



KAROO0000

Earnings Presentation Q4 and FY23

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. 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.

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All information provided in this presentation is as of the date of this presentation, and we do not undertake any duty to update such information, except as required under applicable law.

Non-IFRS Financial Measures

This presentation includes certain non-IFRS financial measures, including adjusted EBITDA, adjusted EBITDA margin and free cash flow. 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 (“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"



Founded in South Africa, now headquartered in Singapore





We think beyond connected
vehicles & equipment

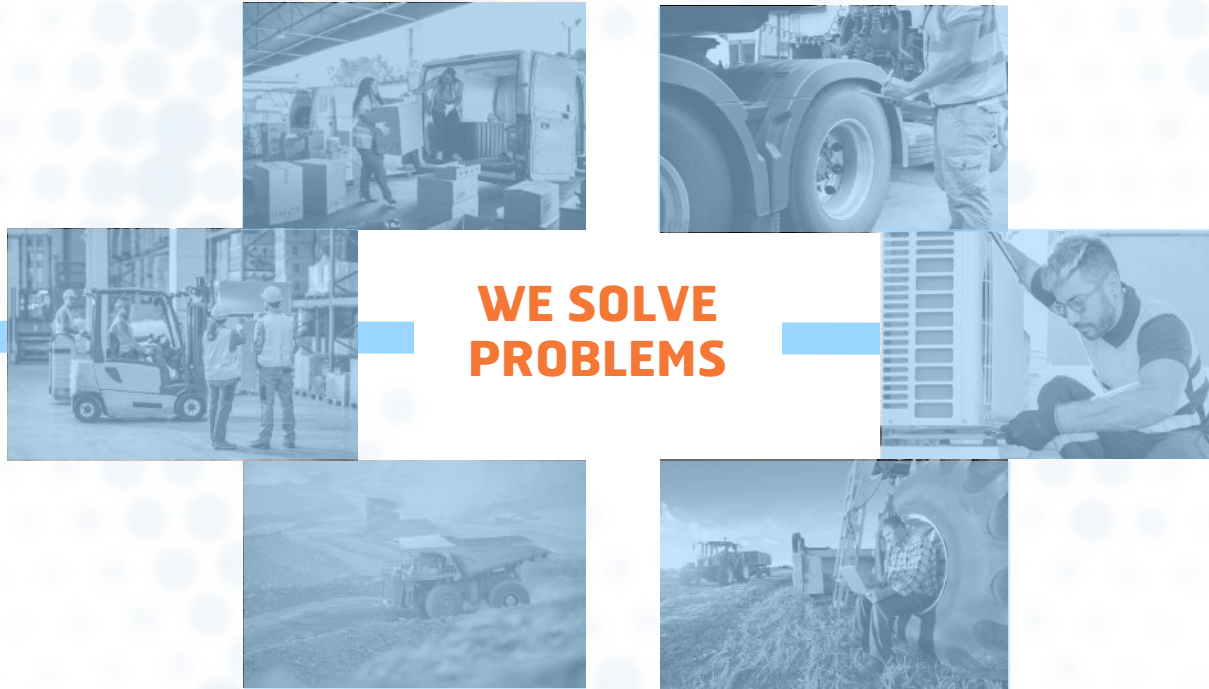
**WE ARE ON A MISSION TO BE THE LEADING
OPERATIONS CLOUD**

WE DIGITALLY TRANSFORM OPERATIONS

**WE IDENTIFY
TRENDS AND
DEVELOP
SOLUTIONS**

**WE SOLVE
PROBLEMS**

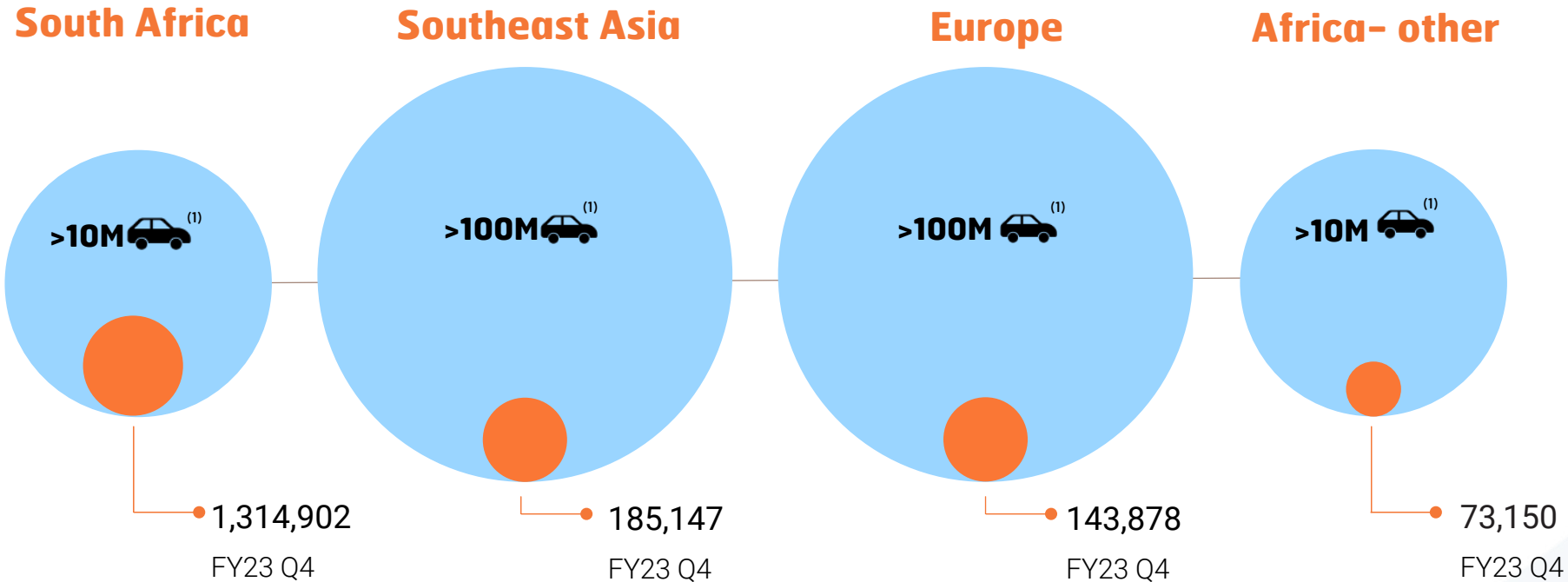
**WE ADD HUGE
VALUE TO THE DAILY
OPERATIONS OF
OUR CUSTOMERS**



Fleet & equipment management · Maintenance · Resource scheduling
· Logistics & delivery operations management · Field worker
management · Driver & vehicle safety · ESG & compliance · Risk
management · Buying & selling cars · Procuring vehicle add-ons



EARLY START OF A LARGE & LONG-TERM GROWTH OPPORTUNITY



On-the-ground operations are a massive opportunity and account for

>40%

of global GDP ⁽²⁾

⁽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

⁽²⁾Management's best estimate based on market research & analysis from multiple third-party sources including Berg Insight, Trailer and Cargo Container Tracking, 2020 <https://www.berginsight.com/trailer-and-cargo-container-tracking> ; IDC, Worldwide Video Surveillance Camera Forecast, 2021–2025, July 2021 <https://www.idc.com/getdoc.jsp?containerId=US46354621> ; IDC, Worldwide Global DataSphere IoT Device and Data Forecast, 2020–2024 <https://www.idc.com/getdoc.jsp?containerId=US46718220> .



KAROOOOO SERVICES SMALL TO LARGE ENTERPRISE CUSTOMERS ACROSS DIVERSE INDUSTRIES

South Africa



Rest of Africa



Europe



Asia



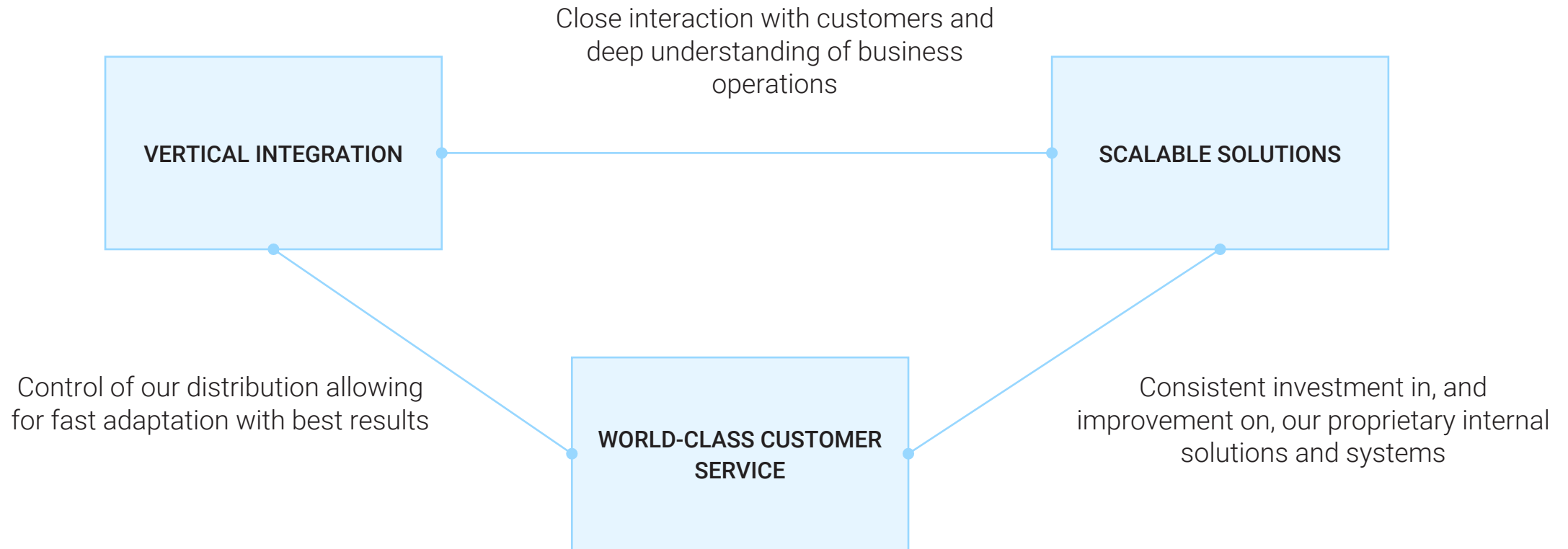
105,000+ Commercial Customers

(Q4 FY22: 88,000+)

NO CUSTOMER OR INDUSTRY CONCENTRATION RISK

OUR CULTURE

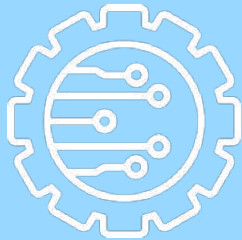
WE TAKE OWNERSHIP



KEY DIFFERENTIATORS



GLOBAL TRENDS DRIVING INCREASED DEMAND & ADOPTION FOR OUR PLATFORM



DIGITALISATION



ESG



COMPLIANCE

ASIA: AN UNDERPENETRATED, FRAGMENTED MARKET WITH A MASSIVE TAM

Our advanced cloud platform and robust service delivery positions us well to compete favourably in Asia



Rapidly growing



Many small competitors



Digitally savvy customers



Strong cultures

ASIA: ALSO A MARKET WITH FORWARD THINKING COMPANIES DRIVING CHANGE



Service delivery as a key differentiator

- Significant reduction in speeding events
- Sophisticated route deviation alerts
- Improved customer experience, reviews and referrals



Pioneering EV adoption

- Data integrations for platform development
- In depth reporting for maintenance and costs of EV vehicles



Data-driven supply chain management

- 10,000 daily deliveries successfully managed
- Huge reduction in downtime and increased warehouse efficiency
- ERP integrations for end-to-end supply chain management



UNTAPPED NETWORK EFFECT OF OUR PLATFORM

**We are aware of the much needed related services
given our large data pool**

THE SCALE OF DATA ON OUR CLOUD IS VAST & GROWING

125Bn⁽¹⁾ + valuable data points monthly



INVESTMENT HIGHLIGHTS

Our strong management, entrepreneurial culture and vertically integrated business model are core to our success. We have a proven track record of growth and profitability in varying macro-economic headwinds across regions.

Innovation

Entrepreneurial mindset with strong customer centricity

+

First-hand operational knowledge and expertise

+

Agility in strategy and implementation

+

Strong network effects

Strong Value Proposition

Track record of delivering new value-enhancing solutions

+

Pass on benefits of economies of scale to customers

+

Successful execution whilst maintaining prudent capital allocation allowing for stable ARPUs

Robust balance sheet & resilient business model

Pricing power with strong operating profit margins

+

Strong unit economics and decade plus record of growth at scale

+

Highly cash-generative business model

+

Management able to adjust cost base

**OUR STRONG PRINCIPLES ALONGSIDE A LARGE TAM GIVE
AMPLE RUNWAY FOR FUTURE GROWTH**





KAROO0000

Financial performance for Q4 and FY23

KAROOOOO HAS A DECADE-PLUS TRACK RECORD OF STRONG CASH GENERATION & ROBUST EARNINGS

	Q4 FY23	FY23
Operating Profit	UP 60%	UP 26%
	Q4 FY23 ZAR 237M Q4 FY22 ZAR 149M	FY23 ZAR 882M FY22 ZAR 699M
Earnings Per Share	UP 51%	UP 27%
	Q4 FY23 ZAR 4.70 Q4 FY22 ZAR 3.11	FY23 ZAR 19.29 FY22 ZAR 15.24
Free Cash Flow	UP 54%	UP 44%
	Q4 FY23 ZAR 113M Q4 FY22 ZAR 74M	FY23 ZAR 547M FY22 ZAR 379M

**A RECORD CASH DIVIDEND OF USD 26.3 MILLION (USD0.85 PER SHARE)
WILL BE PAID TO SHAREHOLDERS IN JULY 2023**

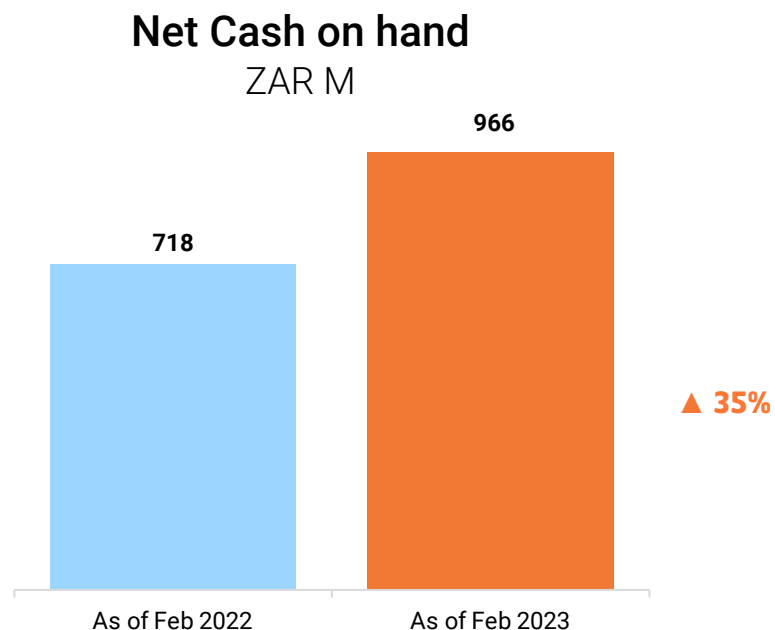


PERFORMANCE BY BUSINESS SEGMENT

	KAROOOOO NASDAQ “KARO” JSE “KRO”		100% CARTRACK		100% CARZUKA		70.1% KAROOOOO LOGISTICS	
	Q4 FY23	FY23	Q4 FY23	FY23	Q4 FY23	FY23	Q4 FY23	FY23
Composition of Total Revenue			87%	88%	7%	7%	6%	5%
Revenue (ZAR M)	916	3,507	796	3,077	64	251	56	180
Revenue Growth	24%	28%	16%	17%	98%	273%	139%	327%
Operating Profit/(Loss) (ZAR M)	237	882	248	915	(13)	(38)	2	5
Operating Profit Growth	60%	26%	61%	28%	n/a	n/a	217%	263%
Operating Profit Margin	26%	25%	31%	30%	(20%)	(15%)	4%	3%
Adjusted EBITDA (ZAR M) (a non-IFRS measure)	362	1,427	371	1,456	(12)	(36)	3	6
Adjusted EBITDA Growth	22%	18%	23%	19%	n/a	n/a	244%	325%
Adjusted EBITDA Margin (a non-IFRS measure)	40%	41%	47%	47%	(18%)	(14%)	5%	4%



KAROOOOO'S ROBUST BUSINESS MODEL AND STRONG CASH POSITION



Healthy
Debtor's Days

31

FY23

FY22: 34 days

Strong unit economics

Robust operating margins

Consistently beaten Rule of 40⁽¹⁾

Quality balance sheet

Strong cash position

Strong cash generation

- A CASH DIVIDEND OF USD 18.6 MILLION (USD0.60 PER SHARE) WAS PAID IN SEPTEMBER 2022
- CASH WORKING CAPITAL INVESTMENT OF ZAR 50 MILLION IN CARZUKA
- CASH INVESTMENT OF ZAR 72 MILLION IN THE DEVELOPMENT OF THE SOUTH AFRICAN CENTRAL OFFICE



(1) Revenue growth for the period of 12 months + operating margin for the period of 12 months sum to greater than 40

KAROOOOO'S EPS RECONCILIATION

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23
CARTRACK	5.12	5.18	5.19	5.12	20.61
CARZUKA	(0.15)	(0.26)	(0.54)	(0.47)	(1.42)
KAROOOOO LOGISTICS	(0.01)	0.01	0.05	0.05	0.10
TOTAL	4.96	4.93	4.70	4.70	19.29

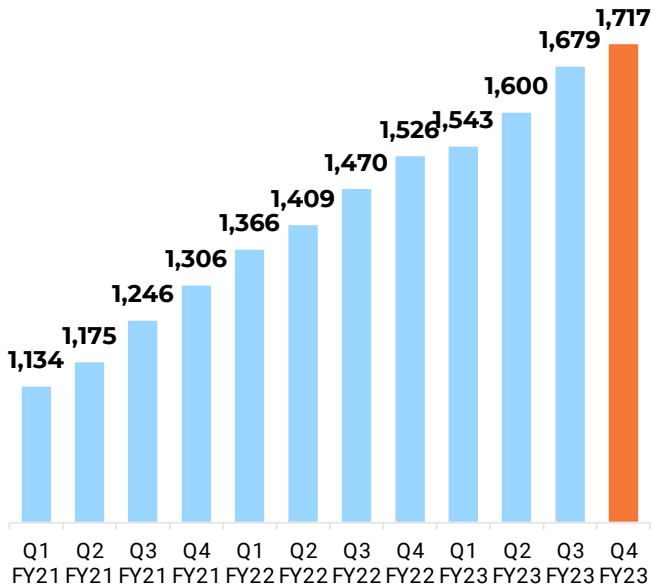
**EARNINGS WERE NEGATIVELY IMPACTED BY
DIVIDEND WITHHOLDING TAXES OF ZAR27 MILLION**



CARTRACK EXTENDING DECADE-PLUS TRACK RECORD OF EXECUTION EXCELLENCE

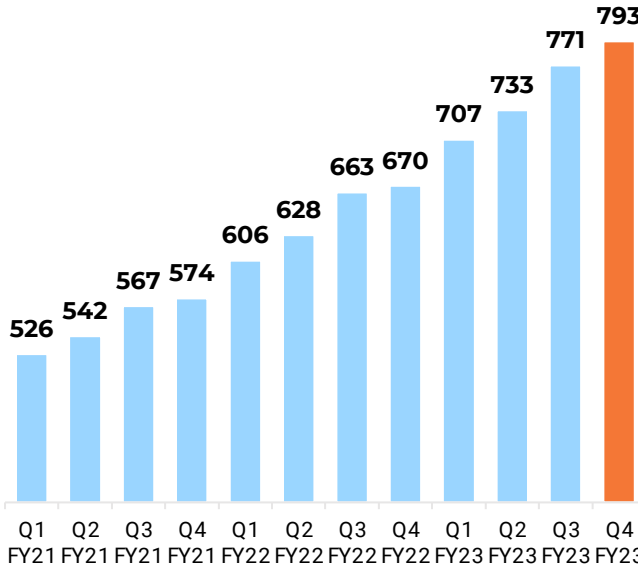
Scale

Subscribers
000s



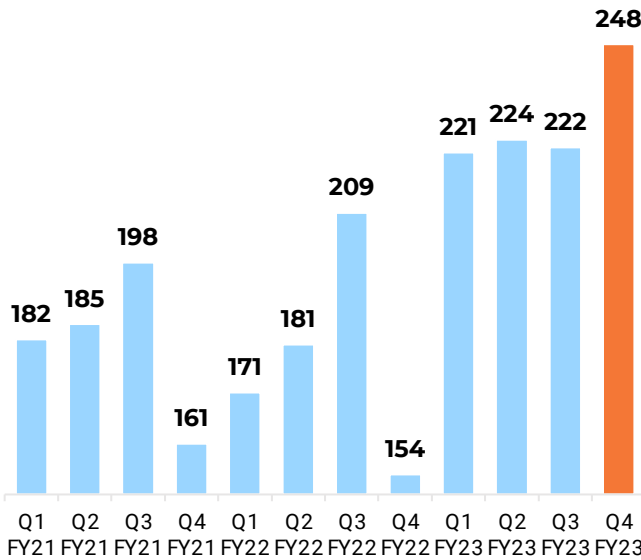
Growth

Subscription Revenue
ZAR M



Profitability

Operating Profit
ZAR M



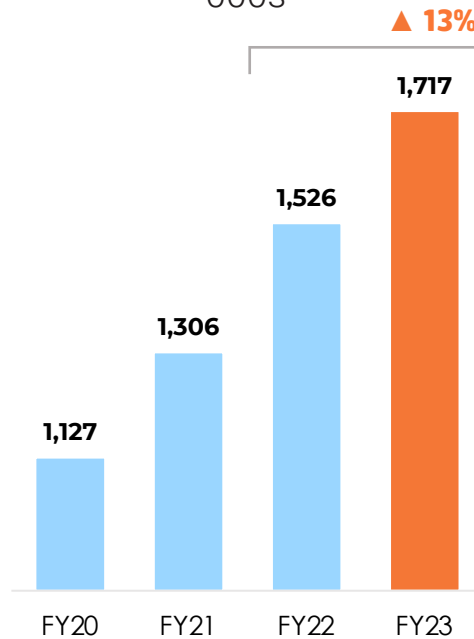
PROVEN ABILITY TO SCALE IN VARYING MACRO ECONOMIC CONDITIONS



CARTRACK'S STRONG ANNUAL COMPOUNDING GROWTH AT SCALE

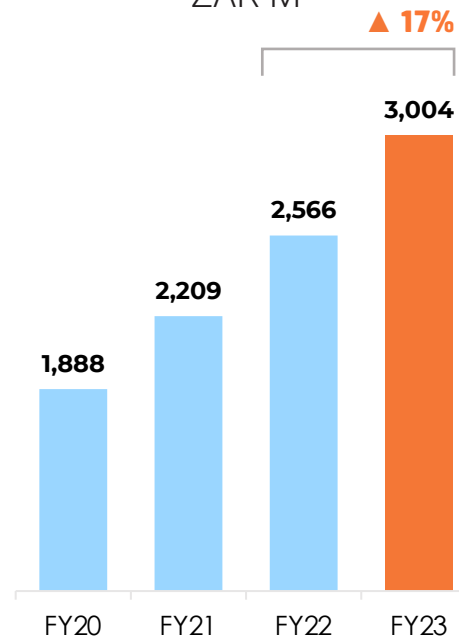
Scale

Subscribers
000s



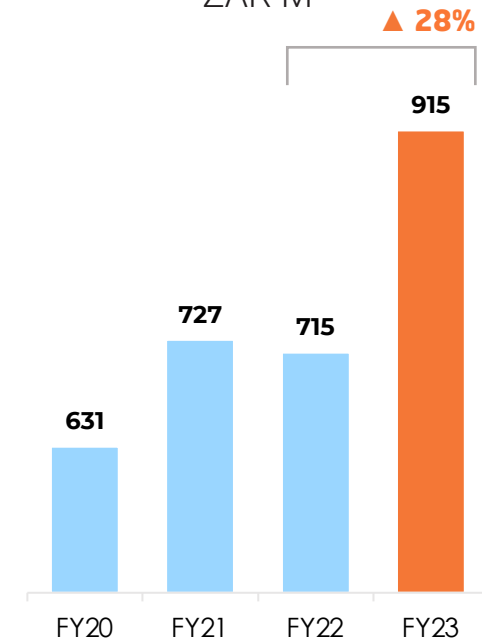
Growth

Subscription Revenue
ZAR M



Profitability

Operating Profit
ZAR M



WITH STRONG FINANCIAL DISCIPLINE



CARTRACK CONTINUES WITH DECADE-PLUS TRACK RECORD OF STRONG SaaS REVENUE GROWTH

	Q4 FY23	FY23
Subscription Revenue	UP 18%	UP 17%
	Q4 FY23 ZAR 793M	FY23 ZAR 3,004M
	Q4 FY22 ZAR 670M	FY22 ZAR 2,566M
Revenue	UP 16%	UP 17%
	Q4 FY23 ZAR 796M	FY23 ZAR 3,077M
	Q4 FY22 ZAR 686M	FY22 ZAR 2,637M

98% OF CARTRACK’S REVENUE IS SUBSCRIPTION REVENUE



CARTRACK DEMONSTRATES ITS ABILITY TO EXPAND MARGINS

Gross Profit		Operating Profit		Adjusted EBITDA		Gross Profit Margin		Operating Profit Margin		Adjusted EBITDA Margin	
UP 27%		UP 61%		UP 23%		IMPROVED		IMPROVED		IMPROVED	
Q4 FY23	ZAR 568M	Q4 FY23	ZAR 248M	Q4 FY23	ZAR 371M	Q4 FY23	71.4%	Q4 FY23	31.1%	Q4 FY23	46.6%
Q4 FY22	ZAR 449M	Q4 FY22	ZAR 154M	Q4 FY22	ZAR 303M	Q4 FY22	65.4%	Q4 FY22	22.5%	Q4 FY22	44.2%
UP 22%		UP 28%		UP 19%		IMPROVED		IMPROVED		IMPROVED	
FY23	ZAR 2,202M	FY23	ZAR 915M	FY23	ZAR 1,456M	FY23	71.6%	FY23	29.7%	FY23	47.3%
FY22	ZAR 1,805M	FY22	ZAR 715M	FY22	ZAR 1,228M	FY22	68.4%	FY22	27.1%	FY22	46.6%

CARTRACK HAS STRONG VISIBILITY OF FUTURE SaaS REVENUE



CARTRACK

LEADING UNIT ECONOMICS

Lifetime Value of
Customer Relationships⁽¹⁾



Low Cost of Acquiring a
Customer⁽²⁾

Strong Benefits from
Economies of Scale

FY23
Gross Profit Margin based only
on Subscription Revenue

73%

FY22: 70%

>9x

LTV to CAC

95%

Commercial Customer
Retention Rate

WELL POSITIONED TO CONTINUE SCALING



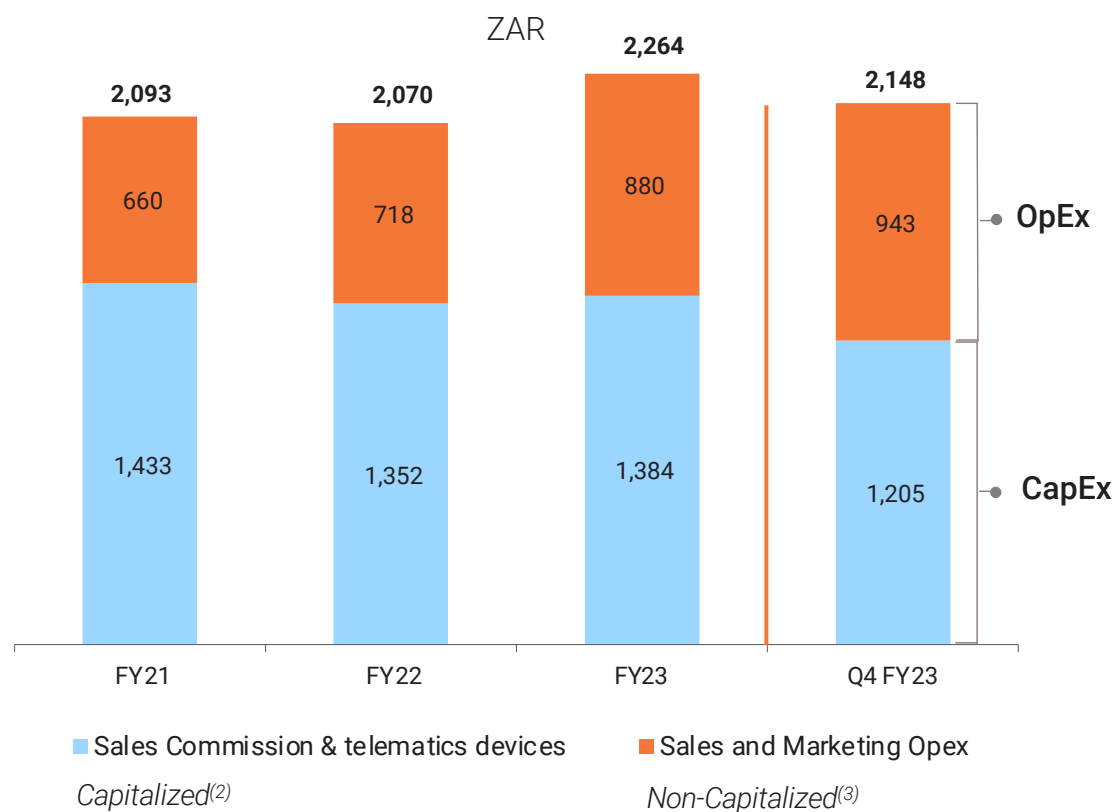
(1) The product of our subscription revenue gross margin measured over the past twelve months, and the difference between our current period SaaS ARR and prior comparative period (twelve months) SaaS ARR divided by the percentage of SaaS ARR lost as a result of customer churn over the past 12 months.

(2) Annual sales and marketing expense measured over the past 12 months

CARTRACK'S SUBSCRIBER UNIT ECONOMICS

Average Cost of adding a Subscriber to our cloud ⁽¹⁾

Average Cost of Acquiring a Subscriber takes into account vehicles for new & existing customers



	FY21	FY22	FY23
ARPU (ZAR)	154	151	155
Subscriber contract life cycle (Months)	60	60	60
Average life cycle revenue per subscriber ⁽⁴⁾ - (A)	9,266	9,065	9,323
Average cost of adding a subscriber to our cloud - (B)	(2,093)	(2,070)	(2,264)
(A) – (B)	7,173	6,995	7,059

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

(2) Costs capitalized and depreciated through cost of sales over the expected useful life of the subscriber (60 months)

(3) Costs expensed through operating expenses when incurred

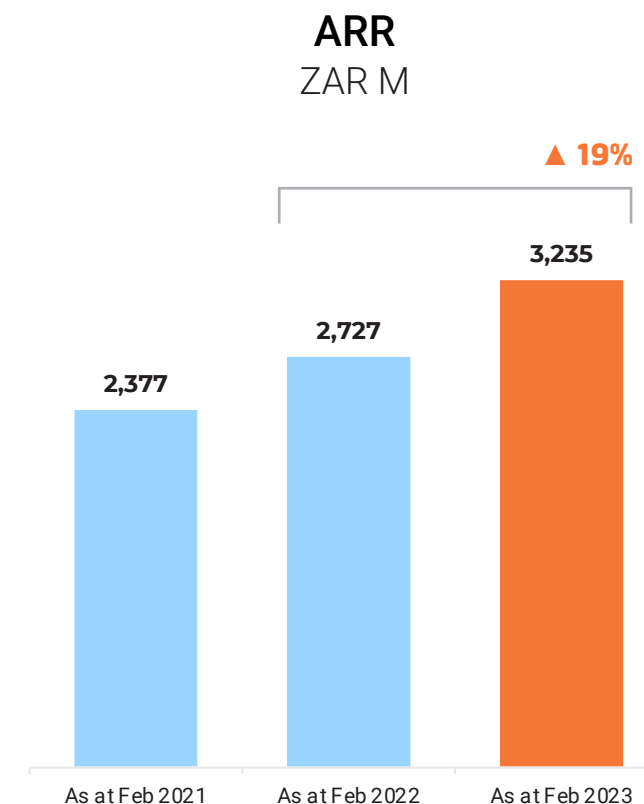
(4) ARPU multiplied by the contract life cycle months.



CARTRACK

CONTINUES TO GROW SUBSCRIBER BASE & ARR WITH SOLID TRACTION IN SOUTHEAST ASIA

'000s Subscribers	FY21	FY22	FY23	Y-on-Y Change
SOUTH AFRICA	1,014	1,186	1,315	11%
ASIA, MIDDLE EAST, USA	119	145	185	28%
EUROPE	111	127	144	13%
AFRICA- OTHER	62	68	73	8%
TOTAL	1,306	1,526	1,717	13%



CARTRACK OPERATING METRICS

INVESTING FOR FUTURE GROWTH

	FY21	FY22	FY23	Long-term Targets ⁽¹⁾
Research & Development as a % of Subscription Revenue	5%	6%	6%	4-6%
Sales & Marketing as a % of Subscription Revenue	11%	13%	13%	17-19%
General & Administration as a % of Subscription Revenue	22%	21%	22%	12-16%
Adjusted EBITDA ⁽²⁾ as a % of Subscription Revenue	51%	48%	48%	50-55%

TRENDS IN LINE WITH LONG-TERM FINANCIAL GOALS SET OUT UPON LISTING

- (1) The long-term targets on this slide reflect the company's long-term goals and are not projections or estimates of future results. The company's ability to achieve any such long-term targets is subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from these targets, and there can be no assurance that the company will achieve any such targets within any particular timeframe, or at all. See slide 2 for further information on forward-looking statements
- (2) Adjusted EBITDA is a non-IFRS measure, defined as profit less finance income, plus finance costs, taxation, depreciation and amortization, plus once-off IPO costs, plus a once-off write-off of capitalized commission assets of ZAR15 million through profit and loss in FY 2022. Please see our Earnings announcement for reconciliation to closest metric calculated in accordance with IFRS.



CARTRACK

MEETS 2023 OUTLOOK

	FY21	FY22	FY23	FY23 Outlook
Number of subscribers (000s)	1,306	1,526	1,717	1,700 – 1,900
Cartrack's Subscription Revenue (ZAR M)	2,209	2,566	3,004	2,950 – 3,100
Cartrack's Adjusted EBITDA margin ⁽¹⁾	49%	47%	47%	45% – 50%

⁽¹⁾ Adjusted EBITDA margin is a non-IFRS measure. Please see our Earnings announcement for reconciliation to closest metric calculated in accordance with IFRS.



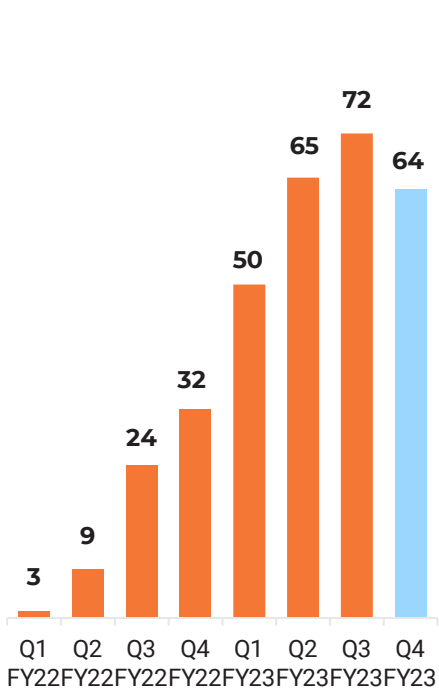
CARTRACK'S OUTLOOK FOR 2024

	FY21	FY22	FY23	FY24 Outlook
Number of subscribers (000s)	1,306	1,526	1,717	1,900 – 2,100
Cartrack's Subscription Revenue (ZAR M)	2,209	2,566	3,004	3,400 – 3,600
Cartrack's Operating Profit margin	32%	27%	30%	28% – 31%

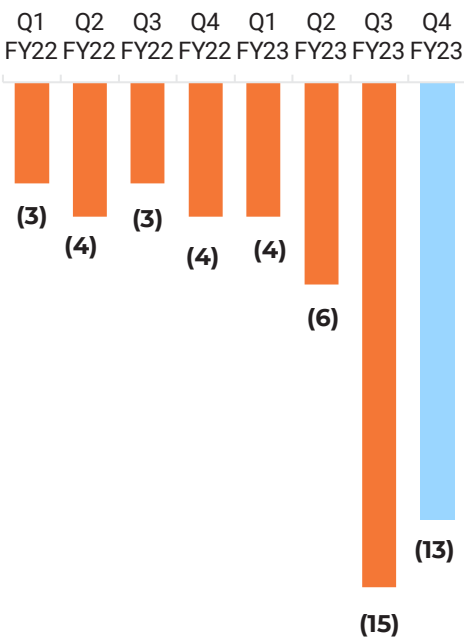


CARZUKA & KAROOOOO LOGISTICS CONTINUE TO GAIN TRACTION

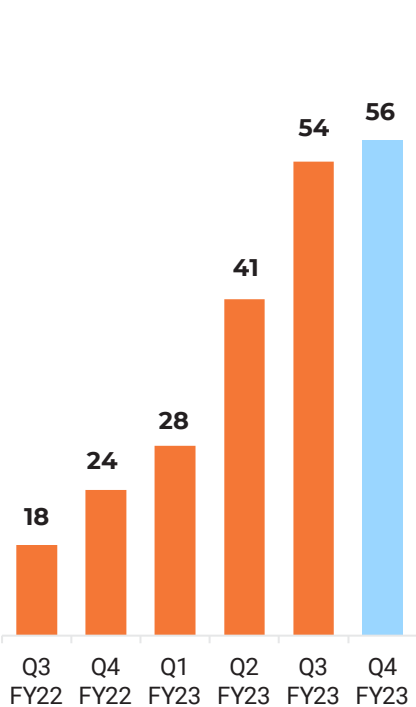
Carzuka
Revenue
ZAR M



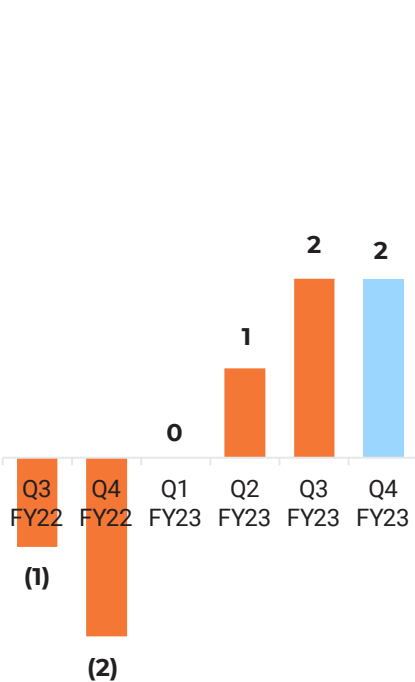
Carzuka
Operating Profit
ZAR M



Karooooo Logistics⁽¹⁾
Revenue
ZAR M



Karooooo Logistics⁽¹⁾
Operating Profit
ZAR M



STRONG ANNUAL GROWTH



(1) Karooooo acquired 70.1% of Picup in September 2021. Picup was subsequently re-named as Karooooo Logistics, given the consolidation of platforms



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Questions