

Karooooo Ltd.

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

(Unique Entity Number: 201817157Z)

JSE share code: KRO NASDAQ share code: KARO

ISIN: SGXZ19450089

("Karooooo")

Short-form Announcement: Unaudited Fourth Quarter and Full Year 2023 Results and Dividend Declaration

Karooooo, that owns 100% of Cartrack Holdings Limited ("**Cartrack**"), issued a press release announcing its unaudited fourth quarter and full year results for the 12 months ended 28 February 2023 and included such press release as an exhibit to its form 6-K (the "**Report on Form 6-K**") dated 8 May 2023 furnished to the United States Securities and Exchange Commission ("**SEC**"). Investors are referred to the full press release as published and available on the Karooooo website at www.karooooo.com.

Fourth Quarter 2023 Highlights:

(Comparisons are relative to the Fourth Quarter 2022, unless otherwise stated)

Scale

- 1,717,077 Cartrack subscribers at February 28, 2023, up 13% (Q4 2022: 1,525,972)
- Net Cartrack subscriber additions of 38,471, down 31% (Q4 2022: 55,587)

We faced challenging trading conditions in South Africa predominately due to unprecedented national power outages in Q4 2023. However, net subscriber additions (connected vehicles and equipment on our platform) in Q1 2024 are in line with our expectations, with demand coming from both small and large enterprises.

Growth

- Total revenue increased 24% to ZAR916 million (Q4 2022: ZAR742 million)
- Total revenue increased 22% on a constant currency basis (a non-IFRS measure)
- Subscription revenue increased 18% to ZAR794 million (Q4 2022: ZAR671 million)
- Subscription revenue increased 16% on a constant currency basis (a non-IFRS measure)

Full Year 2023 Highlights:

(Comparisons are relative to the Full Year 2022, unless otherwise stated)

Scale

- 1,717,077 Cartrack subscribers at February 28, 2023, up 13% (FY 2022: 1,525,972)
- Net Cartrack subscriber additions of 191,105, down 13% (FY 2022: 219,972)

We faced challenging trading conditions in South Africa in Q1 and Q4 2023. However, we are seeing strong net subscriber additions in Q1 2024, as businesses seek to digitally transform to become more efficient and competitive, and improve their compliance functions.

Growth

- Total revenue increased 28% to ZAR3,507 million (FY 2022: ZAR2,746 million)
- Total revenue increased 27% on a constant currency basis (a non-IFRS measure)

- Subscription revenue increased 17% to ZAR3,010 million (FY 2022: ZAR2,568 million)
- Subscription revenue increased 16% on a constant currency basis (a non-IFRS measure)

Operating Profit and Earnings per share

Karoo0000 grew operating profit by 26% to ZAR882 million (FY 2022: ZAR699 million) and earnings per share by 27% to ZAR19.29 in FY 2023 (FY 2022: ZAR15.24). The dividend paid from our subsidiaries bolstered the group's retained earnings as a stand-alone entity but resulted in dividend withholding taxes of ZAR27 million, which negatively impacted earnings per share. A dividend of 85 U.S. cents per share will be paid to shareholders from retained earnings in July 2023.

Cartrack delivered operating profit of ZAR915 million, up 28%, in FY 2023 (FY 2022: ZAR715 million). It expanded its gross profit margin to 72% (FY 2022: 68%) and its operating profit margin to 30% (FY 2022: 27%).

Carzuka's operating loss was ZAR38 million in FY 2023 (FY 2022: ZAR13 million) operating loss.

Karoo0000 Logistics delivered an operating profit of ZAR5 million in FY 2023 (FY 2022: ZAR3 million operating loss).

Outlook

Our mission is to be a leading on-the-ground Operations Cloud service provider.

We believe Karoo0000 is well positioned for growth. We operate in a growing and largely underpenetrated market, with strong demand from customers across diverse industries.

Our proven, robust and consistently profitable business model, underpinned by a strong balance sheet and healthy cash position, gives us multiple levers for expansion. We expect our investment in marketing and sales, and the realization of economies of scale across our business segments, to generate robust results in the future.

We remain confident that our track record of success, specifically our ability to generate healthy cash flows, is sustainable.

Actual results may differ materially from Karoo0000's outlook due to various factors, including those described under "Forward-Looking Statements" below and described under "Risk Factors" in our latest Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission.

With Cartrack's revenue making up the majority of group revenue, and Carzuka and Karoo0000 Logistics being built for scale, the outlook below relates to Cartrack only.

As described above, in Q4 FY 2023 Cartrack expensed a larger proportion of the Costs of Acquiring a Subscriber. Of the total Costs of Acquiring a Subscriber, amounting to ZAR2,148, we capitalized 56%, versus ZAR2,118 in Q4 FY 2022 of which 66% was capitalized. While this has no impact on Free Cash Flow, it affects adjusted EBITDA. We expect to continue this trend and have therefore opted to provide operating profit guidance.

Our guidance for FY 2024 is:

- Number of subscribers between 1,900,000 and 2,100,000
- Subscription revenue between ZAR3,400 million and ZAR3,600 million
- Cartrack's Operating Profit margin between 28% and 31%

Balance Sheet, Liquidity, cash flow and dividend declaration

Our capital allocation approach supports Karoo's strong growth at scale, profitability and high cash-generation. Given our balanced capital structure and healthy operating profit margins, we have ample runway to accelerate our revenue growth while remaining profitable.

As of February 28, 2023, the increase in Karoo's property, plant and equipment is primarily as a result of an increase in-vehicle capitalized telematic devices by ZAR105 million to ZAR876 million (February 28, 2022: ZAR771 million) and the development cost of ZAR72 million in the new South African central office in Rosebank, Johannesburg (February 28, 2022: ZAR4 million). Karoo's property, plant and equipment of uninstalled telematic devices for future sales was ZAR307 million (February 28, 2022: ZAR312 million).

Overall, trade receivables increased in line with increased revenue, with debtor's collection days improving to 31 days (February 28, 2022: 34 days).

The group's capital allocation committee has adopted a cash management policy whereby Karoo's excess cash reserves on hand will be held in US Dollars. This will be translated into ZAR for reporting purposes.

Cash and cash equivalents at February 28, 2023

Karoo reported a strong net cash and cash equivalents balance of ZAR966 million at February 28, 2023 (February 28, 2022: ZAR718 million).

At February 28, 2023, the group had bank facilities for growth initiatives and other general corporate purposes of ZAR925 million with The Standard Bank of South Africa Limited and ZAR75 million with Capitec Bank Limited.

Free Cash Flow (a non-IFRS measure)

Karoo generated record cash from operating activities of ZAR1,127 million for the year ended February 28, 2023 (February 2022: ZAR932 million). Similarly, the group generated record Free Cash Flow (a non-IFRS measure) of ZAR547 million for the period, compared to ZAR379 million a year before.

This result was achieved notwithstanding the group's strategic investment in expansion, brand building and customer acquisition for long-term, sustainable growth.

Events subsequent to the end of the Fourth Quarter 2023

In March 2023, for strategic reasons, the group acquired 76% of Cartrack Swaziland (Proprietary) Limited, from its existing franchisees for a purchase consideration of ZAR 9.1 million. We expect earnings for Cartrack Swaziland (Proprietary) Limited to be over ZAR2 million for FY 2024.

Dividend Policy

The Board recognizes the importance to the group of investment in achieving growth at scale, and endeavors to avoid swings in dividend profile.

However, the payment and timing of dividends in cash or other distributions (such as a return of capital to shareholders through share buy-backs, for example) are determined by the Board after considering factors that include: earnings and free cash flow; current and anticipated capital requirements; economic conditions; contractual, legal, tax and regulatory restrictions (including covenants contained in any financing agreements); the ability of group subsidiaries to distribute funds to Karoo; and such other factors the Board may deem relevant.

Karoo aims to reinvest retained earnings to the extent that it aligns with the group's required return on incrementally reinvested capital, return on equity, and short- to medium-term growth strategy.

Subject to Karoo's constitution and in accordance with the Singapore Companies Act, the Board may, without the approval of shareholders, declare and pay interim dividends. Any final dividends must be approved by an ordinary resolution at a general meeting of shareholders.

The Board may review and amend the dividend policy from time to time.

Dividend Declaration

Considering the strong earnings and free cash flow in FY 2023 and in accordance with the dividend policy set out above, an interim dividend of 85 U.S. cents per ordinary share, pertaining to the first quarter of Karoooo's 2024 financial year, will be paid on July 3, 2023, to shareholders on record as at the close of business on June 23, 2023. Although Karoooo's reporting currency is ZAR, its statutory filings in Singapore are reported in USD, as a result of which dividends are declared in USD. The details with respect to the dividends declared for holders of our ordinary shares are as follows:

	NASDAQ	JSE
Declaration date	Monday, May 8, 2023	Tuesday, May 9, 2023
Finalisation announcement, date of currency conversion and confirmation of record date	Thursday, June 8, 2023	Friday, June 9, 2023
Last date to trade cum dividend	Wednesday, June 21, 2023	Tuesday, June 20, 2023
Shares commence trading Ex-dividend	Thursday, June 22, 2023	Wednesday, June 21, 2023
Record date	Friday, June 23, 2023	Friday, June 23, 2023
Dividend payment date	Monday, July 3, 2023	Monday, July 3, 2023

Shareholders registered on the South African section of the share register will not be allowed to dematerialise or rematerialise their shareholdings between Wednesday, June 21, 2023 and Friday, June 23, 2023, both dates inclusive, and transfers between the NASDAQ and South African register will not be permitted between Friday, June 9, 2023 and Friday June 23, 2023, both days inclusive.

A summary of the tax considerations applicable to South African shareholders will be included in finalisation announcement which is expected to be published on Friday, June 9, 2023.

Short-form Announcement

This short-form announcement is the responsibility of the directors of Karoooo. This short-form announcement is only a summary of the information in the full announcement (defined below) and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of, inter alia, the full announcement.

The full announcement ("full announcement") includes the contents of the Report on Form 6-K as furnished to the SEC dated 8 May 2023, being the press release incorporating the unaudited condensed consolidated and combined financial statements of Karoooo for the fourth quarter and full year ended 28 February 2023.

The full announcement has been released on SENS today, 9 May 2023 and is available for viewing on the Company's website (www.karoooo.com) and at the following address:

<https://senspdf.jse.co.za/documents/2023/jse/isse/KROE/FY2023.pdf>

The full announcement is available for inspection at the offices of the Company (17 Kallang Junction #06-05/06 Singapore 339274) at no charge during normal office hours on business days from Tuesday, 9 May

2023 to Tuesday, 16 May 2023. Copies of the full announcement may also be requested from the sponsor by emailing dg.mlsa_corporate_broking@bankofamerica.com.

Webinar Information

Karooooo management will host a Zoom webinar on Tuesday, May 09, 2023 at 08:00 a.m. Eastern Time (02:00 p.m. South African time; 08:00 p.m. Singaporean time).

Investors are invited to join the Zoom at: <https://us02web.zoom.us/j/81229974883>

Webinar ID: 812 2997 4883

Telephone:

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A replay will be available at www.karooooo.com approximately three hours after the conclusion of the live event.

About Karooooo

Karooooo, headquartered in Singapore, assists thousands of enterprise customers to digitally transform their on-the-ground operations. We are a leading global provider of an on-the-ground operational IoT SaaS cloud that maximizes the value of transportation, operations and workflow data by providing insightful real-time data analytics to over 1,700,000 connected vehicles and equipment.

The Cartrack (wholly owned by Karooooo) SaaS platform provides customers with differentiated insights and data analytics to optimize their business operations and workforce, increase efficiency, decrease costs, improve safety, monitor environmental impact, assist with regulatory compliance and manage risk.

For Carzuka, our vast and growing cloud-based data assets, data contextualization, and machine learning capabilities facilitate the buying and selling of vehicles at a fair price on an efficient platform. It also offers visibility on vehicle performance and health, customer de-fleeting and customer profiling to understand market demand and enhance lead generation. High-quality leads, robust buying parameters and adaptability to market movements support healthy stock turnover rates and increased demand.

Leveraging Cartrack's technology, subscriber base, distribution network, digital marketing capabilities and ability to execute, Carzuka is expected to achieve strong growth at scale, providing buyers and sellers with a large volume and variety of affordable used vehicles.

The integration of Karooooo Logistics' technology stack into the Cartrack platform will enable our customers to manage and enhance their logistics capacity with ease. Cartrack customers will be able to augment their own fleet capacity using Cartrack's API architecture for third-party courier and long-distance logistics, with crowd-sourced drivers doing last mile deliveries. This solution will be charged on a subscription-based model.

For more information, visit www.karooooo.com.

Investor Relations Contact IR@karooooo.com

Media Contact media@karooooo.com

Johannesburg

Tuesday, 9 May 2023

Sponsor

Merrill Lynch South Africa Proprietary Limited
t/a BofA Securities