



**KAROO**

**Earnings Presentation Q3 FY22**

# 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, 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 January 18, 2022 (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 Karoo000 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.

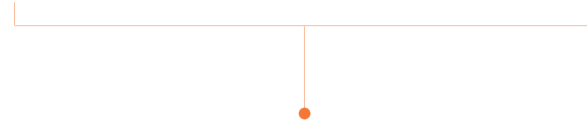
## Trademarks and Trade Names

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.



**KAR00000**

**NASDAQ TICKER "KARO"  
JSE TICKER "KRO"**



**100%**

**CARTRACK**

**Founded in South Africa, now headquartered in Singapore**



TODAY WE ARE INVESTING FOR DECADES TO COME

**Mobility is core to all on-the-ground operations**

As customer needs evolve at pace,  
we think beyond connected vehicles & equipment

## **OUR MISSION**

**To establish the leading  
on-the-ground operations cloud**



# WE SOLVE PROBLEMS BY DIGITALLY TRANSFORMING ON-THE-GROUND OPERATIONS



Fleet & Equipment Management



Logistics & Delivery Operations Management



Field Worker Management



Video Based Safety



ESG Compliance & Reporting



Risk Mitigation



Warehouse & Other Systems Integrations



Secure Vehicle Buying & Selling Platform



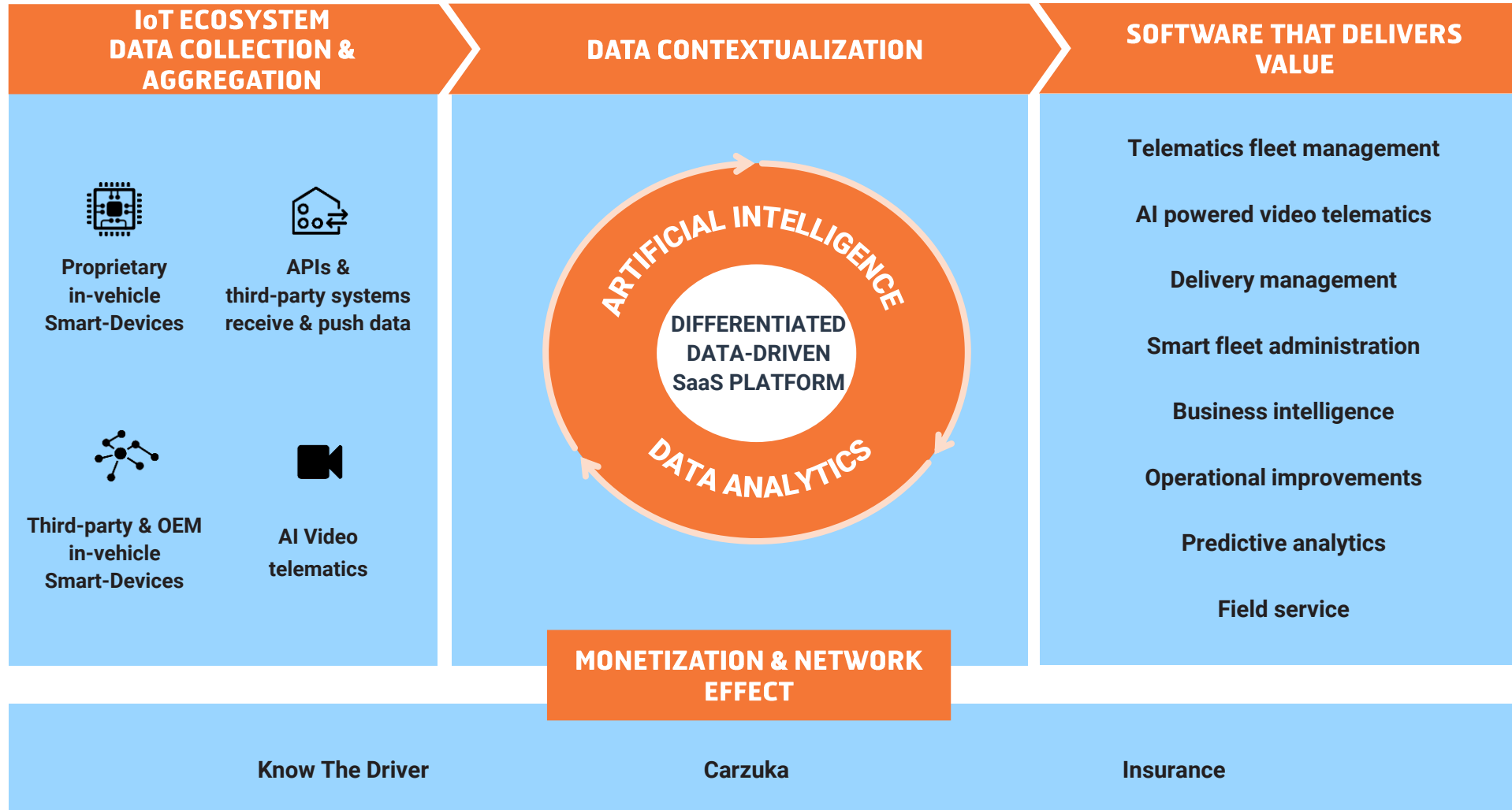
Competitively Priced Insurance Quotes

Growing demand by small to large enterprises wanting to digitally transform their businesses



WE ADD VALUE TO THE DAY-TO-DAY OPERATIONS OF OUR CUSTOMERS

# OPEN OPERATIONS CLOUD WITH SEAMLESS INTEGRATIONS



# UNTAPPED NETWORK EFFECT OF OUR PLATFORM

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



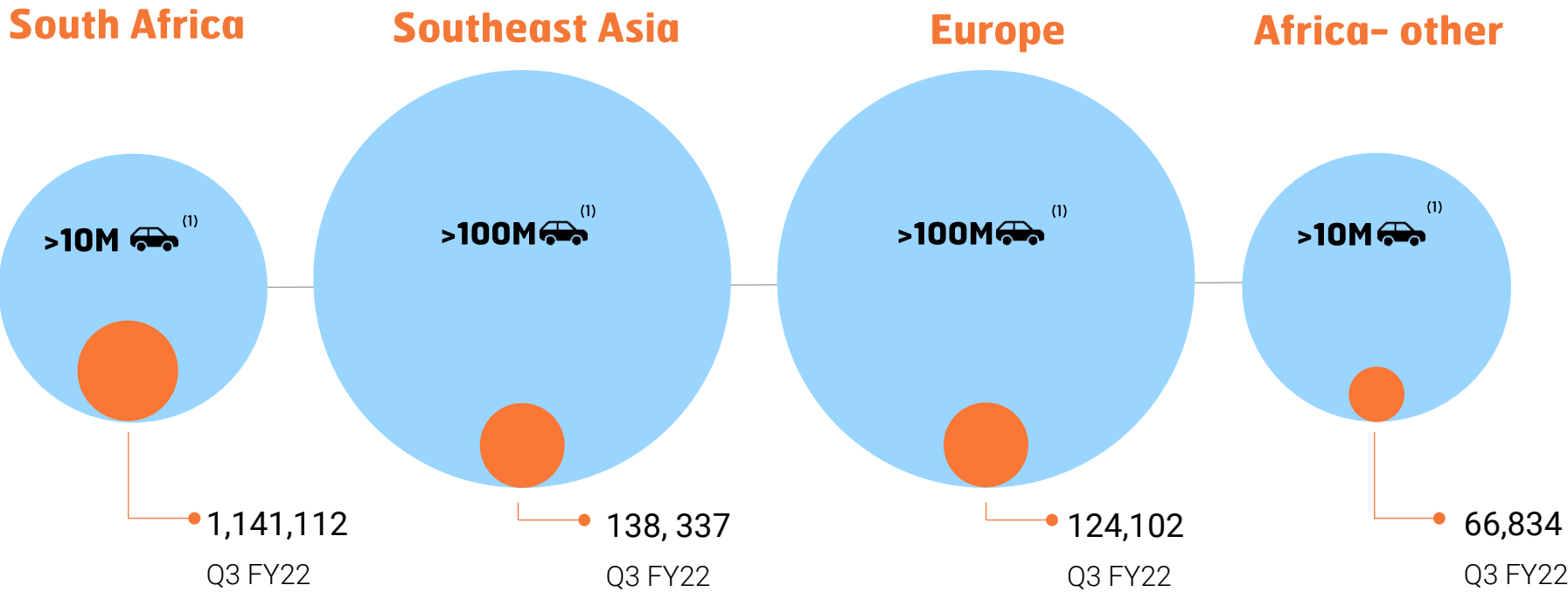
**THE SCALE OF DATA ON OUR CLOUD IS VAST & GROWING**

**70Bn+ valuable data points monthly<sup>(1)</sup>**

<sup>(1)</sup>For the month of November 2021

# EARLY STAGE OF A LARGE & LONG-TERM GROWTH OPPORTUNITY

Mobility is core to all on-the-ground operations



**On-the-ground Operations**  
A massive opportunity

**>40%**  
of global GDP (2)

## IoT DATA IS KEY TO IMPROVING OPERATIONS

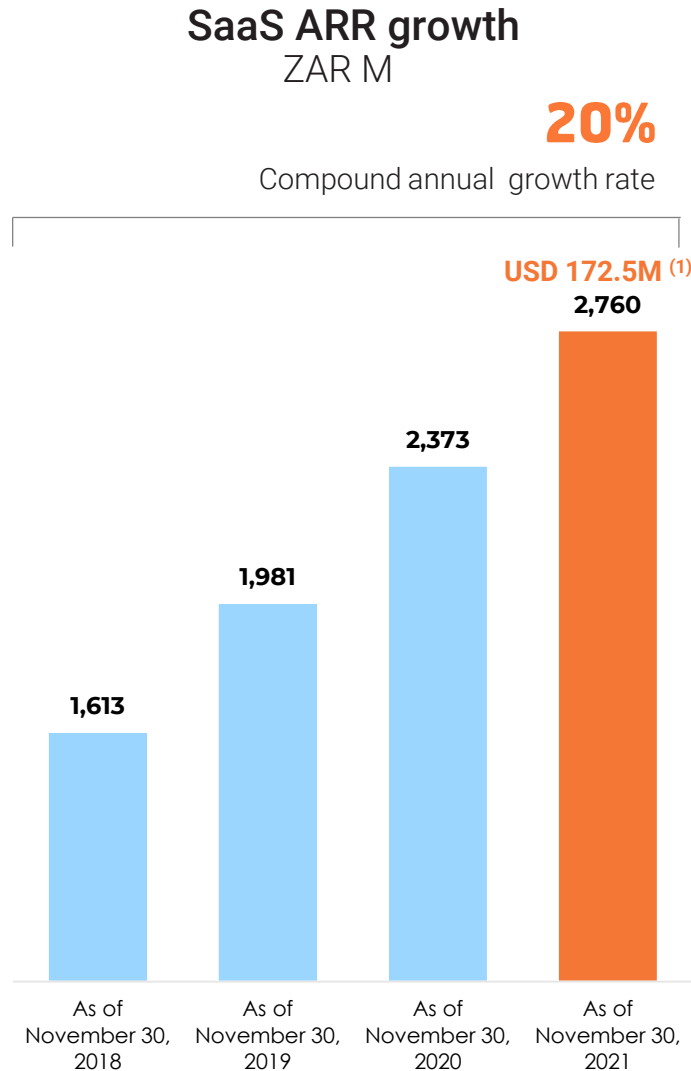
(1) Management's best estimate based on market research including <https://www.ceicdata.com/en/indicator>, [https://www.news24.com/wheels/news/industry\\_news/youll-never-guess-how-many-vehicles-are-registered-in-sa-20170328](https://www.news24.com/wheels/news/industry_news/youll-never-guess-how-many-vehicles-are-registered-in-sa-20170328)

(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>.





# ROBUST & CONSISTENTLY PROFITABLE BUSINESS MODEL



**Vertically integrated** business model



**End-to-end all inclusive IoT** cloud software platform



**Established** infrastructure



**Expanding** distribution network



**Ability to execute & scale**

**78,000+**

Commercial customers



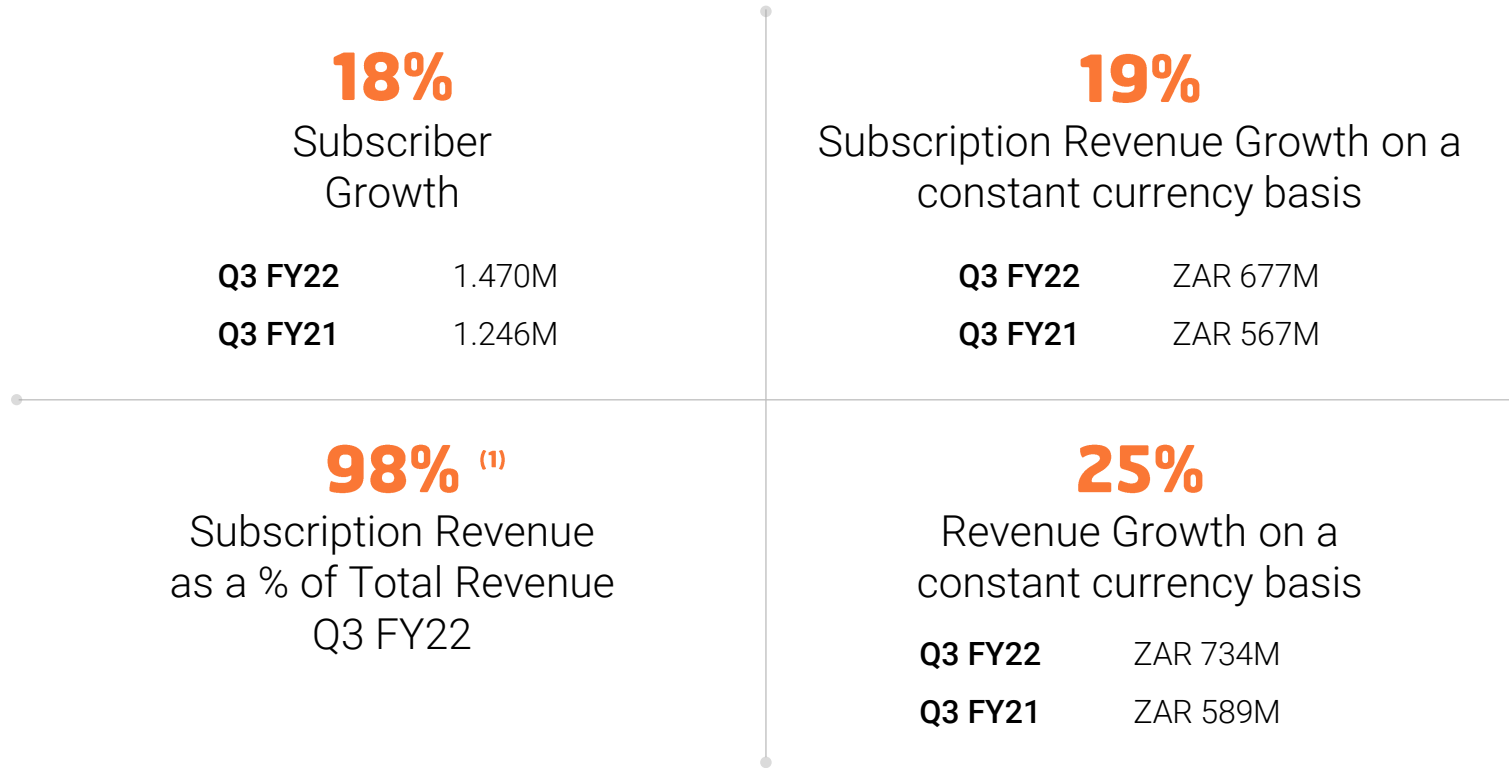
<sup>(1)</sup> Exchange rate of 16.00 ZAR:USD as of November 30, 2021



**KAROO**

Performance for Q3 FY22

# CONSISTENTLY GROWING SUBSCRIPTION REVENUE



## STRONG CUSTOMER ACQUISITION

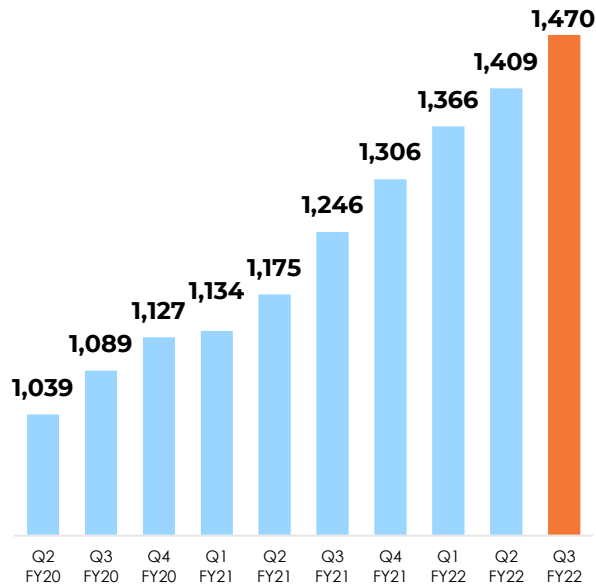


<sup>(1)</sup>Total revenue excluding revenue earned from Carzuka & Picup

# A HISTORY OF CONSISTENT EXECUTION

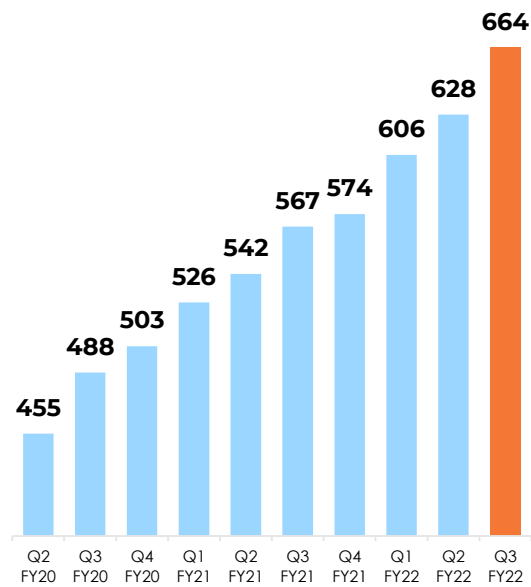
## Scale

Subscribers  
000s



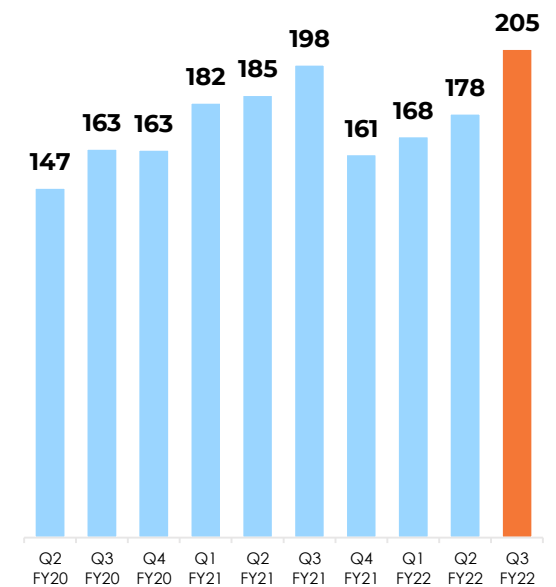
## Growth

Subscription Revenue  
ZAR M



## Profitability

Operating Profit  
ZAR M



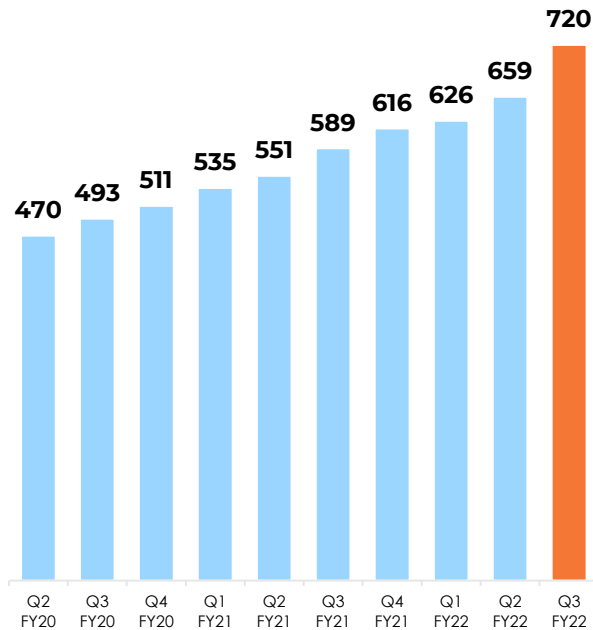
**WITH STRONG FINANCIAL DISCIPLINE**



# STRONG GROWTH WITH CAGR OF >20%

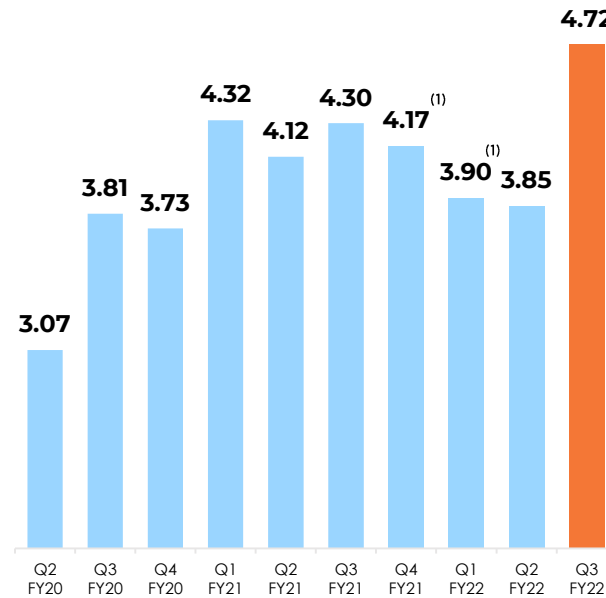
## Growth

Revenue  
ZAR M



## Profitability

Earnings per share  
ZAR



Strong unit economics

Robust operating margins

Consistently beaten Rule of 40<sup>(2)</sup>

Unlevered balance sheet

Strong cash position

## AMPLE CAPACITY TO INCREASE INVESTMENT IN SALES & MARKETING



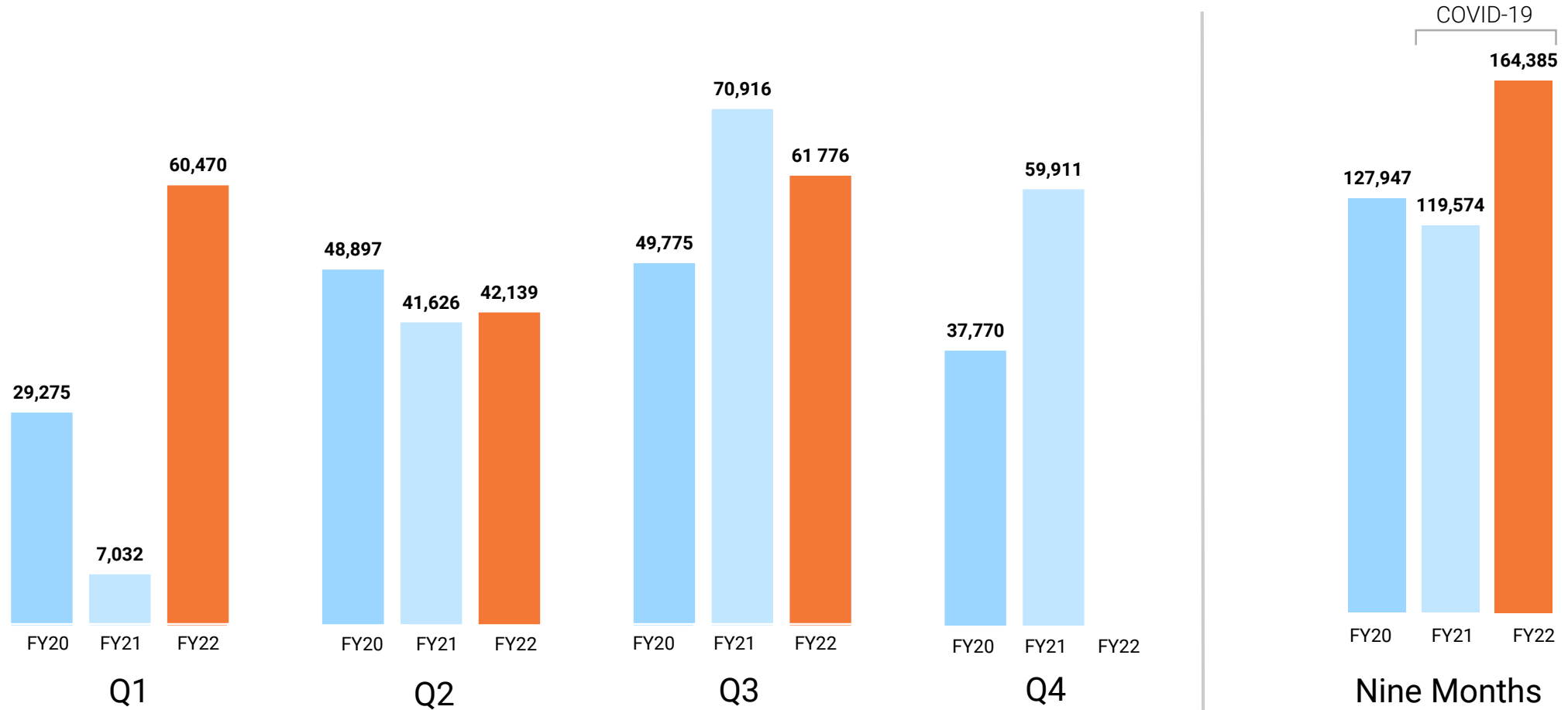
(1) Adjusted Earnings per share being Earnings per share defined by IFRS excluding the impact of once-off non-recurring operational expenses: IPO costs of ZAR26 million were expensed in Q4 of FY21 & IPO costs of ZAR10 million were expensed in Q1 of FY22.

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

# NET SUBSCRIBER ADDITIONS

## Quarter

## Nine Months ended November



**CONSISTENTLY GROWING OUR SUBSCRIBER BASE**



# STRONG UNIT ECONOMICS

Constantly evaluate trade-off  
Unit Economics vs. Accelerated Growth

Lifetime Value of  
Customer Relationships<sup>(1)</sup>



Low Cost of Acquiring a  
Customer<sup>(2)</sup>



Strong Comparative  
Benefits from  
Economies of Scale

>9x

LTV to CAC

**WELL POSITIONED TO MATERIALLY INCREASE INVESTMENT FOR GROWTH**



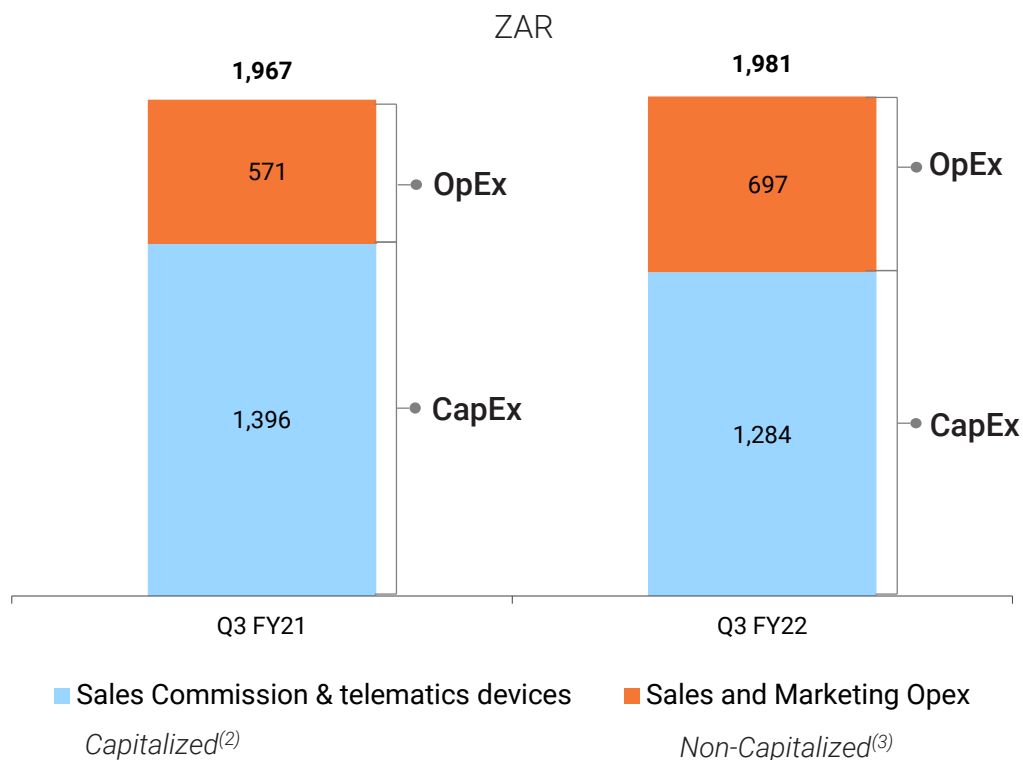
(1) The product of our subscription revenue gross margin measured over the past twelve months, and the difference between our current period SaaS ARR and prior comparative period (twelve months) SaaS ARR divided by the percentage of SaaS ARR lost as a result of customer churn over the past 12 months.

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

# CARTRACK'S LOW COST OF ACQUIRING A SUBSCRIBER

Average Cost of adding a Subscriber to our cloud <sup>(1)</sup>

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



Cartrack's Operating Profit Margin <sup>(4)</sup>

# 31%

FY22 Q3

Despite continued strategic investment for long-term growth

Lifetime value of a subscriber	Q3 FY21	Q3 FY22
ARPU (ZAR)	156	153
Subscriber contract life cycle (Months)	60	60
Subscription revenue gross profit margin	72%	69%
Lifetime value of a subscriber <sup>(5)</sup> (ZAR)	6,739	6,334

(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) Excluding Carzuka & Picup

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





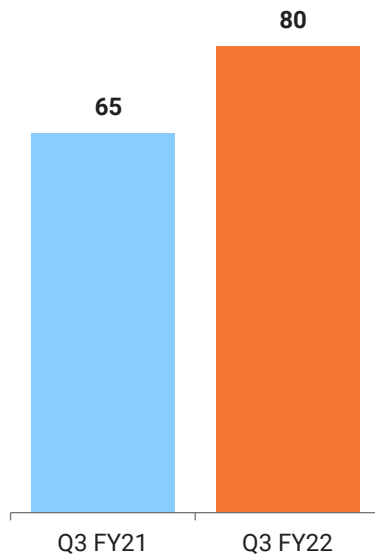
# CONTINUED EXPANSION DESPITE COVID-19

'000s Subscribers	Q3 FY20	Q3 FY21	Q3 FY22	Q3-o-Q3 change
<b>SOUTH AFRICA</b>				
Subscribers	841	962	1,141	19%
<b>ASIA, MIDDLE EAST, USA</b>				
Subscribers	92	115	138	20%
<b>EUROPE</b>				
Subscribers	95	108	124	15%
<b>AFRICA- OTHER</b>				
Subscribers	60	62	67	8%

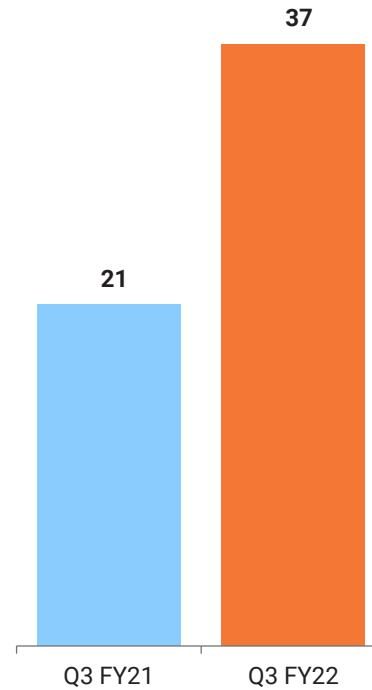


# BUILDING FOR THE FUTURE

Sales & Marketing  
ZAR M



R&D  
ZAR M



G&A  
ZAR M



## STRATEGIC & DISCIPLINED CAPITAL ALLOCATION



# ROBUST OPERATING METRICS

## Investing for the future

	Q3 FY21	Q3 FY22	Long-term Targets <sup>(1)</sup>
Research & Development as a % of Subscription Revenue	4%	6%	4-6%
Sales & Marketing as a % of Subscription Revenue	12%	12%	17-19%
General & Administration as a % of Subscription Revenue	21%	20%	12-16%
Adjusted EBITDA <sup>(2)</sup> as a % of Subscription Revenue	53%	52%	50-55%

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

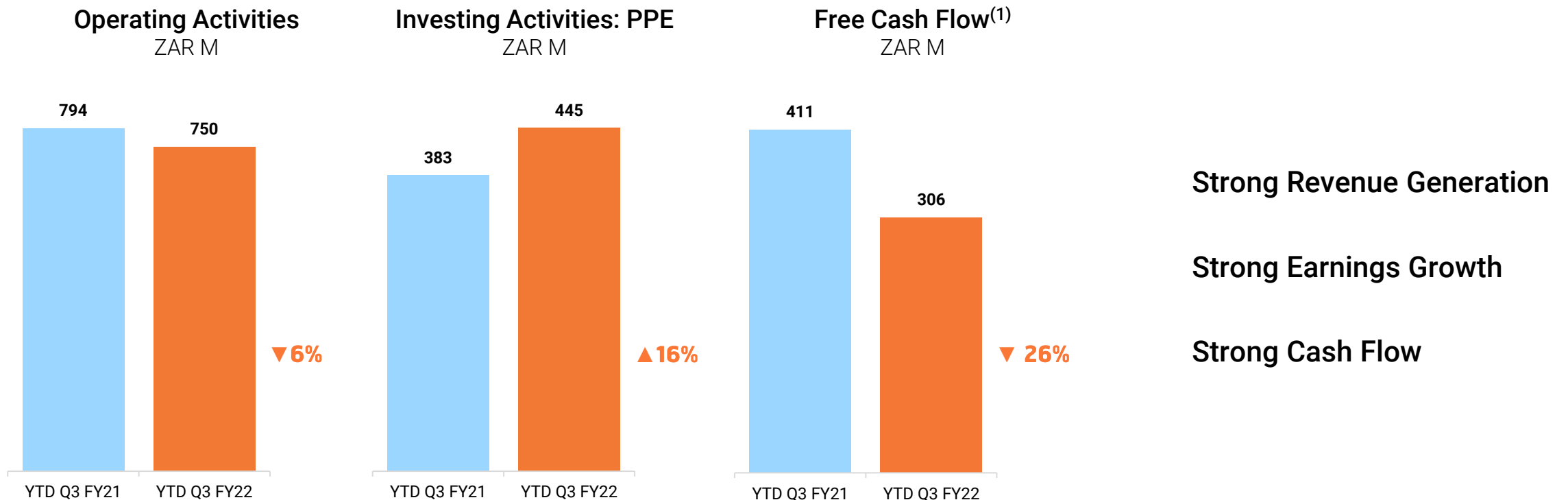
(1) The long-term targets on this slide reflect the company's long-term goals and are not projections or estimates of future results. The company's ability to achieve any such long-term targets is subject to various risks and uncertainties. Accordingly, there are or will be important factors that could 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 & amortization, plus once-off IPO costs. Please see our Earnings announcement for reconciliation to closest metric calculated in accordance with IFRS.



# FREE CASH FLOW

Balancing our significant & continued strategic investment into customer acquisition & long-term growth whilst exercising caution in allocating capital during the pandemic

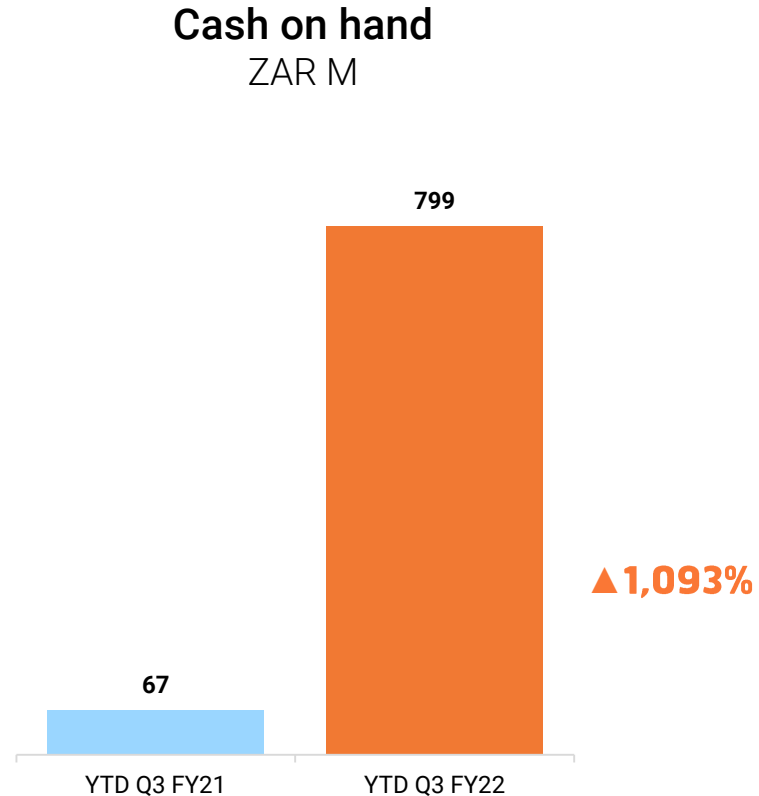


## UNLEVERED BALANCE SHEET & AMPLE CAPACITY TO FUND GROWTH



(1) Free cash flow, a non-IFRS measure, is defined as net cash generated from operating activities less purchase of property, plant & equipment. Please see our Earnings Announcement for reconciliation to closest metric calculated in accordance with IFRS.  
(2) YTD refers to the nine months ended November

# OUR STRONG CASH POSITION



Debtor's Days <sup>(1)</sup>

34

FY22 Q3

**SUPPORTED BY PROPRIETARY COLLECTION MANAGEMENT SOFTWARE**



(1) A non-IFRS measure & is after provisioning for expected credit losses due to COVID-19  
(2) YTD refers to the nine months ended November

# OUTLOOK FOR FY22 REMAINS UNCHANGED DESPITE PANDEMIC

Geared for growth and scalability with strong financial discipline and earnings

	FY20	FY21	Year-to-date (Q3) FY22	FY22 Outlook
Number of subscribers (000s)	1,127	1,306	1,470	1,500 – 1,600
Subscription Revenue (ZAR M)	1,888	2,209	1,897	2,500 – 2,700
Adjusted EBITDA margin (excluding Carzuka & Picup)	48%	49%	47%	45% -50%

**SaaS ARR<sup>(1)</sup> as at November 30, 2021**  
**ZAR 2,760 million**



<sup>(1)</sup>SaaS ARR should not be viewed as a substitute for, or indicative of, Karoo's financial results for any future period

SaaS ARR, a non-IFRS measure, is the annual run-rate subscription revenue at a point in time, calculated by taking the monthly subscription revenue for all customers during that month (November 2021) & multiplying by 12. 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**