Transcription
Q3 2026 Financial Results of Karooooo.

Karooooo Ltd (NASDAQ:KARO) Q3 2026 Earnings Conference Call January 21, 2026 8:00 AM ET

Company Participants
Zak Calisto – Founder & Group CEO
Goy Hoeshin – Group Chief Financial Officer
Carmen Calisto – Group Chief Strategy and Marketing Officer
Paul Bieber – VP: Investor Relations and Strategic Finance

Conference Call Participants

Paul Bieber

<u>Introduction</u>
Hello and welcome to Karooooo's Q3 FY 2026 earnings call. On behalf of Karooooo, we would like to thank you for joining us today.

I am Paul Bieber, VP of Investor Relations and Strategic Finance. We are joined today by Zak Calisto, Founder and Group CEO, Hoeshin Goy, Chief Financial Officer and Carmen Calisto, Chief Strategy and Marketing Officer.

I would like to remind everyone that some of the statements that we make today regarding our business, operations and financial performance may be considered forward-looking. Such statements are based on current expectations and assumptions. They are subject to several risks and uncertainties.

Our actual results could differ materially. Please refer to the safe harbor statement in our Form 20-F, including the risk factors, and the 6K that we filed yesterday. We undertake no obligation to update any forward-looking statements.

During this call, we will present both IFRS and non-IFRS financial measures. A reconciliation of non-IFRS to IFRS measures is included in the 6K that we filed with the SEC yesterday.

Our comments will refer to year-over-year comparisons unless we state otherwise.

I will now pass the call over to Carmen.

Carmen Calisto

<u>Who We Are</u>
Thanks Paul.

Welcome to Karooooo's Q3 FY 2026 financial results presentation. Karooooo delivered outstanding results this quarter, highlighted by accelerating ARR growth, strong subscriber momentum with record net additions, and continued robust profitability. We also made progress towards an important milestone and ended the quarter on the verge of USD 300 million in ARR. We achieved these results even as we made significant and planned upfront investments in sales and marketing to drive future recurring revenue and earnings. These achievements underscore our ability to scale efficiently while delivering meaningful value to our customers and shareholders.

Before diving into the details, we would like to provide a quick introduction to Karooooo.

We operate a SaaS platform for connected vehicles and mobile assets that enables businesses to enhance operational efficiency, reduce costs, improve safety and customer service, and ensure compliance. We help businesses simplify decision making to optimize their physical operations.

We serve a large, underpenetrated market with strong, sustained demand driven by digital transformation, a constant need to improve operational efficiency, and an increasing focus on safety and compliance.

We are a founder-led business with a strong financial profile, a two decade proven track record of execution excellence and a cultural focus on disciplined capital allocation and operational efficiency. Our platform supports approximately 2.6 million subscribers across more than 125,000 businesses, spanning a diverse set of industries.

Importantly, our financial model is anchored by accelerating ARR growth, high-margin subscription revenue, exceptional commercial ARR retention and powerful unit economics.

In Q3, our ARR increased 22% to ZAR 5,106 million and on a U.S. Dollar basis increased 28% to USD 298 million, our commercial customer ARR retention rate remained at 95% and subscription revenue accounted for 97% of Cartrack revenue.

We continue to scale our proprietary data asset - now generating more than 275 billion data points monthly - which we leverage to deliver impactful insights and value to our customers.

Finally, our LTV to CAC remains above nine times, underpinned by strong retention, disciplined capital allocation, and efficient distribution, which are embedded in our vertically integrated business model and company culture.

Karooooo: Leading Physical Operations Management Platform, Focused on Africa, Asia, and Europe

During today's presentation, we will review both of Karooooo's operating segments: Cartrack and Karooooo Logistics.

Cartrack is our SaaS operations management platform. Cartrack operates at scale and has a very attractive financial profile. Cartrack's operating momentum is the primary driver of Karooooo's growth and strong financial performance.

In Q3, Cartrack delivered exceptional results highlighted by accelerating subscription revenue growth in South Africa. These results reflect the early returns from the strategic investments we have made in expanding our sales capacity in recent quarters and selling Video and Cartrack Tag to our existing customers in South Africa. The results also underscore the continued growth potential in South Africa.

In Q3, Cartrack generated approximately ZAR 1.2 billion in subscription revenue, an increase of 20% or 27% on a U.S. dollar basis. A strengthening ZAR negatively impacted reported Q3 Cartrack subscription revenue growth. Year to date, Cartrack subscription revenue has increased 20% compared to 15% in FY 2025, a material acceleration. Cartrack’s operating profit margin was a healthy 28% in Q3.

Karooooo Logistics is our rapidly growing “Delivery as a Service” offering that empowers large enterprise customers to scale their e-commerce and logistics operations. Karooooo Logistics continues to demonstrate strong growth and operating momentum while delivering real value to our enterprise customers. We report Karooooo Logistics separately as its “Delivery as a Service” financial profile differs from Cartrack’s SaaS financial profile.

Karooooo Logistics is strategically important to us as it empowers our customers to scale their eCommerce and logistics operations through a capital light model while driving high Cartrack customer retention.

We continued to profitably scale the Karooooo Logistics business. In Q3, Karooooo Logistics’ “Delivery as a Service” revenue reached ZAR 135 million, an increase of 24% or 31% on a US. dollar basis. Given Karooooo Logistics' robust revenue growth, we are very excited about the long-term growth opportunity.

Q3 FY 2026 Karooooo Group Snapshot

In Q3, Karooooo delivered strong consolidated financial results. Total revenue increased 22% to ZAR 1,410 million, subscription revenue increased 20% to ZAR 1,239 million, operating profit increased 14% to ZAR 369 million and total subscribers increased 16% to approximately 2.6 million.

Cartrack’s 20% subscription revenue growth and 28% operating profit margin were the primary drivers of our strong financial performance in Q3.

Q3 continued our track record of delivering profitable growth at scale. In Q3, we were a “Rule of 60” company when adding our Cartrack subscription revenue growth of 20% and our Cartrack adjusted EBITDA margin of 45%. We note that our EBITDA margin does not include any stock based compensation add-back.

Rare Financial Profile

Before detailing our Q3 performance, it is important to underscore just how differentiated our financial model has become in the context of the broader SaaS universe. We believe we are among a select few SaaS companies operating at a "Rule of 50-plus" based on calendar year 2026 GAAP Street estimates. Within a SaaS universe of approximately 140 companies, there are less than 10 companies operating at this level and Karooooo is the only small cap company.

Our financial profile is incredibly rare in public markets, especially among small cap companies. Being part of this elite group reflects our unwavering commitment to disciplined and profitable growth.

In addition, with an essentially unchanged share count over the last several years and no stock-based compensation, growth in free cash flow directly translates into higher per-share value, given the absence of dilution. This is a key point of differentiation relative to many SaaS peers that fund growth with significant equity issuance and SBC.

Q3 FY2026 Financial and Operational Highlights

Now, let's discuss our Q3 Financial and Operational highlights.

In Q3, SaaS ARR accelerated to 22% compared to Q2 FY 2026 growth of 20%, and ARR growth in US Dollars accelerated to 28% reaching USD 298 million.

Cartrack Subscription revenue growth increased 20% underpinned by 21% growth in South Africa. The 21% growth rate in South Africa represents a significant acceleration compared to Q2 FY 2026 growth of 18% and 14% in Q3 of the prior fiscal year.

Cartrack total subscribers increased 16% to approximately 2.6 million, driven by healthy growth across all regions. Notably, Cartrack delivered record subscriber net additions of 111K in Q3. Also, year to date net subscriber additions increased 30% in Asia.

Cartrack operating profit margin remained healthy at 28% despite a 47% increase in sales and marketing expenses in Q3.

We were a "Rule of 60" company in Q3, and our balance sheet remains strong and unleveraged.

We ended the quarter with net cash and cash equivalents of ZAR531 million.

Cartrack's Unit Economics Remain Efficient and Healthy

Our healthy subscription gross margin, efficient customer acquisition, and attractive commercial customer ARR retention rate continue to drive our healthy unit economics. In Q3, our subscription gross margin was 73%, our LTV to CAC ratio remained above nine times, and our commercial customer ARR retention rate was 95%.

Our unit economics remain healthy despite the significant increase in sales and marketing expenses during Q3. It is also noteworthy that we accelerated our subscription revenue growth from 14% in Q3 last year to 20% this quarter while maintaining our strong unit economics.

We remain committed to profitable growth and strong unit economics as we pursue the expansive growth opportunity ahead of us.

South Africa Q3 2026 Review

We ended Q3 with approximately 1.9 million subscribers in South Africa, an increase of 16%.

Q3 subscription revenue growth was 21%, a significant acceleration compared to Q2 FY 2026 growth of 18% and 14% in Q3 of the prior fiscal year. South Africa represented 72% of total Cartrack subscription revenue. The pace of growth reflects our strategy to drive Cartrack subscription revenue growth through a balanced combination of subscriber additions and selling Video and Cartrack Tag to our existing customers.

South African subscriber and subscription revenue growth is a clear signal that our strategy is driving results. This accelerated growth reflects our deliberate strategy to cement our leadership position in South Africa by simultaneously growing our customer base and selling Video and Cartrack Tag to customers in South Africa. Average Revenue per User or ARPU in South Africa increased 7% to ZAR162 in November 2025 compared to November 2024.

We are committed to continue building our distribution capabilities to service the demand for our products from both new customers and existing customers, and we are confident that our investment in sales capacity this year will have a positive impact on Cartrack subscriber growth in FY 2027.

We are optimistic about the market opportunity in South Africa and believe there is a long runway to drive strong subscriber growth.

Southeast Asia Q3 2026 Review

We ended Q3 with approximately 318K subscribers in Southeast Asia and the Middle East, an increase of 20% with most of the subscribers in Southeast Asia. Year to date, net subscriber additions in the region increased 30%.

Southeast Asia and the Middle East comprised 15% of total subscription revenue, and Southeast Asia and the Middle East subscription revenue growth increased 14%. The pace of subscription revenue growth in the region reflects an increase in subscribers from lower ARPU countries combined with the translation impact of a strengthening ZAR.

As the second largest contributor to group revenue, Southeast Asia continues to present the most compelling growth opportunity for the group in the medium to long term.

Southeast Asia is a vast underpenetrated market for sophisticated fleet management and video-based solutions, and we are well positioned to capitalize on the opportunity.

Europe Q3 2026 Review

We ended Q3 with approximately 223K subscribers in Europe, an increase of 16%. European subscription revenue increased 24%, and Europe comprised 10% of our total subscription revenue.

We continue to expand our customer base and drive our distribution capabilities in the region.

We have partnered with leading OEMs to provide easy access to our platform, seamlessly integrating their connected vehicle data to our platform through application programming interfaces. We expect these partnerships to contribute to our results in the medium to long term. In addition, we are experiencing encouraging demand for our proprietary compliance technology in the region as customers seek to simplify compliance with evolving legislation and enforcement.

Karooooo Logistics Continues to Scale

In Q3, Karooooo Logistics continued to build scale and delivered revenue of ZAR 135 million, an increase of 24%, and a 7% operating profit margin. Growth in eCommerce orders drove Karooooo Logistics revenue growth.

Karooooo supports our strong financial performance by immersing our platform into large customers' operations, contributing to strong customer retention. Karooooo Logistics also enables us to learn about the operational and logistics challenges confronting our large customers.

We see a large opportunity for Karooooo Logistics going forward as large businesses seek to increase their e-commerce offerings and optimize their logistics capabilities through a capital light model.

Progress On Our FY2026 Priorities

In Q3, we continued to make progress with our FY 2026 priorities.

First, we continue to strengthen our leadership position in South Africa by driving the adoption of video solutions and Cartrack Tag with our existing customer base. The early results are promising with South Africa ARPU increasing 7% as of November 2025 compared to November 2024, highlighting growing customer engagement and product uptake. In addition, we expect our ongoing investment in distribution capacity to create durable growth benefits that extend beyond the current financial year.

Second, we continue to expand our distribution footprint in Asia and Europe, and we are seeing success in expanding our teams in the regions.

Finally, we continue to work with our customers globally to drive broader engagement with our platform and to capture the growing demand for video capabilities, including AI video. We are very excited about the momentum we are experiencing with our video solutions in the market, including AI video.

<u>Disciplined Capital Allocation Framework</u>
Capital allocation is a fundamental part of our disciplined culture, rooted in a 20-year culture of profitable growth at scale and prudent financial management—key drivers of long-term shareholder value.

Our capital allocation framework is unchanged and prioritizes:

- **Organic Growth & Innovation** – Our paramount priority is investing in organic growth and product innovation, given our strong unit economics, sustained profitability, and large market opportunity.

- **Returning Capital to Shareholders** – At current growth rates, our business generates significant excess cash. With our strong balance sheet and net cash position, we aim to return surplus capital to shareholders when we cannot efficiently invest it for growth, primarily through an annual dividend. As to avoid doubt, management prioritizes growth over dividends.

- **Strategic M&A** – We take a prudent and strategic approach to M&A. We view M&A as a tool to accelerate time to market in key geographies, expand our product portfolio, or strengthen our competitive position. However, given our compelling organic growth, customer-centric culture, and attractive unit economics, we set a high bar for any potential acquisitions.

Ultimately, we see it as our responsibility to allocate capital thoughtfully, always with the goal of maximizing long-term shareholder returns.

I will now hand it over to Hoeshin who will discuss our Q3 financial performance.

Goy Hoeshin

Thank you, Carmen. I will now discuss Karooooo's financial performance for Q3 FY 2026.

Please note, my comments will refer to year-over-year comparisons unless we state otherwise.

<u>Karooooo Continues to Deliver Strong Subscription Revenue Growth</u>
Our proven and profitable SaaS business model continued to deliver strong results in Q3.

Karooooo's total subscription revenue increased 20% to ZAR1,239 million, Operating Profit increased 14% to ZAR369 million, and Earnings Per Share increased 11% to ZAR8.55.

Earnings growth remained robust despite significant and planned upfront investment in sales and marketing to drive future revenue and earnings. In other words, these investments are fully expensed as incurred, while the associated recurring revenue benefits are expected to realize over time.

<u>Cartrack's Strong Performance Continues, Fueled by SaaS Revenue Momentum</u>

We will now focus on Cartrack's financial performance, which is fueled by SaaS revenue momentum.

In Q3, Cartrack revenue increased 21% to ZAR 1,275 million, and Cartrack subscription revenue increased 20% to ZAR1,236 million. Subscription revenue comprised 97% of Cartrack total revenue.

Q3 ARR growth accelerated to 22% reaching ZAR5,106 million. In US Dollars, ARR growth accelerated to 28% reaching USD 298 million.

<u>Cartrack Extends Two-Decade Track Record of Consistent Execution and Resilience</u>

As you can see from the trend of the charts, Cartrack has a proven track record of scaling in varying macro-economic conditions given our consistent execution, resilient subscription revenue model, and attractive historic retention rates.

In Q3, Subscribers increased 16% to approximately 2.6 million, Subscription Revenue increased by 20% to ZAR1,236 million and Operating Profit increased 14% to ZAR359 million.

<u>Cartrack Delivered Record Q3 Net Subscriber Additions</u>

Cartrack experienced record customer acquisition in Q3 with net subscriber additions of 111,478 subscribers. The record net subscriber additions reflect our strategic investment in sales capacity and success selling video and Cartrack Tag.

<u>Subscriber Growth Remains Strong</u>

Total subscriber growth increased 16% in Q3, underpinned by record subscriber net additions. Importantly, South Africa subscriber growth also increased 16%, underscoring the growth potential in the region.

<u>Fourth Consecutive Quarter of ARR Growth Acceleration</u>

Q3 SaaS ARR accelerated to 22% compared to Q2 FY 2026 growth of 20% and Q3 FY 2025 growth of 14%.

In US Dollars, Q3 SaaS ARR increased 28% reaching 298 million US Dollars.

This marked the fourth consecutive quarter of ARR growth acceleration. We believe the acceleration in ARR growth reflects the underlying momentum in the business and signals that our strategic initiatives are gaining momentum.

Cartrack's Q3 Geographical Subscription Revenue Mix and Growth

Cartrack continued to grow its subscription revenue across geographies highlighted by an acceleration in South Africa.

South Africa subscription revenue growth accelerated to 21% compared to Q2 FY 2026 growth of 18% and Q3 FY 2025 growth of 14%. The acceleration indicates that our efforts to cement our leadership position are driving measurable results.

Europe subscription revenue growth increased 24% and 19% on a constant currency basis.

Asia and Middle East subscription revenue growth increased 14% and 18% on a constant currency basis. Asia and the Middle East reported subscription revenue growth reflects an increase in subscribers from lower ARPU countries in the region combined with the translation impact of a strengthening South African ZAR.

Healthy growth across regions reflects our strong execution and provides a solid foundation for continued growth.

Karooooo Continues to Deliver Strong Earnings Per Share Growth

Karooooo Adjusted earnings per share increased 11% to ZAR8.54.

Cartrack earnings per share contribution increased 11% to ZAR 8.35.

Karooooo Logistics earnings per share contribution increased 25% to ZAR 0.20.

Adjusted earnings per share growth reflects significant planned investments in sales capacity and customer acquisition evidenced by the 47% increase in sales and marketing expenses by Karooooo in Q3. Our upfront sales and marketing costs are not aligned with the lifetime value of customer recurring revenue and related earnings in our financial statements. Importantly, our powerful unit economics remain intact and our balance sheet remains strong as we invest in sales capacity.

Karooooo Has a Two-Decade Track Record of Strong Free Cash Flow Generation

Year to date, our Adjusted Free Cash Flow increased 37% to ZAR 597 million, underscoring the strength of our operating model.

Q3 Adjusted Free Cash Flow increased 28% to ZAR 239 million.

As we pursue accelerated growth, we expect Free Cash Flow to reflect our investments to drive growth. While quarterly fluctuations may occur due to working capital dynamics and growthoriented investment, we remain confident in our ability to consistently generate meaningful free cash flow.

Karooooo's consistent free cash flow generation powers our disciplined capital allocation strategy and positions us well for future growth.

Karooooo Has a Strong and Clean Balance Sheet

Our balance sheet reflects our track record of durable growth at scale, profitability, and cash generation.

Our net cash on hand plus cash in bank fixed deposits was ZAR531 million.

Debtor's collection days remain healthy at 31 days and are within our historical norm.

In August, we paid a total cash dividend of approximately USD 38.6 million to our shareholders, which equates to a dividend of USD 1.25 per share.

We believe that our ability to generate healthy cash flows is sustainable given our annuity business model coupled with our track record of consistent execution.

Raising Midpoint of Revenue Outlook for FY 2026

We believe Karooooo remains strongly positioned for growth as we operate in an expanding and largely underpenetrated market, fueled by robust and sustained customer demand. This demand is driven by a heightened focus on digitalization, the need to improve operational efficiency and reduce costs, and an increasing attention to safety in physical operations.

Year to date in FY 2026, we have accelerated Cartrack subscription revenue growth by expanding our distribution footprint in existing markets, driving broader platform adoption, and capitalizing on growing demand for video solutions including AI video. We are encouraged by our positive performance evidenced by Cartrack's Q3 subscription revenue growth of 20% and ARR growth of 22%.

Cartrack delivered a 29% operating profit margin, reflecting strong execution while investing in sales and marketing capacity to support future growth.

While we have delivered strong year to date results, the appreciation of the South African Rand has created a currency translation headwind on reported revenue, constraining the flow through of our strong performance to our FY 2026 outlook. We do not hedge our foreign currency exposure so fluctuations in exchange rates may create some variability in our reported results despite our underlying operating momentum.

Given our momentum year to date, we are increasing our FY 2026 Cartrack subscription revenue outlook to between ZAR4,785 million and ZAR4,900 million, implying growth between

18% and 21%. This compares to our previous outlook for Cartrack subscription revenue between ZAR4,700 million and ZAR4,900 million, which implied growth between 16% to 21%.

We are also revising our FY 2026 Cartrack operating profit margin outlook to between 27% and 30%, which compares to our previous outlook of Cartrack operating profit margin between 26% and 31%.

Our FY 2026 Karooooo Adjusted earnings per share outlook remains unchanged at ZAR32.50 and ZAR35.50

As we work toward closing the financial year, we are executing on two fronts — expanding our sales capacity to drive new customer acquisition and strengthening our relationships with current customers through increased adoption of Video and Cartrack Tag. While the business is accelerating, we remain people-constrained and will continue to build the sales capability to meet these goals. At this stage, we believe the right strategy for the long-term health of the business is to lean into driving adoption of Video and Cartrack Tag with our existing customer base to further cement our leadership position in South Africa.

With that said, we are also confident that our investment in sales capacity this year will have a positive impact on subscriber growth in FY 2027.

Q3 2026 Key Earnings and Investment Highlights

In closing, Karooooo delivered outstanding results this quarter, highlighted by accelerating ARR growth, strong subscriber momentum with record net additions, and continued robust profitability. We also made progress towards an important milestone and ended the quarter on the approaching USD 300 million in ARR. We achieved these results even as we made significant and planned upfront investments in sales and marketing to drive future recurring revenue and earnings. These achievements underscore our ability to scale efficiently while delivering meaningful value to our customers and shareholders.

The underlying acceleration in the business reflects the strength of our operating model and early traction from strategic investments in sales capacity and customer acquisition. As we continue to enhance our distribution footprint, we expect our ongoing investment in distribution capacity to create durable advantages that extend beyond the current financial year.

With continued execution, disciplined investment, and growing regional momentum, we believe that we are well-positioned to deliver profitable and durable long-term growth. Finally, we remain firmly committed to thoughtful capital allocation, strong unit economics and our vertically integrated and open operating culture.

With that, I will turn the presentation over to Zak Calisto for Q&A.

Q: Investor
How are we doing with the 70% increase in headcount in Asia?

A – Zak Calisto
At the end of Q3, we were around 40%, but many of those hires will be starting in January and February. I do believe we will reach the 70% we initially targeted for the year. Much of this is happening in Q4 simply because, in these countries, people are generally only willing to change jobs in January, so everything is going according to plan.

Q: Investor
When will our investment in sales and marketing stabilize?

A – Zak Calisto
It really comes down to how efficient our sales and marketing are, and as long as we maintain strong unit economics, our sales and marketing strategy continues to work, and we remain stable, we will continue to grow given the large addressable market.

Q: Investor
Who is the 34% owner of New Zealand?

A – Zak Calisto
When I initially started the business in 2004, our first employee was Johan De Wet, and he owns 34% of the business in New Zealand. He emigrated from South Africa to New Zealand approximately nine years ago.

Q: Joshua Reilly, Needham
ARPU was up nicely again in the quarter and even more so for the business in South Africa, up 7% Y/Y, how far along in the cross-selling Tag and Video cycle would you say we are in South Africa? Is it still the first or second inning?

A – Zak Calisto
We are in the early stages, we're hoping in the next financial year we will get even stronger momentum.

Q: Joshua Reilly, Needham
Net new subscribers were a record in the quarter with strength across all geographies, how do you see health of the market and demand today relative to your sales execution in key markets?

A – Zak Calisto
We've increased our sales and marketing spend substantially this year, we're seeing strong productivity, and our unit economics remain very strong. We believe we perform well in our key markets; in some markets we outperform our budgets, and in others we're lagging slightly, but overall everything is going according to plan.

Q: Dylan Becker, William Blair
Drivers of acceleration - how to think about uplift from pure capacity vs. scaling productivity from recently hired reps, and how this supports view of durable 20% growth prospects given momentum in both subscribers + cross-selling?

A – Zak Calisto
In the outlook we provided at the beginning of the year, we expected our subscription revenue to fall within these ranges, and we're currently at the upper end of that range. I personally believe we have good momentum and will continue to build on it. In terms of hiring, recruitment, and retention of key staff, I think we're doing well this year and will only continue to improve.

Q: Scott Searle, Roth
Can you address adoption trends for AI camera penetration rates per region, competitive landscape and impact on 7% ARPU increase in the current quarter.

A – Zak Calisto
We've focused heavily on our South African operation. We moved into new offices approximately 18 months ago and now have the space to hire and build out the necessary infrastructure. We're currently building out infrastructure in most other countries to support the call centres required to execute on this. Adoption of cameras is strong at this point, but we believe it's still early days and that adoption will continue to strengthen over time. From a competitive landscape perspective, we feel very comfortable competing with our peers and believe we will continue to get stronger in this space.

Q: Cornelius T. Makari, Metabridge
Is there anyway to roll-out Karooooo Logistics to Europe or SE Asia or are those markets saturated?

A – Zak Calisto
It's very early days when we talk long term about the e-commerce space and what our large enterprise customers require. I don't believe the market is saturated; I believe the market is only going to grow bigger. We are developing our technology in order to be able to go into Europe and Southeast Asia and to compete efficiently.

It must be said that we don't necessarily need to roll out the driver network in every geography. We've done that in South Africa; it's more for us to learn what our platform allows us to do. We can integrate with various e-commerce service providers that have rolled out fleets, and all we do is become the aggregator for our customers so they can use service providers that are able to service them.

The model, when we go outside of South Africa, might be slightly different, and as we develop the South African market we might also change our current model, despite it working very well. We are learning every day, and the market is changing every day.

Q: Alex Sklar, Raymond James
What drove the strong pick up in South Africa subscriber growth vs. plan?

A – Zak Calisto
The subscriber growth is going in accordance with plan and the cross selling is going according to plan. It's really just about increasing our footprint and our ability to execute.

Q: Alex Sklar, Raymond James
Where do you stand on sales hiring vs. your specific geo plans (SE Asia, Europe)?

A – Zak Calisto
I think we're on track with all our hiring across all regions.

Q: Alex Sklar, Raymond James
Given the magnitude of sales hiring plans in SE Asia, do you expect subscriber growth to pick up from the 20-21% level, or is this a good durable rate?

A – Zak Calisto
Our ambitions are certainly to pick that 20-21% and to compound on that. But its like everything, it's all about the execution. We feel confident that we will have a very successful FY 2027 in the region.

Q: FC de Beer, Avior
Well done on great results. It seems there has been an increase in subscriptions in South Africa q/q. How has the shift from used vehicle sales to new vehicle sales in South Africa impacted subscriptions?

A – Zak Calisto
That does not impact our business. Our customer acquisition is based on customers who already have vehicles. The only time a new vehicle comes into play is when our customers trade in or sell their vehicles and buy new ones. So, while new vehicle sales do have an impact on our business, it is insignificant at this point in time.

Q: FC de Beer, Avior
Is the used vehicle market in South Africa still under pressure, given the affordable new vehicles entering the market?

A – Zak Calisto
We don't really specialize in that whether the market is under pressure, we don't really look at that. We are focused on the services we provide.

Q: FC de Beer, Avior
Does a stronger new-vehicle market have a more positive impact on subscriptions.

A – Zak Calisto
Not necessarily

Q: Scoot Searle, Roth
Can you provide an update on asset tracking. Sales/connections in SA, the ongoing rollout in Poland, and plans for additional markets.

A – Zak Calisto
At the moment, we don't plan any additional markets, and the rollout is going according to plan. We are looking at expanding into Europe cautiously. We are having our annual discussions in February, where we will either approve or not approve the rollout plan. Fundamentally, there is a huge opportunity to expand beyond the European markets we are currently in, but at the same time there is also a significant opportunity to grow within our existing markets and cement our leadership where we already operate.

Q: Dylan Becker, William Blair
How you're thinking about growth vs. margin tradeoff.

A – Zak Calisto
The way we look at it, under IFRS you see a bit of a compression in operating profit margin because of the increase in sales and marketing, but I think that's really temporary. The minute you start allocating money to sales and marketing, you see this huge margin expansion. The reality is that all these upfront costs in acquiring customers typically pay off over a very long time. There's a strong alignment of these expenses against future revenue. We're more focused on the long-term performance of the business rather than on one quarter or one financial year. We look at it from the perspective of the value we are creating for our shareholders over a five-year period. So, we approach it a bit differently.

Q: Dylan Becker, William Blair
Impressive ability to accelerate growth to extent you are with minimal margin impact.

A – Zak Calisto
That has to do a lot with how we run the business and our economies of scale.

Q: Dylan Becker, William Blair
How this validates both conviction in overall opportunity + opportunity for LT leverage as impact from upfront investments continue to scale?

A – Zak Calisto
I think I've answered that latter part of your question.

Q: Dylan Becker, William Blair
Areas to double down on? Strategy clearly working, any areas you feel confident could even step up investment further?

A – Zak Calisto
Our unit economics continue to be very strong. While we're only now finalizing our budgets for FY 2027, we will likely continue the current trend, investing in our footprint in the markets we operate in and continuing to grow and accelerate the topline. However, we need to conclude our budgets and obtain Board approval before that can happen.

Q: Ablay
How does the Volkswagen OEM integration tangibly accelerate your European growth compared with your traditional sales-led expansion.

A – Zak Calisto
In simple terms, it allows us to get vehicles onto the platform quite quickly. The real challenge is that OEM telemetry devices often don't communicate with our customers' systems. You get a lot of data, but it doesn't always help our customers because the specific data points they need typically cannot be collected from the OEM devices. We are getting closer to the OEMs, ensuring these relationships work and ironing out the practicalities of using these devices. I believe this will be sorted out over time. The good news is that we've integrated with most of the providers in Europe so that part is fully integrated. We have a great platform and are actively in the game, but there are still operational issues and data points that we cannot collect through OEM telemetry devices.

Q: Colin Smith, All Africa Partners
In November you announced a partnership with VW - is that partnership contributing to operating profit yet?

A – Zak Calisto
We've answered that question, thanks Colin.

Q: Colin Smith, All Africa Partners
Does the materially stronger South African Rand over the last year have any positive or negative impact on underlying operations?

A – Zak Calisto
The positive impact is probably in the production of our telemetry equipment, but fundamentally that is a very small part of the business. The positive impact comes if you report in USD, where the effect is obviously strong. However, if you report in Rands, it has a negative impact on subscriptions.

Our operations outside of South Africa are negatively impacting our revenue. Had we reported our revenue in USD, it would have been up, but because we report in Rands, it has been negatively impacted.

Q: Colin Smith, All Africa Partners
If an existing subscriber chooses to add Video or Cartrack Tag, does their standard 36 month contract reset?

A – Zak Calisto
The answer to that is complex. The 36-month contract we sign is not material to us; what's more important is how long the customer actually stays with us, rather than the 36-month term.

It's more about whether we can retain the customer and keep the vehicle on the platform while the customer still owns it. That's what we measure. We rely more on customer service and retention than on trying to enforce a 36-month contract. This has been our policy since day one. It's a much more pragmatic way of looking at the business, rather than trying to force customers to stick to an agreement when we know they are likely to stay with us for a very long time.

Q: Colin Smith, All Africa Partners
Is the current share price at a level that management may consider a share buyback?

A – Zak Calisto
The reality of doing a share buyback in the marketplace as a listed entity is very complex. We are not trying to second-guess the market; we'll continue focusing on growing the business and maintaining the quality of the asset. We tried to do this about two years ago, and it's really difficult because of SEC rules. Unless we go a very complex route—and if we do, we might as well delist.

Q: Max Sporer, MCP-EM
Was the ARPU increase in SA only driven by camera and tag or also by general price hikes? What's the ARPU in SEA this quarter, how much dilution are you expected expecting?

A – Zak Calisto
It was driven by the camera and Tag. We've always said that, over time, the Southeast Asia market will mirror the ARPU of South Africa, as countries like the Philippines, Indonesia, and Thailand become a larger portion of the business. These are typically lower-ARPU countries compared to New Zealand, the UAE, or Singapore. Over time, we believe the Southeast Asia market ARPUs will align with South Africa. So, while we do expect ARPUs to decrease as the business grows, this was known from the outset, and we've consistently communicated it to the market.

Q: Matthew, Confluence Investors
On Cartrack Tag: 1) What proportion of sales are coming from existing customers (i.e. new CT customers), 2) Can you describe examples of the use cases you are seeing for Tag.

A – Zak Calisto
Our use of Tag allows us to track equipment or vehicles outside the GSM network, and there are many use cases for this. There is no shortage of situations where this capability is needed.

The net additions we report are typically new customers. When selling to new customers, a fleet owner will usually equip their entire fleet. In the future, when selling to these fleet owners again, it is often because they have sold vehicles and acquired new ones, which would not be reflected in net additions. Most of our net additions come from new customers, while a significant portion of churn is actually customers selling vehicles and buying new ones.

Q: Matthew, Confluence Investors
Are there any regulatory or other technical issues with rolling out Tag to other markets beyond South Africa, SEA / Europe.

A – Zak Calisto
No.

Q: William Sewell, Vergent
How much you expecting the improved South Africa macro conditions to accelerate fundamental performance going forward.

A – Zak Calisto
We've always performed well in South Africa, both in tough times and in good times. Our success now really demonstrates our ability to scale and add more people in our new building. The infrastructure we're developing, along with a favorable economic environment, gives us a tailwind, but much of it isn't about the economy—it's really about our ability to execute and how we've been building our teams.

Q: Matthew, Confluence
Looking at the South Africa subscriber base. Over the next 5 years what proportion do you think could be interested in: Cartrack Tag or Video analytics?

A – Zak Calisto
To be honest, I cannot answer that because whatever I say I might be wrong. So I prefer not to answer.

Q: Max Sporer, MCP-EM
Is the subscriber growth in SA diluting ARPU growth? On a group level it remains rather 4% compared to the target of 6%?

A – Zak Calisto
The target of 6% will be at February 2026, so it will be at year end. I think we might be lagging slightly to what we expected but we are largely on track.

Q: GB
What would you do differently if you were a private company and not a public company? What would be the differences in your strategies?

A – Zak Calisto
There would be absolutely no difference.

We are focused on building a business. We're not building it to sell it; we're building it with a long-term perspective. In terms of my succession planning, my family is the majority shareholder, and we intend to remain that way. Fundamentally, we are looking at the business for the long term, so whether we're a public or private company, our approach remains the same.

Q: Prashant Premkumar, Buffalo Thorn
Can you share a little more color on your bullishness for subscriber and ARPU growth in South Africa? what are the distribution channels driving growth, and are new channels such as online used vehicle retailers (like webuycars, autotrader,etc) areas where we can gain ground? is there a growing opportunity outside of passenger cars in South Africa, and if so, can you put some numbers around this?

A – Zak Calisto
We're not doing anything different to what we've been doing over the last 10 years and that is continuous improvements whether it's our technology or software platform or the training of the people. So frankly there's no changes just doing the same thing consistently improving with what we've done in the past. And we've got a 20 year track record of continuously improving on the past year.

Q: GB
Typically, what is the cost of your subscription as a % of the annual revenue for your customer.

A – Zak Calisto
I don't understand the question, I apologize for that.