



KAROO0000

Earnings Presentation Q1 FY2022

DISCLAIMER

Forward-Looking Statements

The information in this presentation (which includes any oral statements made in connection therewith, as applicable) includes “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, including outlook statements. 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 presentation. 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 presentation, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements are disclosed under the “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” sections of the Annual Report on Form 20-F filed on June 28, 2021.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this presentation. We disclaim any duty to update and do not intend to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

Non-IFRS Financial Measures

This presentation includes certain non-IFRS financial measures, including adjusted EBITDA, adjusted EBITDA margin, free cash flow and free cash flow margin. These non-IFRS financial measures are not measures of financial performance in accordance with IFRS and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to IFRS measures. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. Please see the reconciliations included in our earnings announcement dated July 19, 2021 (the “Earnings Announcement”).

Market and Industry Data

We include statements and information in this presentation concerning our industry ranking and the markets in which we operate, including our general expectations and market opportunity, which are based on information from independent industry organizations and other third-party sources (including a third-party market study, industry publications, surveys and forecasts). While Karooooo believes these third-party sources to be reliable as of the date of this presentation, we have not independently verified any third-party information and such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of risks. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Trademarks and Trade Names

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 presentation 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’ tradenames, 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 presentation is the property of its respective holder.



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NASDAQ TICKER "KARO"
JSE TICKER "KRO"



100%

CARTRACK

Founded in South Africa, now headquartered in Singapore



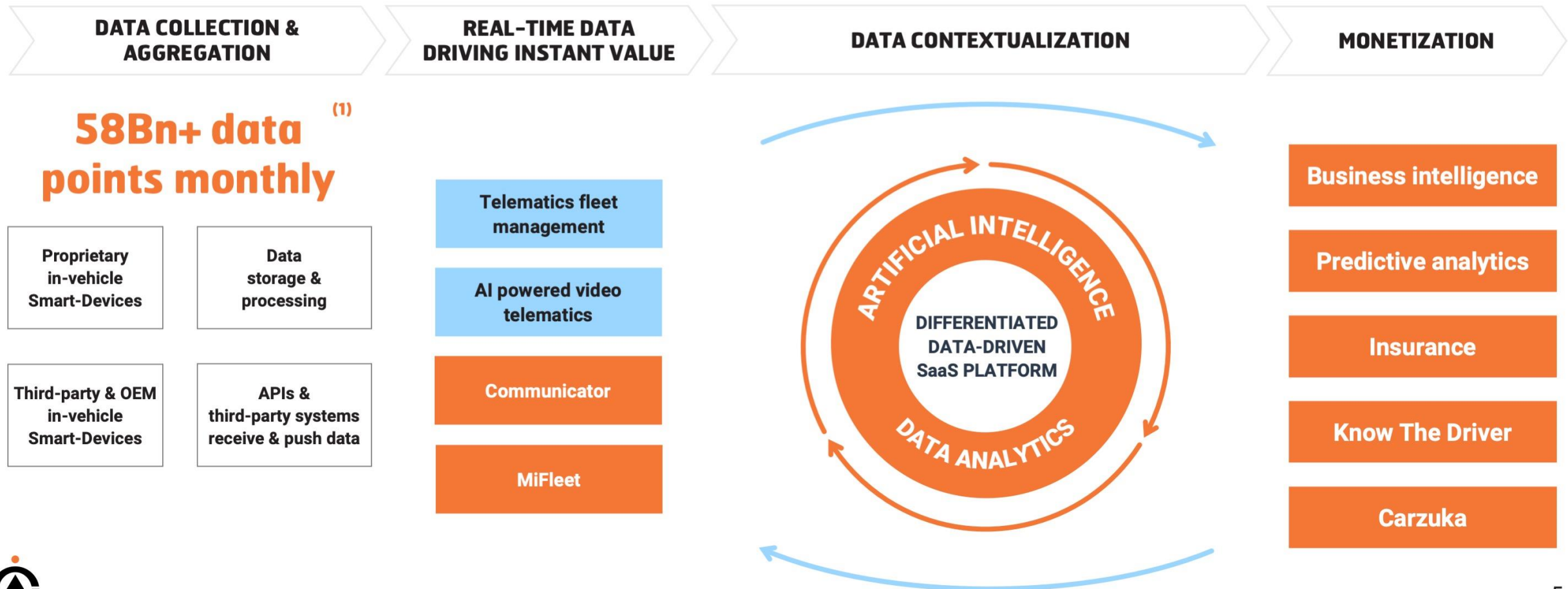
In our view, all vehicles will be
connected & data will drive all aspects
of mobility in the future

OUR MISSION

**To build the leading mobility SaaS
platform that maximizes the value of
data**



WE CONTEXTUALIZE BILLIONS OF DATA POINTS & DRIVE EXCEPTIONAL VALUE FOR CUSTOMERS

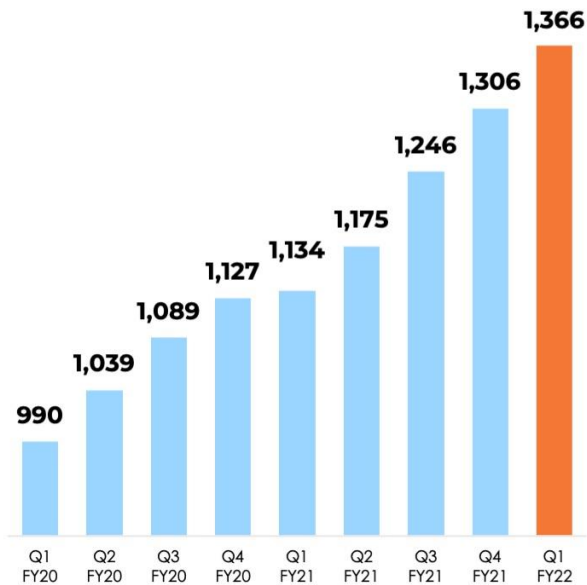


⁽¹⁾For the 12 month period ended May 31, 2021

A HISTORY OF CONSISTENT EXECUTION

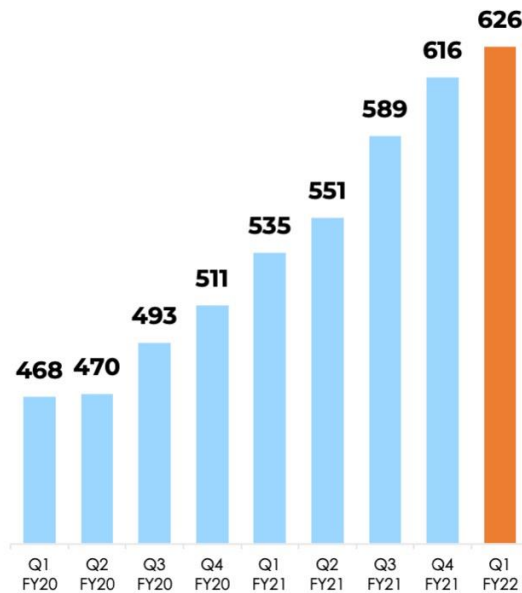
Scale

Subscribers
000s



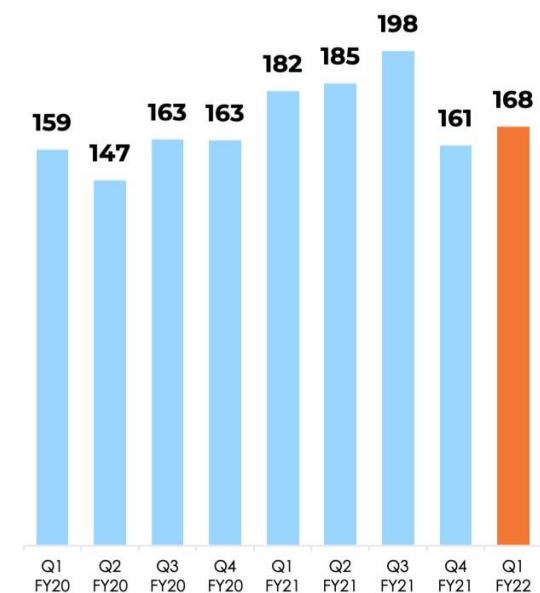
Growth

Revenue
ZAR M



Profitability

Operating Profit
ZAR M



WITH STRONG FINANCIAL DISCIPLINE



HEALTHY SUBSCRIPTION REVENUE GROWTH

21%

Subscriber Growth

Q1 FY22 1.366M

Q1 FY21 1.134M

17%

Revenue Growth

Q1 FY22 626M

Q1 FY21 535M

22%

Revenue Growth on a constant
currency basis
Q1 FY22

97%

Subscription revenue
as a % of total revenue
Q1 FY22

2.5Bn ZAR⁽¹⁾

ARR as of May 31, 2021

Up 18%

Compared to May 31, 2020

181M USD^(1,2)

ARR as of May 31, 2021

Up 51%

Compared to May 31, 2020

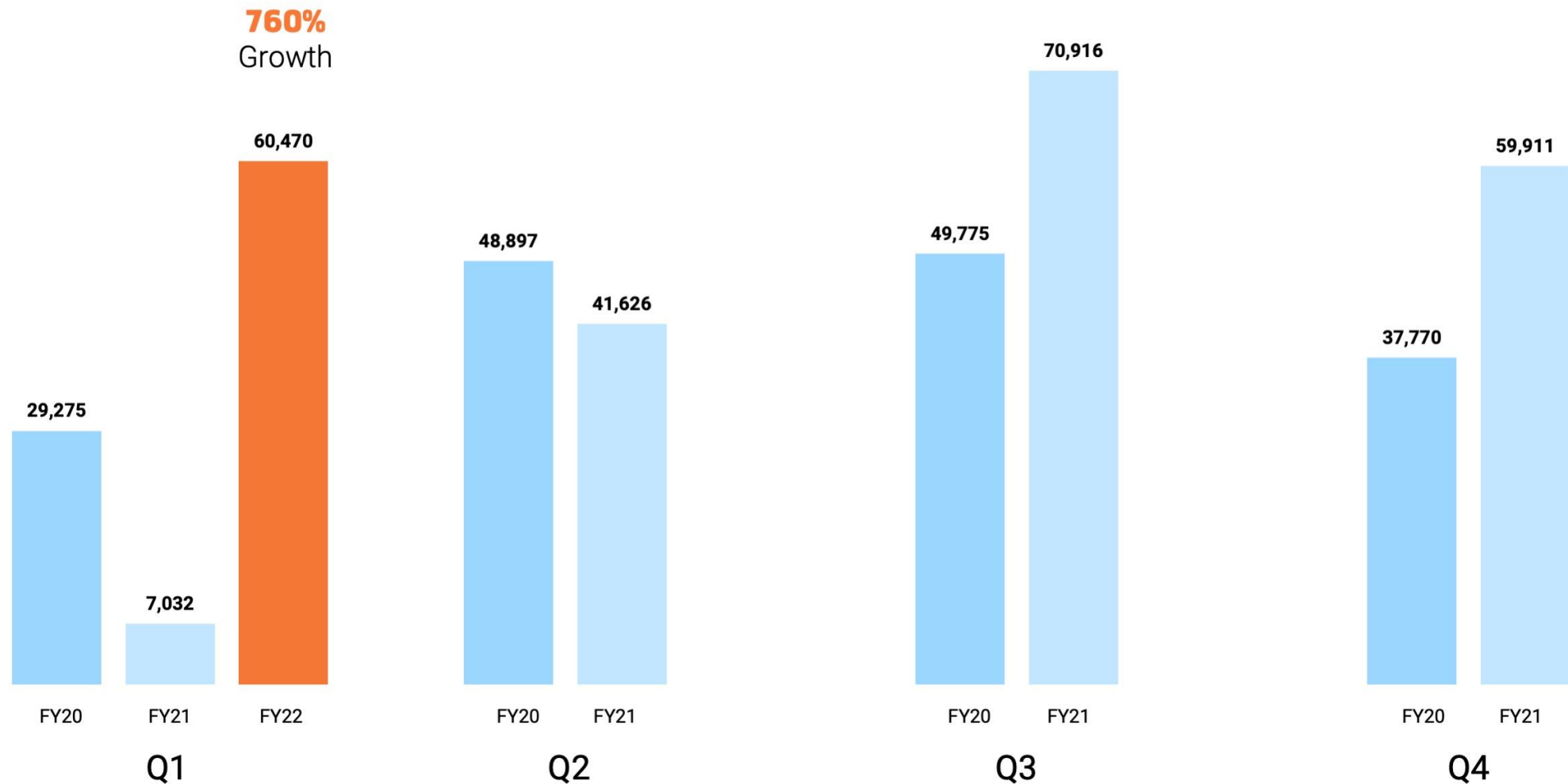
STRONG CUSTOMER ACQUISITION



⁽¹⁾ARR is defined 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

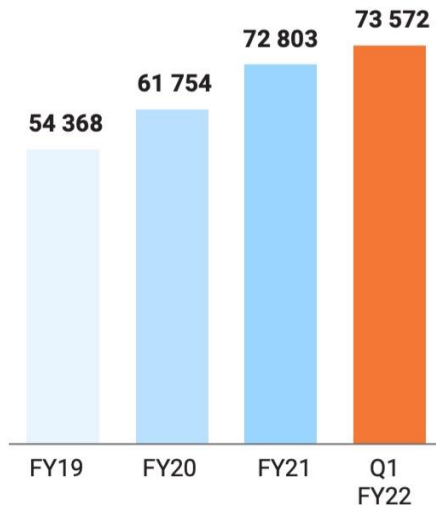
⁽²⁾Exchange rate of 13.75 ZAR (South African Rand):USD as of May 31, 2021

ROBUST QUARTERLY NET SUBSCRIBER ADDITIONS

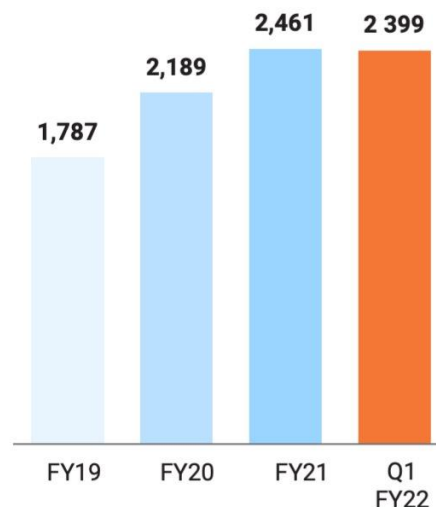


ORGANIC CUSTOMER GROWTH

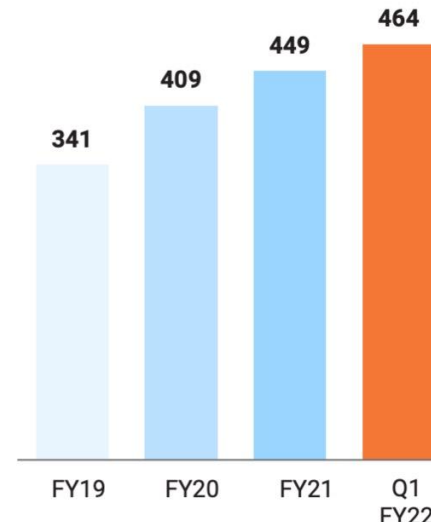
Small Enterprises
1 – 24 vehicles



Medium-Sized Enterprises
25 - 99 vehicles



Large Enterprises
100+ vehicles



76,000+
COMMERCIAL CUSTOMERS

Low industry & customer concentration risk

	Revenue
Car Rental Industry	<1.1% ⁽¹⁾
Largest Customer	<1.7% ⁽¹⁾

95% Commercial Customer
Retention Rate⁽²⁾

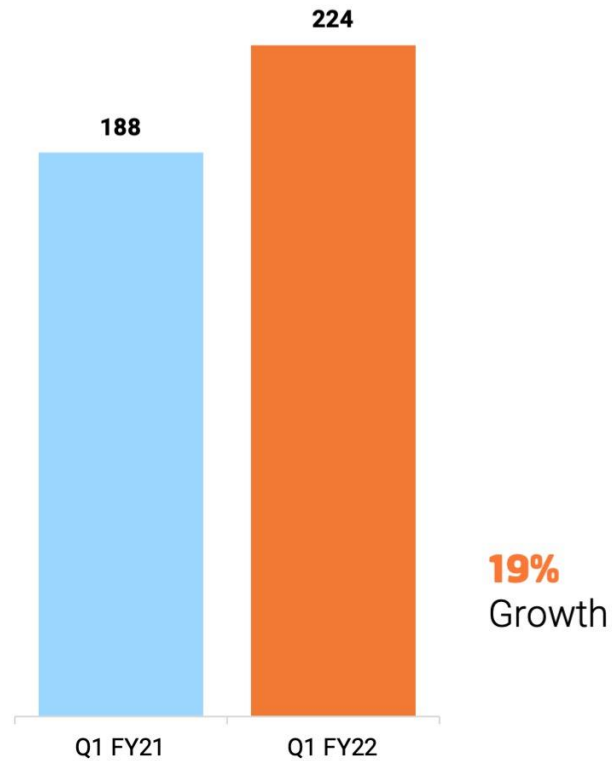


⁽¹⁾ As of May 31, 2021

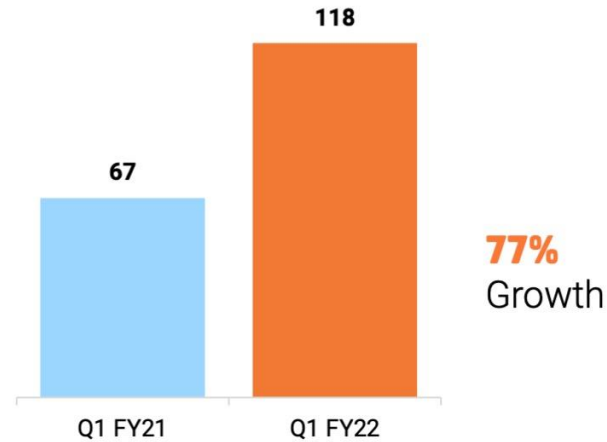
⁽²⁾ Customer retention rate for small, medium and large enterprises calculated over a 3-year average as of November 30, 2020 by comparing the number of customers at the end of a year that had been with us at the start of that year

CASH FLOW

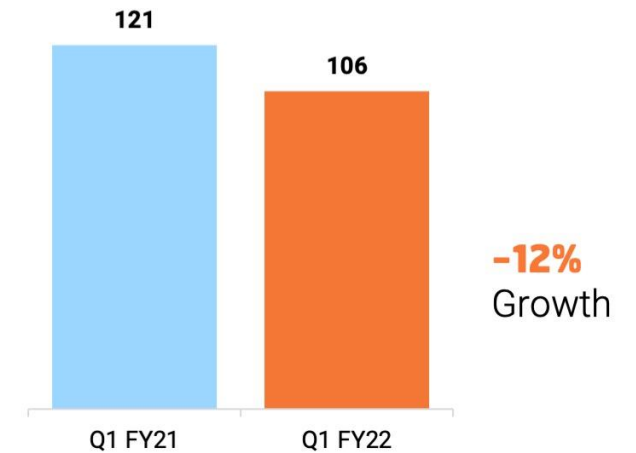
Operating Activities
ZAR M



Investing Activities: PPE
ZAR M



Free Cash Flow⁽¹⁾
ZAR M

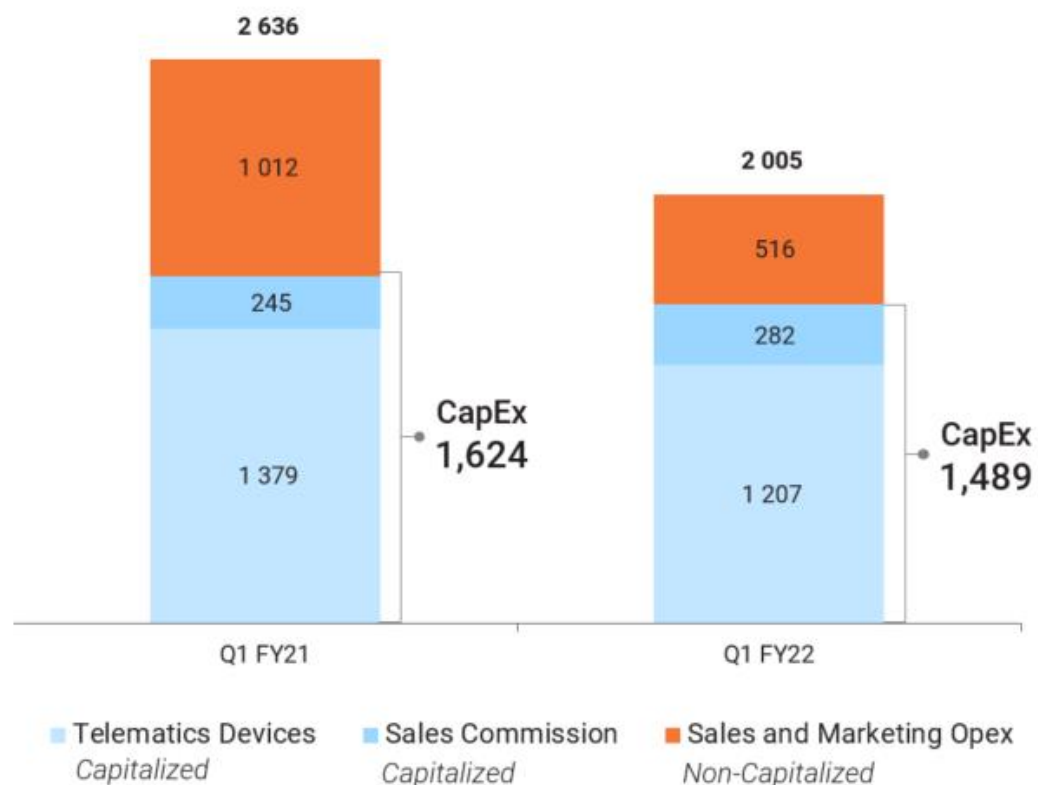


⁽¹⁾ Free cash flow is defined as net cash generated from operating activities less purchase of property, plant & equipment. Free cash flow & free cash flow margin are non-IFRS metrics. Please see our Earnings Announcement for reconciliation to closest metric calculated in accordance with IFRS.

OUR LOW COST OF ACQUIRING A SUBSCRIBER

Total Unit Cost of Acquiring a Subscriber⁽¹⁾

ZAR



Subscriber Contract Life Cycle	Q1 FY21	Q1 FY22
ARPU (ZAR)	155	151
Subscriber contract life cycle (Months)	60	60
Cost of acquiring a subscriber ⁽¹⁾ (ZAR)	2,636	2,005
Sales commission & telematics devices (ZAR) (Capitalized)	1,624	1,489
Sales & marketing operating expenses (ZAR) (Non-capitalized)	1,012	516
Subscription revenue gross profit margin	74%	72%
Life cycle contribution per subscriber ⁽²⁾ (ZAR)	6,882	6,523

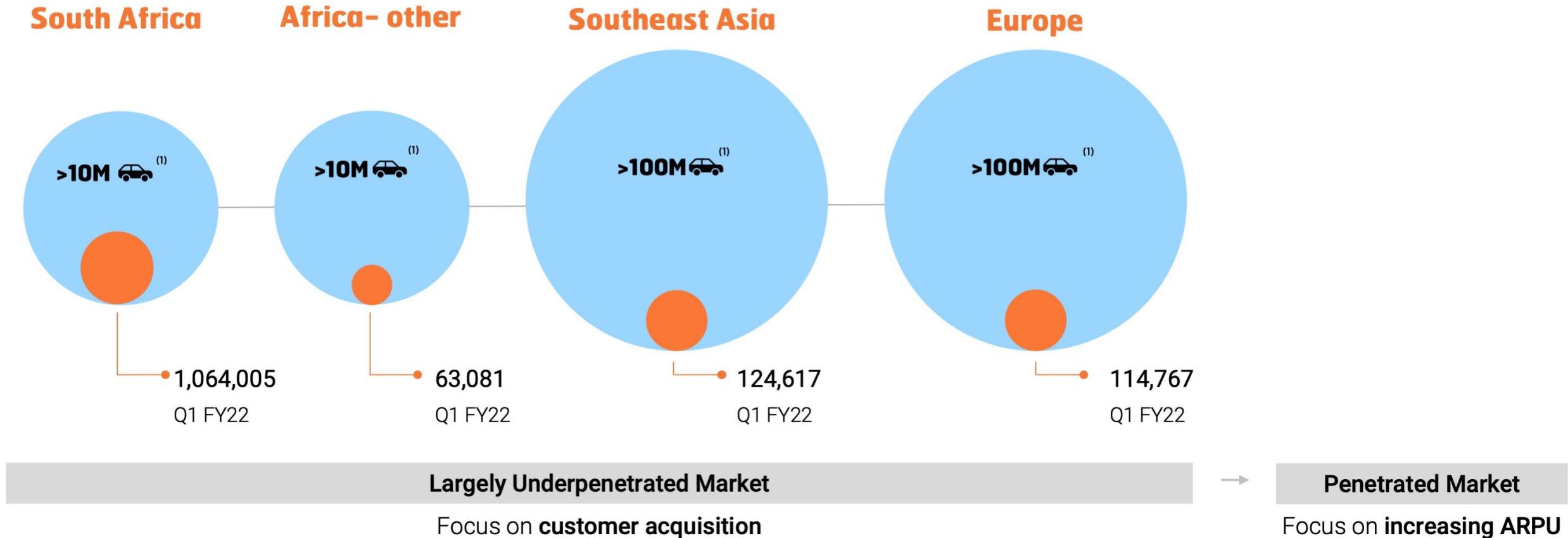


(1) Management's assessment of cost of acquiring a subscriber. For bundled sales which contribute to Subscription Revenue.

(2) ARPU multiplied by the contract life cycle months, multiplied by the subscription revenue gross margin percentage which is defined as subscription revenue divided by gross profit.

A LARGE, UNDERPENETRATED MARKET

In our view, all vehicles will be connected & data will drive all aspects of mobility in the future



⁽¹⁾Management's best estimate based on market research including <https://www.ceicdata.com/en/indicator>, https://www.news24.com/wheels/news/industry_news/youll-never-guess-how-many-vehicles-are-registered-in-sa-20170328

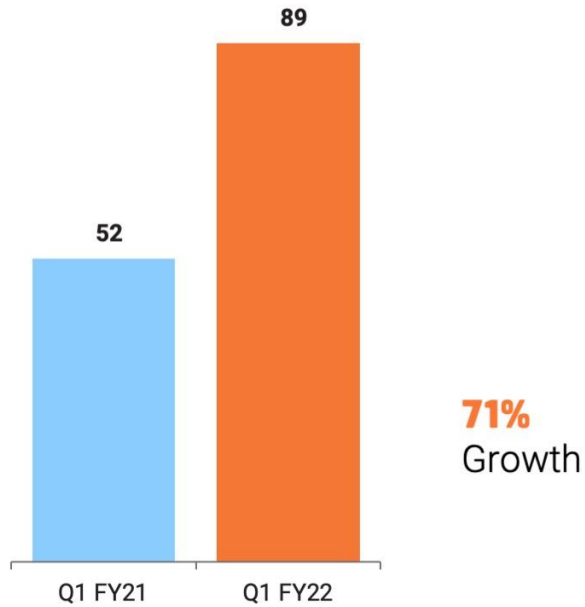
CONTINUED EXPANSION DESPITE COVID-19

'000s Subscribers	FY19	FY20	FY21	Y-o-Y change	Q1 FY21	Q1 FY22	Q-o-Q change
SOUTH AFRICA							
Subscribers	746	869	1,014	17%	866	1,064	23%
AFRICA- OTHER							
Subscribers	56	60	62	3%	60	63	5%
EUROPE							
Subscribers	83	99	111	12%	101	115	14%
ASIA, MIDDLE EAST, USA							
Subscribers	76	99	119	20%	106	125	17%

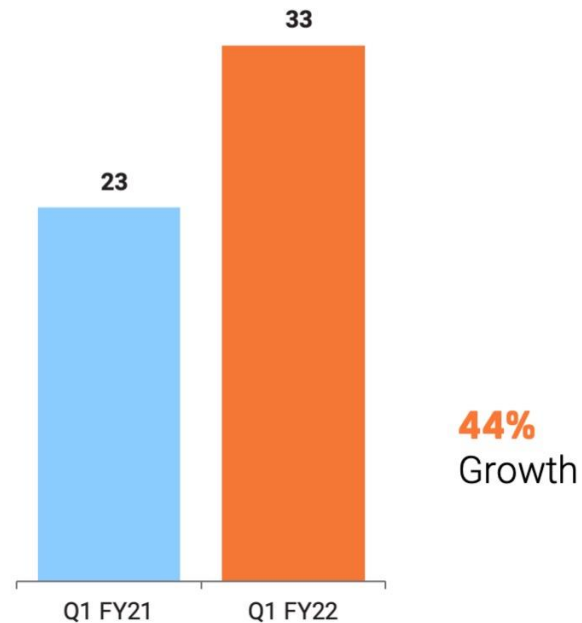


INVESTING FOR FUTURE GROWTH

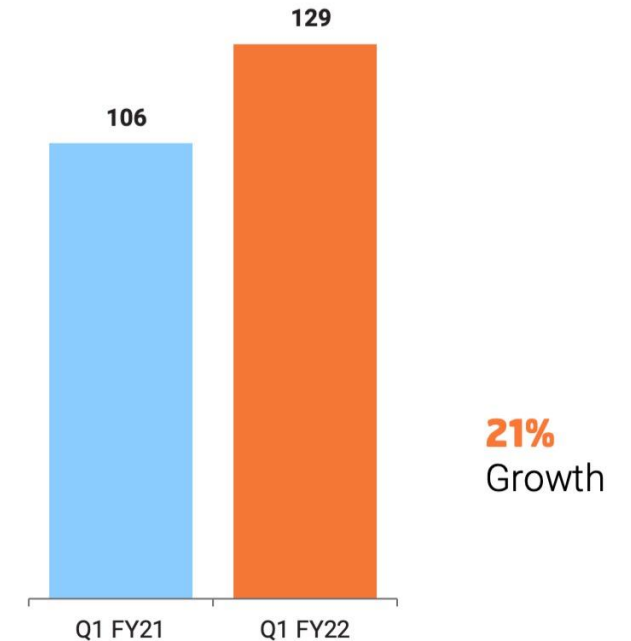
Sales & marketing
ZAR M



R&D
ZAR M



G&A
ZAR M



STRATEGIC & DISCIPLINED CAPITAL ALLOCATION



ROBUST OPERATING METRICS

Investing for growth

	Q1 FY21	Q1 FY22
Subscription Revenue (ZAR M)	526	606
ARPU (ZAR)	155	151
Gross Profit Margin	73%	71%
Research & Development as a % of Subscription Revenue	4%	5%
Sales & Marketing as a % of Subscription Revenue	10%	15%
General & Administration as a % of Subscription Revenue	20%	21%
Adjusted EBITDA margin	50%	44%



(1) Adjusted EBITDA is a non-IFRS measure, defined as profit less finance income, plus finance costs, taxation, depreciation & amortization, plus once-off IPO costs. Please see our Earnings announcement for reconciliation to closest metric calculated in accordance with IFRS.

OUTLOOK

Geared for growth and scalability with strong financial discipline and earnings

	FY20	FY21	FY22 Outlook
Number of subscribers (000s)	1,127	1,306	1,500 – 1,600
Subscription Revenue (ZAR M)	1,888	2,209	2,500 – 2,700
Adjusted EBITDA margin	48%	49%	45% -50%

ARR as at May 31, 2021: ZAR 2,491 million⁽¹⁾



⁽¹⁾ARR should not be viewed as a substitute for, or indicative of, Karoo's financial results for any future period. Actual results may differ materially from Karoo's Financial Outlook as a result of the pandemic and currency exchange rates, among other factors described under "Forward-Looking Statements" on slide 2.



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Thank You



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Appendix

REFER TO Q1 FY 2022 EARNINGS MEDIA RELEASE FOR DETAILED FINANCIAL TABLES & RECONCILIATIONS