.1;
- 17.7.5 to exercise any right of set-off against any Obligor; and/or
- 17.7.6 to claim, rank, prove or vote as a creditor or shareholder of any Obligor in competition with the Lender.

If a Guarantor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Lender by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for, or otherwise for the benefit of, the Lender and shall promptly pay or transfer the same to the Lender.

17.8 **Release of Guarantors' right of contribution**

If any Guarantor (a **"Retiring Guarantor"**) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor –

- 17.8.1 that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- 17.8.2 each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.



17.9 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Lender.

18 **REPRESENTATIONS**

Each Obligor makes the representations and warranties set out in this 18 to the Lender on the Signature Date.

18.1 **Status**

18.1.1 It is a corporation, duly incorporated and validly existing under the law of its Original Jurisdiction.

18.1.2 Each of its Subsidiaries is a limited liability corporation, duly incorporated and validly existing under the law of its Original Jurisdiction.

18.1.3 It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

18.2 **Binding obligations**

18.2.1 The obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and

18.2.2 (without limiting the generality of 18.2.1 above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

18.3 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents and the granting of the Transaction Security do not and will not conflict with –



- 18.3.1 any law or regulation applicable to it;
- 18.3.2 its or any of its Subsidiaries' constitutional documents; or
- 18.3.3 any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets or constitute a default or termination event (however described) under any such agreement or instrument.
- 18.4 **Power and authority**
 - 18.4.1 It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.
 - 18.4.2 No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.
- 18.5 **Validity and admissibility in evidence**
 - 18.5.1 All Authorisations and any other acts, conditions or things required or desirable –
 - 18.5.1.1 to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
 - 18.5.1.2 to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained, effected, done, fulfilled or performed and are in full force and effect.
 - 18.5.2 All Authorisations necessary for the conduct of the business, trade and ordinary activities by each member of the Group have been obtained or effected and are in full force and effect.



18.6 **Governing law and enforcement**

18.6.1 The choice of the law stated to be the governing law of each Finance Document will be recognised and enforced in its Relevant Jurisdictions.

18.6.2 Any judgment obtained in relation to a Finance Document in the jurisdiction of the stated governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

18.7 **Insolvency and Financial Distress**

18.7.1 No creditors' process described in 22.8 has been taken or, to the knowledge of the Borrower, threatened in relation to any Material Subsidiary.

18.7.2 No Insolvency Event has occurred in respect of the Borrower or any Material Subsidiary nor is the Borrower or any Material Subsidiary financially distressed within the meaning of section 128 of the Companies Act.

18.7.3 Neither it nor any member of the Group is Financially Distressed (as defined in the Companies Act, 2008).

18.8 **Deduction of Tax**

It is not required to make any Tax Deduction (as defined in 12.1) from any payment it may make under any Finance Document.

18.9 **No filing or stamp taxes**

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

18.10 **No default**

18.10.1 No Event of Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Finance Document.



18.10.2 No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

18.11 **No misleading information**

All written information provided by any member of the Group (including its advisers) to the Lender under or in connection with the Finance Documents was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

18.12 **Financial statements**

18.12.1 Its Original Financial Statements were prepared in accordance with IFRS consistently applied.

18.12.2 Its Original Financial Statements fairly represent its financial condition as at the end of the relevant Financial Year and operations during the relevant Financial Year (consolidated in the case of the Borrower).

18.12.3 The Budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.

18.12.4 There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Borrower) since the date of its Original Financial Statements.

18.13 ***Pari passu* ranking**

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.



18.14 **No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has or have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

18.15 **No breach of laws**

18.15.1 It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

18.15.2 No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

18.16 **Environmental laws**

18.16.1 Each member of the Group is in compliance with 21.15 and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

18.16.2 No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

18.17 **Authorised Signatures**

Any person specified as its authorised signatory under Annexure B (*Conditions precedent*) or 19.5.7 is authorised to sign Utilisation Requests and other notices on its behalf.



18.18 **Financial year end**

The Financial Year-end of -

18.18.1 the Borrower is February; and

18.18.2 each Guarantor is February.

18.19 **No immunity**

In any proceedings taken in South Africa or in any other jurisdiction, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process in relation to any Finance Document.

18.20 **Private and commercial acts**

Its execution of the Finance Documents to which it is a party constitutes, and its exercise of its rights and performance of its obligations thereunder will constitute, private and commercial acts done and performed for private and commercial purposes.

18.21 **Taxation**

18.21.1 It and each member of the Group has duly and punctually paid and discharged all Taxes imposed upon it or its assets in all material respects within the time period allowed without incurring penalties except to the extent that -

18.21.1.1 payment is being contested in good faith;

18.21.1.2 it has maintained adequate provisions for those Taxes in accordance with IFRS; and

18.21.1.3 payment can be lawfully withheld.

18.21.2 No claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes which –

18.21.2.1 are reasonably likely to result in the imposition of any conviction; or



18.21.2.2 result in the imposition of any penalty that may adversely affect the reputation of any Finance Party (as determined by that Finance Party in its absolute discretion by written notice to the Borrower to that effect).

18.21.3 It is resident for Tax purposes only in South Africa.

18.22 **Anti-corruption law**

Each member of the Group has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintains as at the Signature Date policies and procedures designed to promote and achieve compliance with such laws.

18.23 **Sanctions**

No Obligor, nor any of its directors to its best knowledge (having made due and careful enquiry), is listed on any Sanctions List.

18.24 **Security and Financial Indebtedness**

18.24.1 No Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted by this Agreement.

18.24.2 No member of the Group has any Financial Indebtedness outstanding other than in terms of the Permitted Loans and/or as permitted by this Agreement or as disclosed in Annexure K (*Existing Financial Indebtedness*).

18.24.3 Subject in each case to any registration specifically required by law, each Transaction Security Document validly creates the security interest which is expressed to be created by that Transaction Security Document.

18.25 **Ranking**

The Transaction Security has or will have first ranking priority and it is not subject to any prior ranking or *pari passu* ranking Security.



18.26 **Ownership**

It is the sole, absolute, legal and, where applicable, beneficial owner of the respective assets over which it purports to grant Security free from any claims, third party rights or competing interests other than Security permitted under 21.3.3.

18.27 **No Material Adverse Effect**

No Material Adverse Effect has occurred.

18.28 **No adverse consequences**

18.28.1 It is not necessary under the laws of its Relevant Jurisdictions –

18.28.1.1 in order to enable the Lender to enforce its rights under any Finance Document; or

18.28.1.2 by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

18.28.2 that the Lender should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.

18.29 **Dormant entities**

As at the Signature Date, the Subsidiaries of the Borrower listed in Annexure L (“**Dormant Entities**”) are not trading or conducting business of any nature whatsoever. If any Dormant Entity recommences any trading or conducts any business at any time during the term of this Agreement, the Borrower shall forthwith notify the Lender thereof.

18.30 **Repetition**

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on –

18.30.1 the date of each Utilisation Request and the first day of each Interest Period; and



18.30.2 in the case of an Additional Guarantor, the day on which it becomes (or it is proposed that it becomes) an Additional Guarantor.

19 INFORMATION UNDERTAKINGS

The undertakings in this 19 remain in force from the Signature Date for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Financial statements

The Borrower shall supply to the Lender –

19.1.1 as soon as the same become available, but in any event within 120 days after the end of each of its Financial Years –

19.1.1.1 its audited consolidated financial statements for that Financial Year; and

19.1.1.2 the audited financial statements of each Obligor for that Financial Year; and

19.1.2 as soon as the same become available, but in any event within 30 days after the end of each Measurement Period, its management accounts (including a balance sheet, income statement, management accounts and cash flow statements, summarised debtors age analysis) for that Measurement Period.

19.2 Compliance Certificate

19.2.1 The Borrower shall supply to the Lender, with each set of audited consolidated financial statements for a Financial Year, each set of management accounts in respect of each Measurement Period in a Financial Year ending on a Measurement Date provided in terms of 19.1, a Compliance Certificate in the form attached as Annexure F (i) setting out (in reasonable detail) computations as to compliance with clause 20 as at the date as at which those financial statements or management accounts were drawn up and (ii) confirming compliance with the financial covenants recorded in clause 20. For the avoidance of doubt it being recorded that the first Measurement Date shall be 28 February 2021.



19.2.2 Each Compliance Certificate shall be signed by two directors of the Borrower.

19.3 **Requirements as to financial statements and management accounts**

19.3.1 Each set of financial statements and management accounts delivered by the Borrower pursuant to 19.1 shall be certified by a director of the relevant company as fairly representing its financial condition as at the date as at which those financial statements and/or management accounts were drawn up.

19.3.2 The Borrower shall procure that each set of financial statements and management accounts in respect of any Obligor delivered pursuant to 19.1 is prepared using IFRS, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for that Obligor unless, in relation to any set of financial statements or management accounts (as the case may be), it notifies the Lender that there has been a change in IFRS, the accounting practices or reference periods and its Auditors (or, if appropriate, the Auditors of the Obligor) deliver to the Lender –

19.3.2.1 a description of any change necessary for those financial statements and/or management accounts to reflect the IFRS, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared; and

19.3.2.2 sufficient information, in form and substance as may be reasonably required by the Lender, to enable the Lender to determine whether 20 has been complied with and make an accurate comparison between the financial position indicated in those financial statements and/or management accounts and that Obligor's Original Financial Statements.

Any reference in this Agreement to those financial statements and/or management accounts shall be construed as a reference to those financial statements and/or management accounts as adjusted to reflect the basis upon which the Original Financial Statements were prepared.



19.4 **Budget**

19.4.1 The Borrower shall supply to the Lender, as soon as the same become available but in any event within seven days before the start of each of its Financial Years, an annual Budget for that Financial Year.

19.4.2 The Borrower shall ensure that each Budget –

19.4.2.1 is in a form reasonably acceptable to the Lender and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group, and descriptions of the proposed activities of the Group for the Financial Year to which the Budget relates. The projections shall relate to the 12 month period comprising, and each month in, that Financial Year;

19.4.2.2 is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under 19.1;

19.4.2.3 has been approved by the board of directors of the Borrower.

19.4.3 If the Borrower updates or changes the Budget, it shall promptly deliver to the Lender, such updated or changed Budget together with a written explanation of the main changes in that Budget.

19.5 **Information: miscellaneous**

The Borrower shall supply to the Lender –

19.5.1 all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally (or any class of them) at the same time as they are dispatched;

19.5.2 promptly upon becoming aware of them, details and copies of any change proposed to be made or made to its constitutional documents or the constitutional documents of it or any Obligor, including the filing of any Memorandum of Incorporation under the Companies Act 2008, if such change would adversely affect the rights of the Lender, or the ability of the Borrower to meet its payment and/or other obligations, under the Finance Documents;



- 19.5.3 written notice of all off balance sheet items, as such latter term is defined in IFRS, within five Business Days of the item arising;
- 19.5.4 promptly upon becoming aware of them, the details of (i) any Event of Default, and (ii) any litigation, arbitration, administrative proceedings, liquidation applications, winding up applications or business rescue applications or other Insolvency Event which are current, threatened or pending against it or any other member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- 19.5.5 promptly, such information as the Lender may reasonably require about the Secured Property and compliance of the Obligors with the terms of any Transaction Security Documents;
- 19.5.6 promptly, and in any event within five Business Days, such further information regarding the financial condition, business and operations of any member of the Group as the Lender may reasonably request;
- 19.5.7 promptly, notice of any change in authorised signatories of it or any other Obligor signed by a director or company secretary of it or such other Obligor (as the case may be) accompanied by specimen signatures of any new authorised signatories;
- 19.5.8 promptly upon request, such additional information or documentation as the Lender may require in order to verify that any signatory referred to in 19.5.7 above has been duly authorised;
- 19.5.9 the details of any Disposal or insurance claim which would result in the receipt by any member of the Group of any Net Disposal Proceeds and/or Net Insurance Proceeds;
- 19.6 **Auditors**
- The Borrower shall not (and shall ensure that no other Obligor will) change its auditors from those retained by it as at the Signature Date except with the consent of the Lender.



19.7 **Financial Year end**

The Borrower shall procure that each Financial Year-end Financial of -

19.7.1 the Borrower is February; and

19.7.2 each Guarantor is February.

19.8 **Notification of default**

19.8.1 Each Obligor shall notify the Lender promptly upon becoming aware of same, all relevant information regarding any facts or circumstances which could reasonably be expected to result in the occurrence of an Event of Default and/or a Default and/or adversely affect the Lender's rights and/or interests under the Finance Documents after the Signature Date.

19.8.2 Each Obligor shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

19.8.3 Promptly upon a request by the Lender, the Borrower shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.9 **"Know your customer" checks**

19.9.1 If –

19.9.1.1 the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the Signature Date;

19.9.1.2 any change in the status or shareholding composition of an Obligor after the Signature Date; or



19.9.1.3 a proposed Transfer by the Lender of any of its rights and obligations under this Agreement to a party that is not the Lender prior to such Transfer,

obliges the Lender (or, in the case of 19.9.1.3 above, any prospective new Lender) to comply with **“know your customer”** or similar identification procedures (whether in terms of the Financial Intelligence Centre Act, 2001 or otherwise) in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in 19.9.1.3 above, on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in 19.9.1.3 above, any prospective new Lender to carry out and be satisfied it has complied with all necessary **“know your customer”** or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

19.9.2 The Borrower shall, by not less than 10 Business Days’ prior written notice to the Lender, notify the Lender of its intention to request that one of its Subsidiaries becomes an Additional Guarantor pursuant to 24.

19.9.3 Following the giving of any notice pursuant to 19.9.2, if the accession of such Additional Guarantor obliges the Lender to comply with **“know your customer”** or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or on behalf of any prospective new Lender) in order for the Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary **“know your customer”** or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Guarantor.

20 FINANCIAL COVENANTS

20.1 Financial definitions

In this Agreement –

20.1.1 **“Capital Expenditure”** - in respect of each Measurement Period, all expenditure incurred by the Group which would qualify as capital expenditure in accordance with IFRS;



- 20.1.2 **“Debt”** - for each Measurement Period and as at the Measurement Date on which such Measurement Period ends without double counting, all non-subordinated, Interest bearing financial indebtedness (including Financial Indebtedness);
- 20.1.3 **“Debt to EBITDA Ratio”** - for each Measurement Period, the ratio of Debt as at the last day of that Measurement Period to EBITDA for that Measurement Period;
- 20.1.4 **“Debt Service”** - in respect of each Measurement Period and in relation to the Group, the sum of –
 - 20.1.4.1 Interest for such Measurement Period; plus
 - 20.1.4.2 any scheduled repayments and any mandatory prepayments that may occur during that Measurement Period in respect of Debt;
- 20.1.5 **“Debt Service Cover Ratio”** - in respect of each Measurement Period, the ratio between (i) Free Cash Flow for such Measurement Period and (ii) Debt Service for such Measurement Period;
- 20.1.6 **“EBITDA”** - in relation to the Group (and in respect of each Measurement Period), the consolidated operating profit of the Group (and including the annualised operating income of any businesses or companies acquired during the applicable Financial Year) (and without double counting) –
 - 20.1.6.1 before Taxation;
 - 20.1.6.2 before deducting any interest, preference dividends, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments, in each instance in respect of Financial Indebtedness, whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Measurement Period;



- 20.1.6.3 not including any accrued interest owing to any member of the Group;
 - 20.1.6.4 after adding back any amount attributable to the amortisation, or depreciation of assets of any member of the Group, but specifically excluding any depreciation of a right of use asset in accordance with IFRS 16;
 - 20.1.6.5 after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
 - 20.1.6.6 before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis) which is reported through the income statement during that period;
 - 20.1.6.7 before any unrealised gains or losses due to exchange rate movements which is reported through the income statement during that period;
 - 20.1.6.8 excluding the charge to profit represented by the expensing of forfeitable shares,
 - 20.1.6.9 taking into account any adjustment in terms of IFRS 16 in respect of all lease payments made;
- in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before Taxation;
- 20.1.7 **“Free Cash Flow”** - without double counting, in respect of each Measurement Period and in relation to the Group, EBITDA for such Measurement Period adjusted by –
 - 20.1.7.1 adding the amount (if any) by which the Group’s consolidated working capital has decreased during such period or, as the case may be, deducting the amount (if any) by which the Group’s consolidated working capital has increased during such Measurement Period. The changes in working capital are to be calculated by comparing the rolling average working capital over the relevant Measurement Period with the rolling average working capital over the immediately preceding Measurement Period;



- 20.1.7.2 deducting any Capital Expenditure incurred by the Group during such Measurement Period;
- 20.1.7.3 adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not current assets or current liabilities) and deducting the amount of any non-cash credits (which are not current assets or current liabilities), in each case, to the extent taken into account in establishing EBITDA;
- 20.1.7.4 deducting any Taxes (less rebates) (determined without double counting) which the Group has paid during such Measurement Period;
- 20.1.7.5 adding any Interest actually received by any member of the Group,
- and so that no amount shall be added (or deducted) more than once;
- 20.1.8 **“Interest”** - in respect of any Measurement Period, the sum of all interest and accrued finance charges under any non-subordinated interest-bearing liability and all accrued dividends under any preference share financing for such Measurement Period; and
- 20.1.9 **“Measurement Period”** - each period of 12 (twelve) consecutive months preceding a Measurement Date.
- 20.2 **Financial condition**
- The Borrower shall ensure that at all times until all of the Secured Obligations have been fully and finally discharged (as confirmed by the Lender in writing), the following Financial Covenants will be achieved and maintained –
- 20.2.1 Debt Service Cover Ratio in respect of each Measurement Period equal to or more than 1.3 times;



20.2.2 Debt to EBITDA Ratio in respect of each Measurement Period of less than or equal to 1.25 times.

20.3 **Financial testing**

The Financial Covenants shall be calculated in accordance with IFRS and tested on each Measurement Date (the first Measurement Date being 28 February 2021) by reference to the consolidated financial information of the Group (contained in the financial statements and management accounts delivered pursuant to clause 19.1 and/or each Compliance Certificate delivered pursuant to clause 19.2), in respect of each Measurement Period.

20.4 **Equity Cure**

20.4.1 Should it be anticipated by the Borrower that any Financial Covenant will be breached or if any Financial Covenant has been breached in respect of any Measurement Period in terms of the preceding provisions of this clause 20, the Borrower may in each instance, should it wish to avoid the occurrence of an Event of Default of the nature contemplated in clause 22.2 or remedy an Event of Default of the nature contemplated in such clause which has occurred, restore the relevant Financial Covenant to the level required in terms of such provisions by prepaying a portion of the outstanding Loans and cancelling a corresponding portion of the Commitment, utilising Equity Cure Funding (**"Equity Cure"**), subject to the following terms and conditions –

20.4.1.1 the Borrower shall be required to give written notice of its intention to implement such Equity Cure to the Lender and thereafter to fully implement such Equity Cure within 30 calendar days from the date of giving such notice in the event of an anticipated breach of any of the Financial Covenants, such implementation to include the delivery of documentary proof to the Lender (acceptable to the Lender), of the utilisation of Equity Cure Funding to prepay a portion of the outstanding Loans;

20.4.1.2 if an Event of Default contemplated in clause 22.2 has occurred, and the Borrower wishes to utilise Equity Cure Funding to remedy such Event of Default, then the Borrower must do so within 30 calendar days of the Measurement Date in respect of which such Event of Default occurred;



- 20.4.1.3 no more than two Equity Cures may be effected;
- 20.4.1.4 without derogating from the provisions of clause 20.4.1.1, Equity Cures may not be effected in consecutive Measurement Periods;
- 20.4.1.5 no other Event of Default has occurred and is continuing; and
- 20.4.1.6 upon Equity Cure Funding having been utilised to prepay a portion of the outstanding Loans as equals the amount of the Equity Cure Funding (**“Relevant Repayment”**) in order to achieve an Equity Cure in relation to any Financial Covenant which may be or has been breached in relation to a particular Measurement Period, such Financial Covenant shall be recalculated on the basis that –
 - 20.4.1.6.1 the quantum of the Debt shall be reduced by the quantum of such Equity Cure Funding so utilised for the Relevant Repayment as if the Relevant Repayment had occurred on the first day of the Measurement Period, for the purposes of determining the Debt to EBITDA Ratio; and
 - 20.4.1.6.2 the quantum of Debt Service shall be recalculated as if the Relevant Repayment had occurred on the first day of the Measurement Period, for the purposes of determining the Debt Service Cover Ratio.
- 20.4.2 All Equity Cure Funding which has been utilised to make a Relevant Repayment, the amounts so repaid under the Facility, shall no longer be available for Utilisation by the Borrower under the Facility and a corresponding portion of the Commitment shall be cancelled.

21 GENERAL UNDERTAKINGS

The undertakings in this 21 remain in force from the Signature Date for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1 Authorisations

Each Obligor shall (and the Borrower shall ensure that each member of the Group will) promptly –

- 21.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and



- 21.1.2 supply certified copies to the Lender, upon its request, of,
any Authorisation required under any law or regulation of a Relevant Jurisdiction to –
- 21.1.3 enable it to perform its obligations under the Finance Documents;
- 21.1.4 ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and
- 21.1.5 carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

21.2 **Compliance with laws**

Each Obligor shall (and the Borrower shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject.

21.3 **Negative pledge**

In this 21.3, “**Quasi-Security**” means an arrangement or transaction described in 21.3.2.

- 21.3.1 No Obligor shall (and the Borrower shall ensure that no member of the Group will) create or permit to subsist any Security over any of its assets.
- 21.3.2 No Obligor shall (and the Borrower shall ensure that no member of the Group will) –
 - 21.3.2.1 sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor;
 - 21.3.2.2 sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - 21.3.2.3 enter into or permit to subsist any title retention arrangement;



- 21.3.2.4 enter into or permit to subsist any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- 21.3.2.5 enter into or permit to subsist any other preferential arrangement having a similar effect,
in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- 21.3.3 Clauses 21.3.1 and 21.3.2 do not apply to any Security or (as the case may be) Quasi-Security listed below –
 - 21.3.3.1 any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
 - 21.3.3.2 any Security or Quasi-Security entered into pursuant to any Finance Document;
 - 21.3.3.3 any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group.
- 21.4 **Disposals**
 - 21.4.1 No Obligor shall (and the Borrower shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.
 - 21.4.2 Clause 21.4.1 above does not apply to any sale, lease, transfer or other disposal –
 - 21.4.2.1 made in the ordinary course of trading of the disposing entity;



21.4.2.2 of assets in exchange for other assets comparable or superior as to type, value and quality and for a similar purpose.

21.5 **Arm's length basis**

21.5.1 No Obligor shall (and the Borrower shall ensure that no member of the Group will) enter into any transaction with any person except on arm's length terms and for full market value, other than in the ordinary course of business of the Obligor.

21.5.2 Each Obligor shall inform the Lender promptly of any transactions concluded by it with any related person during any Financial Year, and in addition, the Borrower shall inform the Lender promptly of any transactions concluded by any Obligor with any related person during any Financial Year, other than those concluded in the ordinary course of business of that Obligor, in keeping with normal business practices in the Group and disclosed in the annual financial statements of such Obligor.

21.6 **Loans or credit**

No Obligor shall (and the Borrower shall ensure that no member of the Group will) be a creditor in respect of any Financial Indebtedness other than in respect of the Permitted Loans.

21.7 **No guarantees or indemnities**

No Obligor shall (and the Borrower shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

21.8 **Dividends and share redemption**

Other than a Permitted Distribution, the Borrower shall not (and the Borrower shall ensure that no member of the Group will), –

21.8.1 declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);



- 21.8.2 repay or distribute any dividend or share premium reserve;
- 21.8.3 pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders of the Borrower; or
- 21.8.4 redeem, repurchase, retire or repay any of its share capital or resolve to do so.

21.9 **Share capital**

No Obligor shall (and the Borrower shall ensure that no member of the Group will) issue any shares or enter into or grant any equity warrant or similar instrument in relation to any shares of any Obligor except with the prior written consent of the Lender.

21.10 **Financial Indebtedness**

No Obligor shall (and the Borrower shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness, other than the Permitted Loans, without the prior written consent of the Lender.

21.11 **Merger**

The Borrower shall not (and the Borrower shall ensure that no member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction, without the prior written consent of the Lender (which consent shall not be unreasonably withheld).

21.12 **Change of business**

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or any Obligor or the Group taken as a whole from that carried on at the Signature Date.

21.13 **Acquisitions**

No Obligor shall (and the Borrower shall ensure that no member of the Group will), without the prior written consent of the Lender –



21.13.1 acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or

21.13.2 incorporate a company.

21.14 **Constitutional documents**

Each Obligor shall ensure that no change is made to its respective constitutional documents which would adversely affect the rights of the Lender, or the ability of the Borrower to meet its payment and/or other obligations, under the Finance Documents.

21.15 **Environmental compliance**

21.15.1 Each Obligor shall (and the Borrower shall ensure that each member of the Group will) –

21.15.1.1 comply with all Environmental Law;

21.15.1.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

21.15.1.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,
where failure to do so has or is reasonably likely to have a Material Adverse Effect.

21.16 **Environmental claims**

Each Obligor shall (through the Borrower), promptly upon becoming aware of the same, inform the Lender in writing of –

21.16.1 any Environmental Claim against any member of the Group which is current, pending or threatened; and



21.16.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

21.17 **Anti-corruption law**

21.17.1 No Obligor shall (and the Borrower shall ensure that no member of the Group will) directly or indirectly use the proceeds of the Facility for any purpose which would breach the Prevention and Combatting of Corrupt Activities Act 2004, Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

21.17.2 Each Obligor shall (and the Borrower shall ensure that each member of the Group will) -

21.17.2.1 conduct its businesses in compliance with applicable anti-corruption laws; and

21.17.2.2 maintain policies and procedures designed to promote and achieve compliance with such laws.

21.18 **Sanctions**

21.18.1 The Obligors shall not –

21.18.1.1 use the proceeds of the Loans or facilities under any other Finance Document (or any of them) for the purpose of financing directly or indirectly (or otherwise make available) the activities of any person or entity which is listed on any Sanctions List or located in a country which is subject to any Sanctions;

21.18.1.2 contribute or otherwise make available the proceeds of the Loans or facilities under any other Finance Document to any other person or entity if that member of the Group has actual knowledge that such party intends to use such proceeds for the purpose of financing the activities of any person or entity as contemplated in 21.18.1.1.



- 21.18.2 Each Obligor shall –
- 21.18.2.1 take all reasonable steps to ensure that appropriate controls and safeguards are in place, designed to prevent it from being or becoming involved in a Sanctioned Transaction; and
- 21.18.2.2 immediately notify the Lender upon it or any other Obligor becoming the subject of Sanctions investigations.

21.19 **Taxation**

- 21.19.1 Each Obligor shall (and the Borrower shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that –
- 21.19.1.1 such payment is being contested in good faith;
- 21.19.1.2 adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under 19.1; and
- 21.19.1.3 such payment can be lawfully withheld.
- 21.19.2 No member of the Group may change its residence for Tax purposes.

21.20 **Auditors**

No Obligor shall change its auditor, other than to an Auditor, without the prior written consent of the Lender.



21.21 **Insurance**

- 21.21.1 Each Obligor shall (and the Borrower shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies incorporated in its jurisdiction of incorporation carrying on the same or substantially similar business.
- 21.21.2 All insurances must be with reputable independent insurance companies or underwriters.
- 21.21.3 Each Obligor shall use all reasonable endeavours to ensure that (i) the Lender receives copies of the Insurance Policies, receipts for the payment of premiums for insurance and any information in connection with the Insurance policies and claims under them which the Lender may reasonably require.
- 21.21.4 Each Obligor shall ensure that the Lender's interests in the Insurance Policies in terms of the Finance Documents are noted thereon.
- 21.21.5 Each Obligor shall ensure that -
- 21.21.5.1 each premium for the Insurance Policies is paid within the period permitted for payment of that premium; and
- 21.21.5.2 all other things necessary are done so as to keep each of the Insurance Policies in force.
- 21.21.6 If any Obligor fails to comply with any term of this clause, the Lender may, at the expense of the Borrower, effect any insurance and generally do such things and take such other action as the Lender may reasonably consider necessary or desirable to prevent or remedy any breach of this clause.

21.22 **Accounting policies**

No Obligor shall adopt any accounting policy which does not conform to IFRS or make any change to its accounting policy from those used during the immediately preceding Financial Year, without the prior written consent of the Lender.



21.23 ***Pari passu* ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

21.24 **Access**

Each Obligor shall, and the Borrower shall ensure that each member of the Group will, (not more than once in every Financial Year unless an Event of Default is continuing or the Lender reasonably suspects an Event of Default is continuing or may occur) permit the Lender and/or accountants or other professional advisers and contractors of the Lender free access at all reasonable times and on reasonable notice at the risk and cost of the Obligor or the Borrower to (a) the premises, assets, books, accounts, records and financial information of each member of the Group and (b) meet and discuss matters with management of the Group.

21.25 **Treasury Transactions**

No Obligor shall (and the Borrower shall ensure that no member of the Group shall) enter into any Treasury Transaction except with the prior written consent of the Lender.

21.26 **Preservation of assets**

Each Obligor shall maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business.

21.27 **Further assurance**

21.27.1 Each Obligor shall (and the Borrower shall procure that each member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender and its respective nominee(s)) –



- 21.27.1.1 to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to the Finance Documents or by law; and/or
- 21.27.1.2 to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- 21.27.2 Each Obligor shall (and the Borrower shall procure that each member of the Group will) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to the Finance Documents.
- 21.28 **Material Subsidiaries**
- Each Obligor undertakes that, should any member of the Group become a Material Subsidiary at any time after the Effective Date, it shall procure that such Material Subsidiary accedes to the Finance Documents as a Guarantor.
- 21.29 **Obligor Coverage Test**
- 21.29.1 Subject to clause 21.29.2 and 21.30, each Obligor shall procure that, at all times, the Group, on a consolidated basis, shall achieve and maintain an Obligor Earnings Ratio of more than or equal to 80% (the **“Obligor Coverage Test”**).
- 21.29.2 Compliance by the Obligors with the Obligor Coverage Test shall be tested by the Lender at any time the Lender may require, including, without limitation, by reference to each Compliance Certificate.
- 21.30 **Obligor Coverage Test Cure**
- 21.30.1 If, on any date, the Obligors do not meet the requirements of the Obligor Coverage Test, the Borrower shall promptly notify the Lender accordingly and shall remedy such breach within 15 days of such notice (**“Remedy Period”**) by –



- 21.30.1.1 causing one or more of the other Subsidiaries of the Obligors (or other company or entity whose financial results are consolidated with the financial results of the Borrower in accordance with IFRS) (as necessary to restore the Obligor Coverage Test to the required level) to accede to the Finance Documents as a Guarantor in order to restore compliance with 21.29; or
- 21.30.1.2 implementing such other remedy proposed by the Borrower and approved by the Lender in writing (on the basis that following such implementation the requirements of the Obligor Coverage Test shall be deemed to have been met).
- 21.30.2 The Obligor Coverage Test shall be retested at the termination of the Remedy Period with reference to the same consolidated management accounts or audited consolidated financial statements and to the extent that the relevant breach has been remedied in accordance with 21.30.1, a new Compliance Certificate shall be provided by the Borrower to the Lender.

22 EVENTS OF DEFAULT

Each of the events or circumstances set out in this 22 is an Event of Default (save for 22.17).

22.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless –

- 22.1.1 its failure to pay is caused by –
 - 22.1.1.1 administrative or technical error; or
 - 22.1.1.2 a Disruption Event; and
- 22.1.2 payment is made within three Business Days of its due date.



22.2 **Financial covenants and other obligations**

22.2.1 Any requirement of 20 (*Financial Covenants*) is not satisfied at any time.

22.2.2 An Obligor does not comply with any provision of any Transaction Security Document.

22.3 **Other obligations**

An Obligor does not comply with any provision of the Finance Documents (other than those referred to in 22.1 and 22.2) and such Obligor fails to remedy such default within five Business Days of the earlier of (i) such Obligor becoming aware thereof and (ii) the date of receipt by such Obligor of written demand.

22.4 **Misrepresentation**

Any warranty, representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

22.5 **Undertakings**

An Obligor fails to comply with any undertaking given by it to the Lender in terms of any Finance Document and, if such default is capable of remedy, such Obligor fails to remedy such default within five Business Days of the earlier of (i) such Obligor becoming aware thereof and (ii) the date of receipt by such Obligor of written demand.

22.6 **Cross default**

22.6.1 Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

22.6.2 Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).



- 22.6.3 Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- 22.6.4 Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- 22.6.5 No Event of Default will occur under this 22.6 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within 22.6.1 to 22.6.4 is less than ZAR20,000,000 (or its equivalent in any other currency or currencies).
- 22.7 **Insolvency**
- 22.7.1 An Insolvency Event occurs in respect of any member of the Group.
- 22.7.2 Any member of the Group is or is deemed by any authority or legislation to be Financially Distressed (as defined in the Companies Act, 2008).
- 22.7.3 A moratorium is declared in respect of any indebtedness of any member of the Group.
- 22.8 **Creditors' process**
- Any expropriation, attachment, sequestration, implementation of any business rescue plan, distress or execution affects any asset or assets of a member of the Group having an aggregate value of ZAR10,000,000 and is not discharged within 14 days.
- 22.9 **Failure to comply with court judgment or arbitral award**
- Any member of the Group fails to comply with or pay by the required time any sum due from it under any final judgment or any final order made or given by a court or arbitral tribunal or other arbitral body, in each case of competent jurisdiction.



22.10 **Unlawfulness and invalidity**

- 22.10.1 It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective.
- 22.10.2 Any obligation or obligations of any Obligor under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lender under the Finance Documents.
- 22.10.3 Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Lender) to be ineffective.

22.11 **Repudiation of agreements**

An Obligor (or any other relevant party) repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to repudiate a Finance Document or any Transaction Security.

22.12 **Cessation of business**

Any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

22.13 **Audit qualification**

The Auditors of the Group qualify the audited annual consolidated financial statements of the Borrower.

22.14 **Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against any member of the Group or its assets which have or are reasonably likely to have a Material Adverse Effect.



22.15 **Expropriation**

22.15.1 The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets or the shares in that member of the Group (including without limitation the displacement of all or part of the management of any member of the Group).

22.15.2 By the authority of any governmental, regulatory or other authority or other person –

22.15.2.1 the management of any member of the Group is wholly or substantially replaced; or

22.15.2.2 all or a majority of the shares of a member of the Group or the whole or any part of its assets or revenues is seized, expropriated or compulsorily acquired.

22.16 **Material Adverse Effect**

Any event or circumstance occurs which the Lender reasonably believes has or is reasonably likely to have a Material Adverse Effect.

22.17 **Acceleration**

On and at any time after the occurrence of an Event of Default the Lender may, by notice to the Borrower –

22.17.1 cancel all or any part of the Total Commitments whereupon they shall immediately be cancelled;



- 22.17.2 declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;
- 22.17.3 declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Lender; and/or
- 22.17.4 exercise any or all of the rights, remedies, powers or discretions arising under the Finance Documents.

23 CHANGES TO THE LENDER

23.1 Cessions and delegations by the Lender

Subject to this 23, the Lender (the **“Existing Lender”**) may cede and/or delegate (a **“Transfer”**) any or all of its rights and/or obligations under this Agreement and/or under any other Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (a **“New Lender”**). The Borrower and each other Obligor consents to any splitting of claims which may arise as a result of a Transfer permitted by this Agreement.

23.2 Conditions of Transfer

- 23.2.1 The consent of the Borrower and each other Obligor is not required for a Transfer by the Existing Lender to any New Lender which is its Affiliate or any other person, identified in Annexure J hereto (collectively **“Permitted Transferees”**). The consent of the Borrower is required for a Transfer to any prospective transferee other than a Permitted Transferee, provided that, at any time on or subsequent to the occurrence of an Event of Default which is continuing, the consent of the Borrower is not required for a Transfer by the Existing Lender to any one or more persons nominated by the Existing Lender, whether or not such person or persons are Permitted Transferees.
- 23.2.2 Where the consent of the Borrower to a Transfer is required in terms of 23.2.1 of this clause, that consent must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent five Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrower within that time.



23.2.3 A Transfer will only be effective if the procedure set out in 23.3 is complied with.

23.2.4 If –

23.2.4.1 the Lender Transfers any of its rights or obligations under the Finance Documents; and

23.2.4.2 as a result of circumstances existing at the date the Transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender under 12 or 13,

then the New Lender is only entitled to receive payment under those clauses to the same extent as the Existing Lender would have been if the Transfer or change had not occurred. This 23.2.4 shall not apply in respect of a Transfer made in the ordinary course of the primary syndication of the Facility.

23.3 **Procedure for transfer**

23.3.1 On the Transfer Date –

23.3.1.1 the New Lender and the Existing Lender shall execute a Transfer Certificate;

23.3.1.2 the Transfer shall take effect under the Finance Documents so that the rights and/or obligations which are the subject of the Transfer shall be ceded and delegated by the Existing Lender to the New Lender (being the **“Transferred Rights and Obligations”**);

23.3.1.3 each of the Obligors shall perform their obligations and exercise their rights in relation to the Transferred Rights and Obligations in favour of or against the New Lender, as the case may be;

23.3.1.4 the Existing Lender shall each be released from further obligations to each other under the Finance Documents to the extent of the Transferred Rights and Obligations; and



23.3.1.5 the New Lender shall become a Party as the “**Lender.**”

24 **CHANGES TO THE OBLIGORS**

24.1 **Cessions and delegations by Obligors**

No Obligor may cede any of its rights or delegate any of its obligations under the Finance Documents.

24.2 **Additional Guarantors**

24.2.1 Subject to compliance with the provisions of 19.9.2 and 19.9.3, a Company may become an Additional Guarantor pursuant to 21.28, 21.30, any other provision of the Finance Documents or a request from the Borrower that any of its Subsidiaries become an Additional Guarantor. That member of the Group shall become an Additional Guarantor if –

24.2.1.1 the Borrower delivers to the Lender a duly completed and executed Accession Letter; and

24.2.1.2 the Lender has received all of the documents and other evidence listed in Part II of Annexure B (*Conditions precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Lender.

24.2.2 The Lender shall notify the Borrower promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Annexure B (*Conditions precedent*).

24.3 **Repetition of Representations**

Delivery of an Accession Letter constitutes confirmation by the relevant member of the Group that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.



24.4 **Resignation of a Guarantor**

24.4.1 The Borrower may request that a Guarantor ceases to be a Guarantor by delivering to the Lender a Resignation Letter.

24.4.2 The Lender shall be entitled to consent to and accept a Resignation Letter and notify the Borrower of its acceptance if -

24.4.2.1 no Default is continuing or would result from the acceptance of the Resignation Letter (and the Borrower has confirmed this is the case); and

24.4.2.2 the requirements of 21.29 will be complied with immediately after such Guarantor ceases to be a Guarantor.

25 **CONDUCT OF BUSINESS BY THE LENDER**

No provision of this Agreement will –

25.1 interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

25.2 oblige the Lender to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;
or

25.3 oblige the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

26 **PAYMENT MECHANICS**

26.1 **Distributions to an Obligor**

The Lender may (with the consent of the Borrower or in accordance with 27) apply any amount received by it from or on behalf of an Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.



26.2 **Partial payments**

26.2.1 If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Lender shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order –

26.2.1.1 firstly, in or towards payment of any accrued interest, fees, Break Costs or commission due but unpaid under this Agreement;

26.2.1.2 secondly, in or towards payment of any principal due but unpaid under this Agreement; and

26.2.1.3 thirdly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

26.2.2 The Lender shall be entitled to vary the order set out in 26.2.1.1 to 26.2.1.3.

26.2.3 Clauses 26.2.1 and 26.2.2 will override any appropriation made by an Obligor.

26.3 **No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

26.4 **Business Days**

26.4.1 In the event that the day for performance of any obligation to be performed in terms of any Finance Document should fall on a day which is not a Business Day, the relevant day for performance shall be the succeeding Business Day.

26.4.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.



26.5 **Currency of account**

- 26.5.1 Subject to 26.1, ZAR is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- 26.5.2 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- 26.5.3 Any amount expressed to be payable in a currency other than ZAR shall be paid in that other currency.

26.6 **Disruption to Payment Systems etc.**

If the Lender determines (in its discretion) that a Disruption Event has occurred or the Lender is notified by the Borrower that a Disruption Event has occurred –

- 26.6.1 the Lender may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the Lender may deem necessary in the circumstances;
- 26.6.2 the Lender shall not be obliged to consult with the Borrower in relation to any changes mentioned in 26.6.1 if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- 26.6.3 the Lender shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Lender) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this 26.6.

27 **SET-OFF**

The Lender may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.



28 NOTICES

28.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

28.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is –

28.2.1 in the case of the Borrower–

physical:	11 Keyes Avenue Rosebank 2196
attention:	Anname de Villiers
email:	anname.devilliers@cartrack.com fatima.hassim@cartrack.com

28.2.2 in the case of the Guarantors –

physical:	11 Keyes Avenue Rosebank 2196
attention:	Anname de Villiers
email:	anname.devilliers@cartrack.com fatima.hassim@cartrack.com



28.2.3 in the case of the Lender –

physical: 3rd Floor
East Wing
30 Baker Street
Rosebank
Johannesburg
2196

attention: Head: Leveraged Finance
email: CFSTransactionManagement@standardbank.co.za
Nishela.Ramgoolam@standardbank.co.za Thabang.Letheo@standardbank.co.za

28.2.4 in the case of any Additional Guarantor that notified in writing to the Lender in the relevant Accession Letter;

or any substitute address or fax number or department or officer as the Party may notify to the other Parties, by not less than five Business Days' notice.

28.3 **Domicilia**

28.3.1 Each of the Parties chooses its physical address provided under or in connection with 28.2 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement or any other Finance Document may be served.

28.3.2 Any Party may by written notice to the other Parties change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa, provided that any such change shall only be effective on the fourteenth day after deemed receipt of the notice by the other Parties pursuant to 28.4.

28.4 **Delivery**

28.4.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective when received by the recipient and, unless the contrary is proved, shall be deemed to be received –



- 28.4.1.1 if by way of fax, be deemed to have been received on the first Business Day following the date of transmission provided that the fax is received in legible form;
- 28.4.1.2 if delivered by hand, be deemed to have been received at the time of delivery and
- 28.4.1.3 if by way of courier service, be deemed to have been received on the seventh Business Day following the date of such sending, and if a particular department or officer is specified as part of its address details provided under 28.2, if addressed to that department or officer.
- 28.4.2 Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).
- 28.4.3 Any communication or document made or delivered to the Borrower in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.
- 28.4.4 Any communication or document which becomes effective, in accordance with 28.4.1 to 28.4.3, after 17h00 in the place of receipt shall be deemed only to become effective on the following day.
- 28.5 **Notification of address and fax number**
- Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to 28.2 or changing its own address or fax number, the Lender shall notify the other Parties.
- 28.6 **Electronic communication**
- 28.6.1 Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties –



- 28.6.1.1 notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
- 28.6.1.2 notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- 28.6.2 Any electronic communication as specified in 28.6.1 to be made between an Obligor and the Lender may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.
- 28.6.3 Any electronic communication as specified in 28.6.1 made between any two Parties will be effective only when actually received (or made available) in readable form.
- 28.6.4 Any electronic communication which becomes effective, in accordance with 28.6.3, after 17h00 in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.
- 28.6.5 Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this 28.6.
- 28.7 **English language**
- 28.7.1 Any notice or other document given under or in connection with any Finance Document must be in English.
- 28.7.2 All other documents provided under or in connection with any Finance Document must be –
- 28.7.2.1 in English; or



28.7.2.2 if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

29 **CALCULATIONS AND CERTIFICATES**

29.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

29.2 **Certificates and Determinations**

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

29.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days (irrespective of whether the year in question is a leap year).

30 **PARTIAL INVALIDITY**

If, at any time, any provision of a Finance Document is or becomes illegal, invalid, unenforceable or inoperable in any respect under any law of any jurisdiction, neither the legality, validity, enforceability or operation of the remaining provisions nor the legality, validity, enforceability or operation of such provision under the law of any other jurisdiction will in any way be affected or impaired. The term “inoperable” in this 30 shall include, without limitation, inoperable by way of suspension or cancellation.



31 **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under a Finance Documents or other Document or other indulgence shall operate as a waiver, nor shall any single or partial exercise of any such right or remedy otherwise affect any of that Party's rights in terms of or arising from any Finance Document or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term of any Finance Document. No consent to any waiver or novation of a Party's rights in terms of or arising from any Finance Document shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

32 **CONFIDENTIAL INFORMATION**

32.1 **Confidential Information**

The Lender agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by 32.2, and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

32.2 **Disclosure of Confidential Information**

The Lender may disclose –

32.2.1 to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and other Representatives such Confidential Information as the Lender shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this 32.2.1 is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;



- 32.2.2 to any other person –
- 32.2.2.1 to (or through) whom it Transfers (or may potentially Transfer) all or any of its rights and obligations under one or more Finance Documents and, in each case, to any of that person’s Affiliates, Related Funds, Representatives and professional advisers;
- 32.2.2.2 appointed by the Lender or by a person to whom 32.2.2.1 applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
- 32.2.2.3 who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in 32.2.2.1;
- 32.2.2.4 to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- 32.2.2.5 to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- 32.2.2.6 who is a Party; or
- 32.2.2.7 with the consent of the Borrower;
- in each case, such Confidential Information as the Lender shall consider appropriate if –
- 32.2.2.7.1 in relation to 32.2.2.1 and 32.2.2.2, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- 32.2.2.7.2 in relation to 32.2.2.3, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information; and



32.2.2.7.3 in relation to 32.2.2.4 and 32.2.2.5, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender, it is not practicable so to do in the circumstances; and

32.2.3 to any person appointed by the Lender or by a person to whom 32.2.2.1 applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this 32.2.3 if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form agreed between the Borrower and the Lender.

32.3 **Entire agreement**

This 32 constitutes the entire agreement between the Parties in relation to the obligations of the Lender under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

32.4 **Inside information**

The Lender acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Lender undertakes not to use any Confidential Information for any unlawful purpose.



32.5 **Notification of disclosure**

The Lender agrees (to the extent permitted by law and regulation) to inform the Borrower –

32.5.1 of the circumstances of any disclosure of Confidential Information made pursuant to 32.2.2.4 except where such disclosure is made to any of the persons referred to in that clause during the ordinary course of its supervisory or regulatory function; and

32.5.2 upon becoming aware that Confidential Information has been disclosed in breach of this 32.

32.6 **Continuing obligations**

The obligations in this 32 are continuing and, in particular, shall survive and remain binding on the Lender for a period of 12 months from the earlier of –

32.6.1 the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

32.6.2 the date on which the Lender otherwise ceases to be the Lender.

33 **CONFIDENTIALITY OF FUNDING RATES**

33.1 **Confidentiality and disclosure**

33.1.1 Each Obligor agrees to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by 33.1.2.

33.1.2 Each Obligor may disclose any Funding Rate, to –

33.1.2.1 any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this 33.1.2.1 is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;



- 33.1.2.2 any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
- 33.1.2.3 any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigation, proceedings or disputes if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
- 33.1.2.4 any person with the consent of the Lender.
- 33.2 **Related obligations**
- 33.2.1 Each Obligor acknowledges that each Funding Rate is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including, securities law relating to insider dealing and market abuse and each Obligor undertakes not to use any Funding Rate for any unlawful purpose.
- 33.2.2 Each Obligor agrees (to the extent permitted by law and regulation) to inform the Lender –
- 33.2.2.1 of the circumstances of any disclosure made pursuant to 33.1.2.2 except where such disclosure is made to any of the persons referred to in that clause during the ordinary course of its supervisory or regulatory function; and



33.2.2.2 upon becoming aware that any information has been disclosed in breach of this 33.

33.3 **No Event of Default**

No Event of Default will occur under 22.3 by reason only of an Obligor's failure to comply with this 33.

34 **RENUNCIATION OF BENEFITS**

Each Obligor renounces, to the extent permitted under applicable law, the benefits of each of the legal exceptions of excussion, division, revision of accounts, no value received, *errore calculi*, *non causa debiti*, *non numeratae pecuniae* and cession of actions, and declares that it understands the meaning of each such legal exception and the effect of such renunciation.

35 **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

36 **WAIVER OF IMMUNITY**

Each Obligor waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of –

36.1 the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and

36.2 the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues.



37 **SOLE AGREEMENT**

The Finance Documents constitute the sole record of the agreement between the Parties in regard to the subject matter thereof.

38 **NO IMPLIED TERMS**

No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded in any Finance Document in regard to the subject matter thereof.

39 **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by South African law.

40 **ENFORCEMENT**

40.1 **Jurisdiction of South African Courts**

40.1.1 The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg (or any successor to that division) in regard to all matters arising from the Finance Documents (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).

40.1.2 The Parties agree that the courts of South Africa are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

40.1.3 This 40.1 is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.



Signed at	on	2021
	for	CARTRACK PROPRIETARY LIMITED (in its capacity as Borrower)
		<u>/s/ Harry Louw</u> who warrants that he is duly authorised hereto
Signed at Kyalami Estates	on	10 February 2021
	for	CARTRACK HOLDINGS LIMITED (in its capacity as Original Guarantor)
		<u>/s/ Sharoda Rapeti</u> who warrants that he is duly authorised hereto
Signed at Rosebank	on	10 February 2021
	for	CARTRACK MANUFACTURING PROPRIETARY LIMITED (in its capacity as Original Guarantor)
		<u>/s/ Harry Louw</u> who warrants that he is duly authorised hereto
Signed at Sandton	on	18 February 2021
	for	THE STANDARD BANK OF SOUTH AFRICA LIMITED (acting through its Corporate and Investment Banking Division) (in its capacity as Original Lender)
		<u>/s/ Andrew Pearce</u> who warrants that he is duly authorised hereto



ANNEXURE A – THE ORIGINAL GUARANTORS

Name of Original Guarantor	Registration number (or equivalent, if any) Original Jurisdiction
Cartrack Holdings Limited	2005/036316/06 South Africa
Cartrack Manufacturing Proprietary Limited	2009/001000/07 South Africa



ANNEXURE B – CONDITIONS PRECEDENT

Part 1

Conditions Precedent to initial Utilisation

- 1 **Original Obligors**
 - 1.1 A copy of the constitutional documents of each Original Obligor.
 - 1.2 A copy of a resolution of the board of directors of each Original Obligor –
 - 1.2.1 approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - 1.2.2 authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - 1.2.3 authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
 - 1.3 A specimen of the signature of each person authorised by the resolution referred to in 1.2 above.
 - 1.4 To the extent required by the Companies Act 2008 or other applicable law, and with reference to the constitutional documents of an Original Obligor, a copy of a resolution duly passed by all the holders of the issued shares of that Original Obligor, approving the terms of, and the transactions contemplated by, the Finance Documents to which that Original Obligor is a party.



2 **Finance Documents and Deliverables**

The Lender shall have received, in a form and substance satisfactory to the Lender -

- 2.1 the original executed versions of each Finance Document, and each such Finance Document having become unconditional in accordance with its terms (save in relation to any condition requiring this Agreement to have become unconditional);
- 2.2 a copy of all share certificates, transfers and stock transfer forms or equivalent duly executed by the relevant Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security and other documents of title to be provided under the Transaction Security Documents;
- 2.3 a copy of all other documents required to be delivered to the Lender pursuant to the Obligor Pledge and Cession.

3 **Legal opinions**

A legal opinion of Werksmans Inc., legal advisers to the Lender in South Africa, relating to (i) the legality, validity and enforceability of the Finance Documents and (ii) the legal and valid incorporation of the Borrower and the authority, capacity and power of the Borrower to enter into the Finance Documents to which it is a party.

4 **Other documents and evidence**

- 4.1 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- 4.2 The Original Financial Statements of each Original Obligor.



- 4.3 The Lender having received from each Original Obligor, in a form and substance satisfactory to the Lender, a certificate dated no earlier than five Business Days prior to the Effective Date and signed by a director of such Original Obligor stating and/or confirming that –
- 4.3.1 all of the warranties and representations given by it in the Finance Documents to which it is a party are true and correct in all material respects;
- 4.3.2 no material pending (which has a reasonable prospect of occurring) industrial action, litigation, investigation is proceeding and/or threatened against it;
- 4.3.3 it is not in breach of the terms of any material contract to which it is a party and which is extant as at the date of issue of such certificate;
- 4.3.4 no circumstances have occurred since the Signature Date, which to the best of its knowledge and belief, constitute or are reasonably likely to constitute, a Material Adverse Effect and furthermore, that no material deterioration in the financial position of it and/or of the Group on a consolidated basis, has occurred during the period between the Signature Date and the date of issue of such certificate;
- 4.3.5 no Default has occurred which is continuing;
- 4.3.6 that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded;
- 4.3.7 each copy of each document relating to it specified in this Annexure is correct, complete and in full force and effect as at the Signature Date and the date of the certificate, and have not been amended or changed in any way between those dates;
- 4.3.8 all third party consents required in relation to each Finance Document to which it is a party or may be subject have been obtained or are not required to implement the Finance Documents.
- 4.4 The Lender obtaining final approval from its internal credit committees.
- 4.5 No Default or Event of Default has occurred.
- 4.6 The Lender has received copies of the Insurance Policies and is satisfied that the insurance of the group assets in terms thereof is sufficient.



- 4.7 No Economic Failure having occurred, as confirmed by the Lender.
- 4.8 The Lender has received proof to its satisfaction that the RMB Loan Agreement (as defined in the Release Agreement) has been irrevocably cancelled and the security provided in terms thereof has been finally cancelled and released in full.
- 4.9 Such documentation and other evidence as is reasonably requested by the Lender in order for the Lender to carry out and be satisfied it has complied with all necessary “know your customer” or similar identification procedures under applicable laws and regulations (including the Financial Intelligence Centre Act, 2001) pursuant to the transactions contemplated in the Finance Documents.



Part II

Conditions Precedent Required to be delivered by an Additional Guarantor

- 1 An Accession Letter, duly executed by the Additional Guarantor and the Borrower.
- 2 A copy of the constitutional documents of the Additional Guarantor.
- 3 A copy of a resolution of the board of directors of the Additional Guarantor –
 - 3.1 approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute the Accession Letter and any other Finance Document to which it is a party;
 - 3.2 authorising a specified person or persons to execute the Accession Letter and other Finance Documents to which it is a party on its behalf; and
 - 3.3 authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is party.
- 4 A specimen of the signature of each person authorised by the resolution referred to in 3 above.
- 5 To the extent required by the Companies Act 2008 or other applicable law, with reference to the constitutional documents of an Additional Guarantor, a copy of a resolution duly passed by the holders of the issued shares of that Additional Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which that Additional Guarantor is a party.
- 6 A certificate of the Additional Guarantor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- 7 A certified copy of the register of members/shareholders of the Additional Guarantor.



8. A certificate of an authorised signatory of the Additional Guarantor certifying that each copy document listed in this Part II of Annexure B is correct, complete and in full force and effect as at a date no earlier than the date of the Accession Letter.
9. A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.
10. If available, the latest audited financial statements of the Additional Guarantor.
11. A legal opinion of the legal advisers to the Lender in South Africa.
12. A legal opinion of the legal advisers to the Obligors in South Africa.
13. If the Additional Guarantor is incorporated in a jurisdiction other than South Africa, a legal opinion of the legal advisers to the Lender in the jurisdiction in which the Additional Guarantor is incorporated.
14. Any Transaction Security Documents which are required by the Lender to be executed by the proposed Additional Guarantor.
15. Any notices or other documents required to be given or executed or made under the terms of those Transaction Security Documents, including evidence that all registrations and other perfection steps as the Lender may reasonably specify have been made or completed.



ANNEXURE C – UTILISATION REQUEST

From: [Borrower]

To: [Lender]

Dated:

Dear Sirs

[Borrower] – [·] Facility Agreement

dated [·] (the “Agreement”)

- 1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
- 2 We wish to borrow a Loan in respect of [Tranche A]OR[Tranche B] on the following terms –

Proposed Utilisation Date: [·] (or, if that is not a Business Day, the next Business Day)

Amount: ZAR[·] or, if less, the Available Commitment in respect of [Tranche A]OR[Tranche B]

Interest Period: [·]
- 3 We confirm that each condition specified in 4.2 is satisfied on the date of this Utilisation Request.
- 4 The proceeds of this Loan should be credited to [account].
- 5 This Utilisation Request is irrevocable.

Yours faithfully

authorised signatory for [Borrower]



ANNEXURE D – FORM OF TRANSFER CERTIFICATE

To: [the New Lender] (the “**New Lender**”)

From: [The Existing Lender] (the “**Existing Lender**”)

Dated: [•]

[Borrower] – [•] Facility Agreement dated [•] (the “Agreement”)

- 1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
- 2 We refer to 23.3 –
- 2.1 The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by cession and delegation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the annexure in accordance with 23.3.
- 2.2 The proposed Transfer Date is [•].
- 2.3 The address through which the New Lender will perform its obligations, fax number and attention details for notices of the New Lender for the purposes of 28.2 are set out in the Schedule.
- 3 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
- 4 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by South African law.
- 5 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.



Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

The Transfer Date is confirmed as [·].



ANNEXURE E – FORM OF ACCESSION LETTER

To: [●] as Lender

From: [member of the Group] and [Borrower]

Dated: [●]

Dear Sirs

[Borrower] – [·] Facility Agreement dated [·] (the “Agreement”)

- 1 We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
- 2 [Subsidiary] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement and the Transaction Security Documents as an Additional Guarantor pursuant to 24.2 of the Agreement.
- 3 [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction].
- 4 [Subsidiary’s] administrative and domicilium details for the purposes of 28 are as follows –

Address:
Email:
Attention:
- 5 This Accession Letter and any non-contractual obligations arising out of or in connection with it are governed by South African law.

[Borrower]

[Subsidiary]



ANNEXURE F – FORM OF ACCESSION LETTER

To: [·] as Lender

From: [Borrower]

Dated: [·]

Dear Sirs

[Borrower] – [·] Facility Agreement dated [·] (the “Agreement”)

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that, in respect of the Measurement Period ending on [·]:

2.1 the Debt Service Cover Ratio is [·] times; and

2.2 the Debt to EBITDA Ratio is [·] times.

3 **[·][To set out (in reasonable detail) computations as to compliance with clause 20]**

4 [We confirm that no Default is continuing.] *

Signed:

Director
of
[Borrower]

Director
of
[Borrower]

[insert applicable certification language]

for and on behalf of

[name of auditors of the Borrower] ***

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

*** Only applicable if the Compliance Certificate accompanies the audited financial statements and is to be signed by the Auditors. To be agreed with the Borrower’s Auditors prior to signing the Agreement.



ANNEXURE G – FORM OF RESIGNATION LETTER

To: [·] as Lender

From: [resigning Guarantor] and [Borrower]

Dated: [·]

Dear Sirs

[Borrower] – Facility Agreement

dated [·] (the “Agreement”)

- 1 We refer to the Agreement. This is a Resignation Letter. Terms defined in the Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
- 2 Pursuant to 24.4, we request that [resigning Guarantor] be released from its obligations as a Guarantor under the Agreement.
- 3 We confirm that –
 - 3.1 no Default is continuing or would result from the acceptance of this request; and
 - 3.2 the requirements of 21.29 will be complied with immediately after such Guarantor ceases to be a Guarantor.
- 4 This Resignation Letter and any non-contractual obligations arising out of or in connection with it are governed by South African law.

[Borrower]
By:

[Subsidiary]
By:



ANNEXURE H – TIMETABLES

Delivery of a duly completed Utilisation Request (clause 5.1 (Delivery of a Utilisation Request))

No later than 11h00 a.m.

JIBAR is fixed

Quotation Day as of 11h00 a.m.
Johannesburg time

Reference Bank Rate calculated by reference to available quotations in accordance with 10.2 (Calculation of Reference Bank Rate)

Noon on the Quotation Day



ANNEXURE I – SHAREHOLDERS OF THE BORROWER

SHAREHOLDER	PERCENTAGE HELD
Cartrack Holdings	100% of the total issued share capital of the Borrower



ANNEXURE J – PERMITTED TRANSFEREES

Local banks

Absa Bank Ltd

FirstRand Bank Ltd

Investec Bank Ltd

Nedbank Group Ltd

Foreign banks

Barclays Bank PLC

China Construction Bank

Citibank, N.A

HSBC Bank PLC

ICBC (Industrial & Commercial Bank of China)

JPMorgan Chase Bank, N.A

Standard Chartered Bank

Financial institutions

Ashburton Fund Managers (Pty) Ltd

Coronation Fund Managers Ltd

Futuregrowth Asset Management (Pty) Ltd

Liberty Group Ltd

MMI Holdings Ltd

Momentum Asset Management (Pty) Ltd

Ninety One

Old Mutual Investment Group (South Africa) (Pty) Ltd

Old Mutual Life Assurance Company (South Africa) Ltd

Old Mutual Specialised Finance (Pty) Ltd

Prescient Investment Managers



Sanlam Capital Markets Ltd

Sanlam Credit Conduit (Pty) Ltd

Sanlam Investment Management (Pty) Ltd

Sanlam Life Insurance Ltd

Stanlib Asset Management Ltd

Stanlib Ltd

Taquanta Asset Management

Affiliates

Any affiliates, subsidiaries or holding companies of the aforesaid banks or financial institutions listed in this appendix, and any fund or entity managed and/or controlled by any of them or any of their affiliates.



ANNEXURE K – EXISTING FINANCIAL INDEBTEDNESS

- 1 A finance lease concluded between the Borrower and Mercantile Bank containing the following terms-
 - 1.1 Lessor: Mercantile Bank
 - 1.2 Amount: R20,000,000
 - 1.3 Term: 3 years
 - 1.4 Final repayment date: The final repayment date is contained in each instalment sale agreement in respect of the relevant vehicles. As at the Signature Date, the last payment date based on the latest instalment sale agreement is March 2024.
- 2 A finance lease concluded between the Borrower and Investec Bank containing the following terms-
 - 2.1 Lessor: Investec
 - 2.2 Amount: R12,000,000
 - 2.3 Term: 5 years
 - 2.4 Final repayment date: April 2023
- 3 A working capital overdraft facility made available by Mercantile Bank to the Borrower of up to R75,000,000.



ANNEXURE L – DORMANT ENTITIES

- 1 Combined Telematics Services Proprietary Limited (Registration number 2005/016773/07);
- 2 Cartrack North East Proprietary Limited (Registration number 2009/000972/07);
- 3 Karu Holdings Proprietary Limited (Registration number 2005/036165/07);
- 4 Zonke Bonke Telecoms Proprietary Limited (Registration number 2011/007985/07);
- 5 Veraspan Proprietary Limited (Registration number 2018/496240/07).

Agreement

Parties

1. **Isaias Jose Calisto. NRIC S2771508G, (“I J Calisto”) the sole shareholder of Karoo Pte Ltd with residential address 3 Ardmore Park #28-02 Ardmore 3 Singapore 259950.**
2. **Karoo Pte. Ltd. Registration 201817157Z, (“Karoo”) a company registered in Singapore with registered office at 10 Anson Road #12-14 International Plaza Singapore 079903 (Borrower).**

1. Background

- 1.1 As a restructuring plan of I J Calisto and his family to bring their interest's to Singapore from South Africa, Karoo will purchase 204,500,000 ordinary shares of Cartrack Holding Limited (“CTK”), a public company duly registered and incorporated in South Africa from I J Calisto's family structure in South Africa at the price of ZAR13.44 per share. The share purchase price was calculated based on 30-day average trading price on the Johannesburg Stock Exchange. The total purchase consideration is ZAR2,748,480,000. The restructuring was approved by the South African Reserve Bank.
- 1.2 On exiting I J Calisto's interest from South Africa to Singapore, a special application was made to the South African Reserve Bank whereby Karoo would have a share capital to the amount equivalent to the purchase consideration of CTK shares. Karoo's share capital will increase to SGD266,416,930 based on the exchange rate of SGD1=ZAR10.3165. The spot exchange rate is obtained from XE.com on 4th July 2019.
- 1.3 Karoo will apply for share capital reduction after the completion of the purchase of CTK shares. The increase in the share capital of Karoo was merely to honour what was stated on the application to the South African Reserve Bank. An amendment to the application to the Reserve Bank would cause delays to the implementation of the new structure.
- 1.4 The purchase of the CTK shares by Karoo was funded in totality by I J Calisto. Karoo and its investment in CTK shares are free from any encumbrance or pledge of caveat.
- 1.5 I J Calisto will additionally provide ZAR144,900,000 as a loan to Karoo. This loan is for Karoo to offer and purchase CTK shares from the minority shareholders. I J Calisto can opt for any purchase of these shares to be registered in his name as appose to Karoo. Such amounts will be reduced from the Loan amount.

2. Share capital reduction

- 2.1 It is a mutual agreement between I J Calisto and Karoo to agree on apply for share capital reduction in Karoo after the completion of the purchase of CTK shares.
- 2.2 The excess capital after the completion of share capital reduction will be treated as shareholder loan given by I J Calisto to Karoo.

Agreement

3. Return of shareholder loans

3.1 Karoo requires to repay any loan to the shareholder on demand upon a written request by the shareholder. The shareholder has the option to the following repayment methods and Karoo will pay accordingly-

- Repayment in Cash;
- Repayment in CTK shares at the price of ZAR13.44 per share (same purchase price).

3.2 No interest on shareholder loans will be charged.

Execution

Executed as an agreement on 4th July 2019
Signed for

/s/ Isaias Jose Calisto

Isaias Jose Calisto
Sole shareholder

In the presence of:

/s/ Mome Grundlingh

Name of Witness: Mome Grundlingh
Designation: Group Chief Finance Officer of Cartrack Holding

Signed for and on behalf of
Karoo Pte. Ltd

/s/ Isaias Jose Calisto

Director

In the presence of:

/s/ Lau Hong Yap

Name of Witness: Lau Hong Yap
Designation: Senior Accountant

CAPITALISATION AGREEMENT

entered into between:

ISAIAS JOSE CALISTO

(NRIC S2771508G)

(a Singapore permanent resident with his residential address situated at 17 Blair Road, Singapore 089917)

(**“IJ Calisto”**)

and

KAROOOOO PTE. LTD. (previously called Karoo Pte. Ltd)

(Registration 201817157Z)

(a company incorporated and registered in Singapore with its registered office situated at 10 Anson Road #12-14, International Plaza, Singapore, 079903)

(**“Karoooooo”**)

1. **INTRODUCTION**

- 1.1. IJ Calisto is the registered and beneficial holder of 1000 (one thousand) ordinary no par value shares in the issued share capital of Karooooo, constituting 100% (one hundred per cent) of the total issued share capital of Karooooo (**“Karoooooo Shares”**).
 - 1.2. On or about 4 July 2019 IJ Calisto and Karooooo (collectively the **“Parties”**) entered into an agreement pursuant to which, amongst other things:
 - 1.2.1. IJ Calisto entered into an interest free shareholder loan account against Karooooo in an amount of ZAR2,748,480,000 (two billion seven hundred and forty eight million four hundred and eighty thousand South African Rand), converted into SGD266,415,930 (two hundred and sixty six million four hundred and fifteen thousand nine hundred and thirty Singapore Dollars) at an exchange rate of SGD1 = ZAR10.3165, which, in turn, amounted to USD194,867,241 (one hundred and ninety four million eight hundred and sixty seven thousand and two hundred and forty one United States Dollars) (the **“Calisto Loan”**).
 - 1.2.2. The Calisto Loan facilitated the acquisition by Karooooo of 204,500,000 (two hundred and four million five hundred thousand) shares in the share capital of Cartrack Holdings Limited (Registration No. 2005/036316/06) (**“Cartrack”**), which is listed on the securities exchange operated by the JSE Limited in South Africa (**“JSE”**).
-

- 1.2.3. The Calisto Loan is repayable on demand by IJ Calisto and, if so demanded, IJ Calisto has the option to elect that the Calisto Loan be repaid in cash or by way of the delivery of Cartrack shares, valued at the same price at which Karooooo acquired them (being ZAR 13.44 per Cartrack share).
 - 1.2.4. The outstanding Calisto Loan as at the date of signature of this agreement is USD194,242,000 (one hundred and ninety four million two hundred and forty two thousand United States Dollars) and Karooooo currently owns 203,328,943 (two hundred and three million three hundred and twenty eight thousand and nine hundred and forty three) shares in the share capital of Cartrack.
 - 1.3. Karooooo, which is the current majority shareholder of Cartrack, is considering entering into a proposed transaction which, if entered into, will result in the following (collectively the “**Proposed Transaction**”) –
 - 1.3.1. Karooooo making a cash offer to registered shareholders of Cartrack (“**Cartrack Shareholders**”), other than Karooooo and certain other excluded Cartrack Shareholders, to acquire their Cartrack shares by way of a scheme of arrangement in terms of section 114(1) of the South African Companies Act, No. 71 of 2008 (“**SA Companies Act**”) to be proposed by the board of directors of Cartrack between Cartrack and such Cartrack Shareholders (“**Scheme**”). The offer price in terms of the Scheme will be an amount equal to the volume weighted average price of Cartrack Shares traded on the JSE over the 30 (thirty) trading days up to and including the last practical date before Karooooo makes the firm offer to the Cartrack Shareholders.
 - 1.3.2. In connection with the Proposed Transaction, Karooooo will permit Cartrack Shareholders from whom it purchases shares pursuant to the Scheme to elect to use all or a portion of the cash consideration received pursuant to the Scheme to subscribe for shares in Karooooo at a price equal to the repurchase price at which Karooooo acquired such Cartrack Shareholder’s ordinary shares in Cartrack in a transaction exempt from, or not subject to, the registration requirements under the U.S. Securities Act of 1933, as amended (the “**Reinvestment Offer**”).
 - 1.3.3. If the Scheme and the Reinvestment Offer become operative, Karooooo will become the registered and beneficial owner of all the Cartrack Shares, which shares are proposed to be delisted from the JSE, and the Karooooo Shares are proposed to be listed on the NASDAQ (the “**NASDAQ Listing**”) with an inward listing on the JSE.
-

1.3.4. In connection with the proposed Karooooo NASDAQ Listing, IJ Calisto may offer certain of his Karooooo Shares and Karooooo may offer new Karooooo Shares in a public offering in the United States (the “**Offering**”).

1.4. In order to facilitate the implementation of the Proposed Transaction, in particular the Offering, IJ Calisto wishes to capitalise the Calisto Loan by subscribing for further Karooooo Shares, which Karooooo wishes to issue to IJ Calisto, on the terms and conditions set out in this agreement.

2. SUBSCRIPTION FOR KAROOOOO SHARES

- 2.1. IJ Calisto hereby agrees to subscribe for, and Karooooo hereby agrees to allot and issue, 20,331,894 (twenty million three hundred and thirty one thousand eight hundred and ninety four) Karooooo Shares (the “**Subscription Shares**”).
 - 2.2. Notwithstanding the date of signature of this agreement and the date upon which the Subscription Shares are issued to IJ Calisto, the Subscription Shares shall be allotted and issued on and with effect on 17 November 2020 (or such other date as may be agreed between the Parties in writing) (the “**Closing Date**”), from which date all risk in and benefits attaching to them shall be deemed to have passed to IJ Calisto.
 - 2.3. The aggregate subscription price payable by IJ Calisto to Karooooo for the Subscription Shares is USD194,242,000 (one hundred and ninety four million two hundred and forty two thousand United States Dollars), being an amount equal the outstanding Calisto Loan (the “**Subscription Price**”).
 - 2.4. The Parties hereby agree that, on the Closing Date, IJ Calisto will be deemed to have demanded repayment of the Calisto Loan from Karooooo. The liability of IJ Calisto to Karooooo to discharge the Subscription Price will then be set-off against Karooooo’s liability to repay the Calisto Loan, thereby discharging in full IJ Calisto’s liability to pay the Subscription Price and the liability of Karooooo to IJ Calisto to repay the Calisto Loan. This set-off arrangement will result in the Calisto Loan being discharged in full and Karooooo will no longer be indebted to IJ Calisto in respect of the Calisto Loan.
 - 2.5. Karooooo undertakes and agrees to allot and issue the Subscription Shares to IJ Calisto on the Closing Date, credited as fully paid-up.
 - 2.6. Following the subscription of the Subscription Shares, IJ Calisto will be the registered and beneficial holder of 20,332,894 (twenty million three hundred and thirty two thousand eight hundred and ninety four) Karooooo Shares.
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3. CLOSING

- 3.1. On the Closing Date, representatives of the Parties shall meet at such place as may be mutually agreed between the Parties in writing. At that meeting Karooooo shall deliver to IJ Calisto:
- 3.1.1. an original share certificate in respect of the Subscription Shares;
 - 3.1.2. a certified copy of a resolution passed by the sole shareholder of Karooooo approving the allotment and issue of the Subscription Shares to IJ Calisto;
 - 3.1.3. a certified copy of a resolution passed by the board of directors of Karooooo approving, *inter alia*, the:
 - 3.1.3.1. allotment and issue of the Subscription Shares to IJ Calisto; and
 - 3.1.3.2. issue of appropriate new share certificates to IJ Calisto for the Subscription Shares registered in his name;
 - 3.1.4. such other documents as are necessary in order to enable IJ Calisto to procure the registration of the Subscription Shares into his name.
- 3.2. Notwithstanding the provisions of clause 3.1 above, the Parties shall be permitted to dispense with a physical meeting on the Closing Date in which case the deliverables required to be delivered by Karooooo to IJ Calisto shall be delivered remotely or electronically on the Closing Date to either IJ Calisto or his authorised representative.

4. UNDERTAKING BY IJ CALISTO

IJ Calisto undertakes that, between the date of signature of this agreement and the Closing Date (unless this agreement never becomes effective), he will not demand repayment of the Calisto Loan from Karooooo.

5. GENERAL

- 5.1. This agreement constitutes the sole record of the agreement between the Parties in regard to the subject matter hereof and no Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein. This agreement supersedes all prior agreements, whether oral or written, between the Parties in regard to the subject matter hereof, including the Capitalisation Agreement entered into by the Parties on 30 October 2020).
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- 5.2. The address for service of notice on the Parties for all purposes under this agreement shall be the addresses set out against the names of the Parties at the beginning of this agreement.
- 5.3. No addition to, variation, novation or agreed cancellation of any provision of this agreement shall be binding upon the Parties unless reduced to writing and signed by or on behalf of the Parties.
- 5.4. No indulgence or extension of time which a Party may grant to any other Party shall constitute a waiver of or limit any of the existing or future rights of the grantor in terms hereof, save in the event and to the extent that the grantor has signed a written document expressly waiving or limiting such right.
- 5.5. The terms of this agreement shall be governed by and construed in accordance with the laws of Singapore.
- 5.6. This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same letter as at the date of signature of the Party last signing one of the counterparts.

[Remainder of this page intentionally left blank]

Signed by the Parties on the following dates and at the following places respectively:

ISAIAS JOSE CALISTO

Signature: /s/ Isaias Jose Calisto
who warrants that he / she is duly authorised thereto

Name: Isaias Jose Calisto

Date: 18 November 2020

Place: Kingdom of Thailand - Bangkok

For and on behalf of: **KAROOOOO PTE. LTD.**

Signature: /s/ Isaias Jose Calisto
who warrants that he / she is duly authorised thereto

Name: Isaias Jose Calisto

Title: Director

Date: 18 November 2020

Place: Kingdom of Thailand - Bangkok

LOAN AGREEMENT

between

ORIENT VICTORIA PTE. LTD

(Registration No. 201508743W)

(“The Lender”)

And

KAROOOOO PTE. LTD

(Registration No. 201817157Z)

(“The Borrower”)

1. LOAN

- 1.1. The Lender agrees to lend and advance up to USD 65,000,000 to the Borrower for the sole purpose of facilitating the takeover of Cartrack Holdings Limited by Karooooo Pte. Ltd.
- 1.2. The Borrower acknowledges that it will become truly and lawfully indebted to the Lender and agrees to repay the Loan amount and any interest attracted thereto to the Lender as quickly as possible.

2. INTEREST AND UNDERTAKINGS BY THE BORROWER

- 2.1. The Loan shall bear interest at 1.25% per annum.
- 2.2. The Borrower will not declare any dividends until the loan amount and interest is fully repaid to the Lender in USD.
- 2.3. The Borrower will repay the Lender into the Lenders Bank Account in Singapore as indicated in Annexure 1.
- 2.4. The Borrower will not use the loan as working capital for the business.

3. RELATIONSHIP OF THE PARTIES

The relationship of the Parties *inter se* shall be governed by the terms of this Agreement and nothing contained herein shall be deemed:

- 3.1. to constitute a partnership between the Parties; or
- 3.2. entitle or authorise either Party to incur liability on behalf of the other, unless specifically stated otherwise in this agreement.

4. DISPUTES

Having regard to the high degree of good faith that must exist between the Parties, the Parties agree to do their utmost to ensure that disputes between them are settled in the courts of Singapore and under Singapore law.

5. CESSION, ASSIGNMENT AND CHANGE OF CONTROL

Neither Party shall be entitled to cede their rights, assign their rights and obligations or delegate their obligations hereunder to any person without the prior written consent of the other Party, which consent may be withheld.

6. DOMICILIUM AND NOTICES

- 6.1. The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), the addresses set out below:

The Borrower: 17 Blair Road Singapore

The Lender: 17 Blair Road Singapore

- 6.2. Each Party shall be entitled from time to time, by written notice to the other, to vary its *domicilium citandi et executandi* to any other physical address. Any notice given and any payment made by either Party to the other which:

6.2.1. is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium citandi et executandi* for the time being, or which is transmitted by facsimile, shall be presumed to have been received by the addressee at the time of delivery or transmission, as the case may be;

6.2.2. is posted by prepaid registered post to the addressee at the addressee's *domicilium citandi et executandi* for the time being shall be presumed to have been received by the addressee on the seventh day after the date of posting;

6.2.3. sent by fax to its chosen fax number shall be deemed to have been received on the date of despatch (unless the contrary is proved); or

- 6.3. Notwithstanding the provisions of the foregoing clauses, in the event that a written notice or any process is actually received by a Party, such receipt shall be valid for all purposes under this Agreement notwithstanding that it was not received at a Party's chosen *domicilium citandi et executandi*.

7. GENERAL

- 7.1. No relaxation, indulgence or extension of time granted by any Party to another Party shall be construed as a waiver of any of the Grantor's rights in terms hereof, or a novation of any of the terms of this Agreement or estop the Grantor from enforcing strict and punctual compliance with the terms of this Agreement.

- 7.2. No variation or amendment of, addition to, consensual cancellation of or waiver of any right arising in terms of this Agreement shall be of any force or effect unless it is reduced to writing and signed by a duly authorised representative of each of the Parties.
-

- 7.3. This Agreement constitutes the entire agreement between the Parties in relation to the subject matter hereof and no Party shall accordingly be bound by any undertaking, representation or warranty not recorded herein.
 - 7.4. Neither Party has been induced into entering into this Agreement or to undertake any of the respective obligations which they have undertaken in terms hereof by any representations, warranties, whether expressed or implied, nor any other matter or condition other than as recorded herein.
 - 7.5. If any provision of this Agreement is wholly or partially invalid, unenforceable or unlawful, then this Agreement shall be severable in respect of the provision in question (to the extent that it is invalid, unenforceable or unlawful) and the remaining provisions of this Agreement shall remain of full force and effect.
 - 7.6. Both Parties have the power to enter into the Agreement and to perform their obligations under it and have taken all necessary corporate and/or other actions to authorize the execution, delivery and performance of this Agreement.
-

FOR: **ORIENT VICTORIA PTE. LTD**

Signature: /s/ I. J. Calisto
who warrants that he / she is duly authorised thereto

Name: I. J. Calisto

Date: 20201222

Place: Johannesburg

Witness: /s/ Amelia Sherman

KAROOOOO PTE. LTD

/s/ I. J. Calisto

who warrants that he / she is duly authorised thereto

I. J. Calisto

20201222

Johannesburg

/s/ Amelia Sherman (Witness)

Addendum to Loan Agreement

between

ORIENT VICTORIA PTE. LTD

(Registration No. 201508743W)

("The Lender")

And

KAROOOOO PTE. LTD

(Registration No. 201817157Z)

("The Borrower")

Addendum to Loan Agreement

Parties

1. **Orient Victoria Pte. Ltd. Registration 201508743W, a company incorporated in Singapore with registered office at No 2 Aljunied Avenue 1, Framework Building 2, #06-11 Singapore 389977 (Lender).**
 2. **Karooooo Pte. Ltd. Registration 201817157Z, a company registered in Singapore with registered office at 10 Anson Road #12-14 International Plaza Singapore 079903 (Borrower).**
-

1. **Both Parties agree to change clause 1 In the original agreement dated 22 December 2020 to the below:**

- 1.1. The Lender agrees to lend and advance up to USD 65,000,000 to the Borrower for the sole purpose of facilitating the takeover of Cartrack Holdings Limited by Karooooo Pte. Ltd. As to avoid any doubt, this loan can not be used for operational working capital.
- 1.2. The Borrower acknowledges that it will become truly and lawfully indebted to the Lender and agrees to repay the Loan amount and any interest attracted thereto to the Lender as quickly as possible.
- 1.3. The Lender can only demand payment after the first 12 month following the implementation of the Scheme and the JSE inward listing or if the Borrower is in breach.

All other points and clauses remain as per the original agreement.

Execution

Executed as an agreement on **15 February 2021**

Signed for and on behalf of
Orient Victoria Pte. Ltd.:

/s/ Isaias Jose Calisto

Director
Isaias Jose Calisto

Signed for and on behalf of
Karooooo Pte Ltd

/s/ Isaias Jose Calisto

Director
Isaias Jose Calisto

February 26, 2021
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-7561

Dear Sirs/Madams:

We have read the Change in Accountants section of Karooooo Pte. Ltd's Form F-1 dated 26 February 2021, and we agree with the statements made therein.

Yours truly,

/s/ Deloitte & Touche

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *R Redfearn Chair of the Board

A full list of partners and Director is available on request

* Partner and Registered Auditor

Subsidiary	Jurisdiction of Incorporation
Cartrack Holdings Limited	South Africa
Cartrack Proprietary Limited	South Africa
Cartrack Manufacturing Proprietary Limited	South Africa
Cartrack Technologies Pte. Ltd.	Singapore
Cartrack Technologies South East Asia Pte. Ltd.	Singapore
Cartrack Technologies (Thailand) Company Limited	Thailand
Cartrack Polska.SP.ZO.O	Poland
Cartrack Portugal S.A.	Portugal
Cartrack Limitada	Mozambique

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated 29 January 2021 relating to the financial statements of Karooooo Ltd. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Deloitte & Touche

Registered Auditors

Johannesburg, South Africa

26 February 2021

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *MR Verster Consulting *JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *R Redfearn Chair of the Board

A full list of partners and Director is available on request

* Partner and Registered Auditor

Karooooo Ltd.
10 Anson Road #12-14
International Plaza
Singapore 079903

February 26, 2021

Re: Karooooo Ltd.
Registration Statement on Form F-1
Application for Waiver and Representation under Form 20-F, Item 8.A.4
CIK Code No. 0001828102

Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

VIA EDGAR

Ladies and Gentlemen:

The undersigned, Karooooo Ltd., a foreign private issuer and a Singapore public limited company (the “**Company**”), is submitting this letter via EDGAR to the U.S. Securities and Exchange Commission (the “**Commission**”) in connection with the Company’s filing on the date hereof of its registration statement on Form F-1 (the “**Registration Statement**”) relating to the initial public offering (“**IPO**”) of the Company’s ordinary shares. This letter respectfully requests a waiver of the requirements of Item 8.A.4 of Form 20-F.

The Registration Statement contains audited financial statements for the two years ended February 28, 2019 and February 29, 2020, in each case prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and unaudited interim financial statements for the nine months ended November 30, 2019 and November 30, 2020. Item 8.A.4 of Form 20-F, which is applicable to the Registration Statement pursuant to Item 4(a) of Form F-1, states that because this will be the Company’s IPO, the Registration Statement must include audited financial statements of a date not older than 12 months unless a waiver is obtained. *See also* Division of Corporation Finance, *Financial Reporting Manual*, Section 6220.3.

Instruction 2 to Item 8.A.4 of Form 20-F provides that the Commission will waive the 12-month age of financial statements requirement “in cases where the company is able to represent adequately to us that it is not required to comply with this requirement in any other jurisdiction outside the United States and that complying with this requirement is impracticable or involves undue hardship.” Such instruction also notes that if the Commission “waive[s] the 12-month requirement,” the company must “comply with the 15-month requirement” of Item 8.A.4 of Form 20-F. *See also* the Staff’s 2004 release entitled *International Reporting and Disclosure Issues in the Division of Corporation Finance* (available on the Commission’s website at <http://www.sec.gov/divisions/corpfin/internatl/cfirdissues1104.htm>), Section III.B.c, in which the Staff notes:

“[T]he instruction indicates that the staff will waive the 12-month requirement where it is not applicable in the registrant’s other filing jurisdictions and is impracticable or involves undue hardship. As a result, we expect that the vast majority of IPOs will be subject only to the 15-month rule. The only times that we anticipate audited financial statements will be filed under the 12-month rule are when the registrant must comply with the rule in another jurisdiction, or when those audited financial statements are otherwise readily available.” (emphasis added)

The Company hereby respectfully requests that the Staff of the Commission waive the requirement of Item 8.A.4 of Form 20-F applicable to the Registration Statement, in connection with the filing of such Registration Statement prior to May 31, 2021. In connection with this request, the Company represents to the Commission that:

1. The Company is not required by any jurisdiction outside the United States to file on or prior to May 31, 2021 any consolidated financial statements, audited under any generally accepted auditing standards, for any period since the year ended February 29, 2020.
2. Compliance with Item 8.A.4 of Form 20-F is impracticable and involves undue hardship for the Company.
3. The Company does not anticipate that its audited financial statements for the year ended February 28, 2021, will be available until [late April 2021].
4. In no event will the Company seek effectiveness of the Registration Statement if its audited financial statements are older than 15 months at the time of the offering.

The Company is filing this letter as an exhibit to the Registration Statement pursuant to Instruction 2 to Item 8.A.4 of Form 20-F.

Division of Corporation Finance
Office of the Chief Accountant

3

February 26, 2021

Very truly yours,

KAROOOOO LTD

/s/ Isaias (Zak) Jose Calisto

Isaias (Zak) Jose Calisto
Chief Executive Officer
