

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 2022 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 2022 and included such press release as an exhibit to its form 6-K (the "**Report on Form 6-K**") dated 27 April 2022 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 2022 Highlights:

(Comparisons are relative to the Fourth Quarter 2021, unless otherwise stated)

SCALE

- 1,525,972 subscribers in total as at February 28, 2022, up 17% (2021: 1,306,000)
- 55,587 net subscriber additions in the fourth quarter (Q4 2021: 59,911)

Karooooo's strong growth momentum in the number of subscribers carried through for 2022. The growing demand by small to large enterprises wanting to digitally transform their business to remain competitive prevailed throughout 2022. Despite persistent changing and challenging operating conditions, Karooooo's operational resilience, coupled with its profitable and robust business model, drove new customer additions, delivering continuous growth in the total number of subscribers (connected vehicles and equipment on our platform).

As expected, and a follow-on from the third quarter of 2022, the growth of our subscriber base was predominantly negatively impacted by higher-than-normal churn given the termination of customers that have not been able to economically survive the pandemic. Although the COVID-19 endemic remains unpredictable, we believe the lagging effects of COVID-19 will soon normalize, with minimal impact expected by the third quarter of the 2023 financial year.

GROWTH

- Total revenue increased 20% to ZAR742 million (Q4 2021: ZAR616 million)
Total revenue increased 21% on a constant currency basis (a non-IFRS measure)
- Subscription revenue increased 17% to ZAR671 million (Q4 2021: ZAR574 million)
- Subscription revenue increased 17% on a constant currency basis (a non-IFRS measure)
- SaaS Annualized Recurring Revenue ("ARR"), (a non-IFRS measure), increased 15% to ZAR2,727 million as at February 2022 (February 2021: ZAR2,377 million).

Full Year 2022 Highlights:

(Comparisons are relative to the Full Year 2021, unless otherwise stated)

SCALE

- 219,972 net subscriber additions for 2022, up 23% (2021: 179,485)

GROWTH

- Total revenue increased 20% to ZAR2,746 million (2021: ZAR2,291 million)
- Total revenue increased 23% on a constant currency basis (a non-IFRS measure)
- Subscription revenue increased 16% to ZAR2,568 million (2021: ZAR2,209 million)
- Subscription revenue increased 19% on a constant currency basis (a non-IFRS measure)

Gross profit margin, Operating Profit, Earnings per Share and Adjusted Earnings per share

Cartrack's gross profit margin decreased to 68% in 2022 (2021: 71%). Cartrack's strong revenue growth was negatively impacted by a 24% increase in cost of sales as a result of economic headwinds and the higher-than-normal churn given the termination of customers that have not been able to economically survive the pandemic, increasing the write-off of related telematics devices (accounted for as Property Plant and equipment). With most of these write-offs now accounted for, in our view, gross profit margin expansion in the 2023 financial year is probable.

With strong subscriber and revenue growth despite the challenging operating environment (including the third wave of COVID-19 infections in December 2021 and social unrest experienced in South Africa in July 2021 offset by the group's investment for future growth, Cartrack delivered ZAR715 million operating profit (2021: ZAR727 million). Excluding the impact of a once-off exceptional item expensed during the quarter (ZAR15 million), Cartrack's operating profit increased 1% to ZAR731 million in 2022.

In building for the future, Picup and Carzuka incurred operating losses of ZAR3 million and ZAR13 million respectively in 2022 (2021: Nil).

Karoo's earnings per share decreased 3% to ZAR15.24 in 2022 (2021: ZAR15.65), impacted negatively by ZAR0.52 per share attributable to the once-off exceptional item expensed in 2022. Excluding the impact thereof, earnings per share increased 1% to ZAR15.76 (2021: ZAR15.65).

The ZAR6 million dividend withholding taxation incurred when Cartrack declared a dividend to Karoo in June 2021 also negatively impacted earnings per share by ZAR0.20 per share in 2022.

Outlook

Karoo has a history of consistent organic growth, scalability, strong earnings and financial discipline. The group has been highly cash-generative with most of its revenues recurring in nature and has operated with high operating and Adjusted EBITDA margins.

Karoo ended quarter four and full year 2022 with good momentum. Management currently expects the group to continue growing within the following ranges for the full year 2023 (compared to full year 2022):

- Number of subscribers between 1,700,000 and 1,900,000
- Subscription revenue between ZAR2.95 billion and ZAR3.1 billion
- Cartrack's Adjusted EBITDA margin between 45% and 50%

Operating in a growing and largely underpenetrated market and with the tailwind of customers seeking software solutions to successfully digitalize their businesses and improve their operations, we believe Karoo is well positioned for growth.

Karoo's multiple levers for expansion are supported by a proven, robust and consistently profitable business model, further enhanced by its strong balance sheet and strong cash position.

The intended investment in marketing and sales, coupled with the realization of economies of scale across business segments, is expected to generate robust results in the future.

Actual results may differ materially from Karoooo's Financial Outlook as a result of the pandemic and exchange rate fluctuations, among other factors described under "Forward-Looking Statements" in the full announcement.

Balance Sheet, Liquidity, cash flow and dividend declaration

Our approach to capital allocation allows Karoooo to be profitable and highly cash-generative. Plenty of runway exists to remain profitable should we accelerate our revenue growth rate in excess of our average historical growth rate.

The group's Capital Allocation Committee has adopted a cash management policy whereby Karoooo's excess cash reserves on hand will be held in US Dollars, which will be translated into ZAR for reporting purposes.

Cash and cash equivalents as at February 28, 2022

Karoooo reported a cash and cash equivalents balance of ZAR718 million at the end of 2022 (2021: ZAR76 million) after raising ZAR349 million of net proceeds when Karoooo listed on the NASDAQ in April 2021 and paying ZAR70 million when acquiring Picup in September 2021. Given our profitability, inherently cash-generative business model and our strong balance sheet, the board has declared a dividend of 60 U.S. cents per share which shall be payable entirely out of Karoooo's retained earnings.

As at February 28, 2022, the group has bank facilities for growth initiatives and other general corporate purposes comprised of: ZAR925 million with The Standard Bank of South Africa Limited and ZAR75 million with Mercantile Bank, a division of Capitec Bank Limited.

After paying this declared dividend, the group has sufficient cash and cash equivalents to invest for accelerated growth in 2023. Should additional investment for growth be required in the 2024 financial year, we would consider optimization of our capital structure by way of utilizing our available funding line.

Free Cash Flow (a non-IFRS measure)

Despite Karoooo's continued and strategic investment into customer acquisition and long-term growth it generated ZAR932 million in cash from operating activities (2021: ZAR938 million). Karoooo's investment for growth contributed to the 23% increase in net subscriber additions to 219,972 in 2022 (2021: 179,485). Karoooo invested ZAR553 million into PPE and infrastructure during 2022, 16% more than the ZAR478 million invested in 2021.

The group generated Free Cash Flow (a non-IFRS measure) of ZAR379 million in 2022 compared to ZAR460 million in 2021.

Taxes, Dividend Policy and Dividend Declaration

Karoooo is headquartered and incorporated in Singapore where dividends are tax exempt.

Dividend policy as previously reported

Any future determination to pay cash dividends will be at the discretion of the board of directors and will depend on many factors, including general and economic conditions, financial condition and operating results, 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 the group's subsidiaries to distribute funds to Karoooo and such other factors as the board of directors may deem relevant. The board may, by ordinary resolution, declare dividends at a general meeting of its 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 the board of directors. Subject to Karoooo's constitution and in accordance with the Singapore Companies Act, the board of directors may, without the approval of 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 shareholders.

Dividend Declaration

In accordance with the stated dividend policy above, an interim dividend of 60 U.S. cents per ordinary share, pertaining to the first quarter of Karooooo's 2023 financial year, will be paid on September 12, 2022 to shareholders on record as at the close of business on September 02, 2022. Although Karooooo'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	Wednesday, April 27, 2022	Thursday, April 28, 2022
Date of currency conversion and confirmation of record date announcement	Thursday, August 18, 2022	Friday, August 19, 2022
Last date to trade cum dividend	Wednesday, August 31, 2022	Tuesday, August 30, 2022
Shares commence trading Ex-dividend	Thursday, September 01, 2022	Wednesday, August 31, 2022
Record date	Friday, September 02, 2022	Friday, September 02, 2022
Dividend payment date	Monday, September 12, 2022	Monday, September 12, 2022

Shareholders registered on the South African section of the share register will not be allowed to dematerialise or rematerialise their shareholdings between Wednesday, 31 August 2022 and Friday, 02 September 2022, both dates inclusive, and transfers between the NASDAQ and South African register will not be permitted between Friday, 19 August 2022 and Friday 02, September 2022, both days inclusive.

A summary of the tax considerations applicable to South African shareholders will be included in the currency conversion and confirmation of record date announcement which is expected to be published on Friday, 19 August 2022.

Short-form Announcement

This short-form announcement is the responsibility of the directors of Karooooo. 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 27 April 2022, being the press release incorporating the unaudited condensed consolidated and combined financial statements of Karooooo for the fourth quarter and full year ended 28 February 2022.

The full announcement has been released on SENS today, 28 April 2022 and is available for viewing on the Company's website (www.karooooo.com) and at the following address:

<https://senspdf.jse.co.za/documents/2022/jse/isse/KROE/FY2022.pdf>

The full announcement is available for inspection at the offices of the Company (10-Anson Road #12-14, International Plaza, Singapore, 079903) at no charge during normal office hours on business days from Thursday, 28 April 2022 to Thursday, 5 May 2022. Copies of the full announcement may also be requested from the sponsor by emailing dq.mlsa_corporate_broking@bankofamerica.com.

Webinar Information

Karooooo management will host a Zoom webinar on Thursday, April 28, 2022 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/89427800885>

Webinar ID: 894 2780 0885

Telephone:

US (New York) Toll-free: +1 646 558 8656

South Africa Toll-free: +27 87 551 7702

A replay will be available at www.karoo0000.com approximately three hours after the conclusion of the live event.

IFRS Accounting

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. The summary consolidated financial information presented has been derived from the consolidated financial statements of Karoo0000.

About Karoo0000

Karoo0000, headquartered in Singapore, is 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 1,525,000 connected vehicles and equipment. Karoo0000 assists thousands of enterprise customers in digitally transforming their on-the-ground operations. The Cartrack (wholly owned by Karoo0000) 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 more information, visit www.karoo0000.com.

Johannesburg

Thursday, 28 April 2022

Sponsor

Merrill Lynch South Africa Proprietary Limited
t/a BofA Securities