

Transcription
Q1 FY 2027 Financial Results of Karooooo.

Karooooo Ltd (NASDAQ:KARO) Q1 FY 2027 Earnings Conference Call July 16, 2026 8:00 AM ET

Company Participants

Zak Calisto – Founder & Group CEO

Paul Bieber – VP: Investor Relations and Strategic Finance

Carmen Calisto – Group Chief Strategy and Marketing Officer

Goy Hoeshin – Group Chief Financial Officer

Paul Bieber – VP: Investor Relations and Strategic Finance - Introduction

Hello, and welcome to Karooooo's Q1 FY 2027 Financial Results Presentation. On behalf of Karooooo, we would like to thank you for joining us today. I'm 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 6-K 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 6-K that we filed with the SEC yesterday.

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

I will now pass the call over to Carmen.

Carmen Calisto

Thanks, Paul.

Karooooo FY 2026: What Matters Most

Welcome to Karooooo's Q1 FY 2027 financial results presentation.

FY 2027 is off to a strong start highlighted by Cartrack subscription revenue growth accelerating to 19% in Q1 despite FX headwinds associated with the strengthening ZAR. In constant currency, Cartrack subscription revenue growth accelerated to 21%. And despite the strengthening ZAR, ARR growth also accelerated to 19% in ZAR and 22% in constant currency. ARR growth increased 32% in US Dollars. We continued to cement our leadership position in

South Africa, our most mature market, with subscription revenue growth accelerating to 24% in South Africa. The strong performance in South Africa demonstrates that our recent investments in sales capacity are driving tangible results.

The acceleration of subscriber growth to 18% from 16% in Q4 FY26 underpinned our strong performance as we delivered record net subscriber additions of 142,472. South Africa net subscriber additions increased 92% to 113,913 as we realize the benefits of recent investments in sales capacity and capitalize on sales momentum with Video solutions and especially with Cartrack-Tag as a stand-alone product.

Our strong execution also translated into record Karooooo operating profit of ZAR 410 million despite FX headwinds, reflecting our ability to accelerate revenue growth and profitability at scale.

As we look forward to the rest of the fiscal year, we reiterate our FY 2027 outlook. Our focus remains on optimizing the investment we made in sales capacity during FY2026 while growing our distribution footprint at a more moderate pace in FY 2027.

Who We Are

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

We provide an operational intelligence platform for connected vehicles and mobile assets. Our platform enhances operational efficiency, reduces costs, mitigates risk, improves safety and customer service, ensures compliance and empowers service delivery. 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, operational efficiency and driving healthy returns on invested capital. Our platform supports more than 2.8 million subscribers across more than 125,000 businesses, spanning a diverse set of industries and with no customer or industry concentration risk.

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

Despite the strengthening ZAR, ARR increased 19% to ZAR 5,432 million and on a U.S. Dollar basis increased 32% to 335 million US Dollars. In Q3, 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 330 billion data points monthly - which we leverage to deliver impactful innovation, 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.

Karoo0000: Leading Physical Operations Management Platform, Focused on Africa, Asia, and Europe

During today's presentation, we will review both of Karoo0000's operating segments: Cartrack and Karoo0000 Logistics.

Cartrack is our operational intelligence platform. Cartrack operates at scale and has a very attractive financial profile. Cartrack's operating momentum is the primary driver of Karoo0000's growth and strong financial performance.

Cartrack delivered exceptional Q1 results that reflect the returns from the strategic investments we have made in expanding our sales capacity and selling Video and Cartrack Tag to existing and new customers in South Africa.

In Q1, Cartrack delivered approximately ZAR 1.4 billion in subscription revenue, an increase of 19% or 32% on a U.S. dollar basis. The 19% growth reflects an acceleration compared to 18% in Q4 FY26 despite a strengthening ZAR that negatively impacted reported Cartrack subscription revenue in Q1. Cartrack constant currency subscription revenue growth was 21% in Q1.

Cartrack's operating profit margin was a healthy 28% in Q1.

Karoo0000 Logistics is our rapidly growing "Delivery as a Service" offering that empowers large enterprise customers to scale and enable their Q-commerce or "Quick Commerce". Karoo0000 Logistics continues to demonstrate strong growth and operating momentum while delivering real value to our enterprise customers. We report Karoo0000 Logistics separately as its "Delivery as a Service" financial profile differs from the financial profile of Cartrack's subscription model.

Karoo0000 Logistics is strategically important to us as it empowers our customers to scale their businesses through a capital light model while driving high Cartrack customer retention.

In Q1, Karoo0000 Logistics' "Delivery as a Service" revenue was ZAR 177 million, an increase of 46% or 63% on a US. dollar basis. We are very excited about the value Karoo0000 Logistics is adding to our customers and its long-term growth opportunity.

Karoo0000 Q1 2027 Snapshot

In Q1, Karoo0000 delivered strong consolidated financial results. Total revenue increased 22% to ZAR 1,564 million, subscription revenue increased 19% to ZAR 1,354 million, operating profit increased 16% to a record ZAR 410 million and subscriber growth increased 18% to 2.8 million.

Cartrack's 19% subscription revenue growth and 28% operating profit margin were the primary drivers of Karoo0000's strong financial performance in Q1.

Rare Financial Profile

Q1 continued our track record of delivering profitable growth at scale. In Q1, we were a "Rule of 60" company when adding our Cartrack subscription revenue growth of 19% and our Cartrack adjusted EBITDA margin of 45%. We note that our EBITDA margin does not include any stock based compensation or SBC add-back, a stark contrast to our peers. Our rare financial profile translates to healthy return on invested capital.

It is important to underscore just how differentiated our financial model has become in the context of the broader software universe. We believe we are among a select few software companies operating at a "Rule of 50-plus" based on calendar year 2026 GAAP Street estimates. Within a universe of approximately 150 companies, Karoo0000 is the only small cap company operating at this combined level of growth and profitability.

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 SBC compensation, growth in free cash flow translates directly into higher per-share value, given the absence of dilution. This is a key point of differentiation relative to many peers that fund growth with material equity issuance and SBC.

Q1 2027 Financial and Operational Highlights

Now, let's discuss our Q1 Financial and operational highlights.

In Q1, we accelerated our ARR growth despite FX headwinds. ARR growth accelerated to 19%, and ARR growth in US Dollars increased 32% reaching 335 million dollars. Constant currency ARR growth accelerated to 22%.

Cartrack Subscription revenue growth accelerated to 19% underpinned by accelerating growth of 24% in South Africa. Cartrack subscription revenue growth increased 32% in USD and 21% in constant currency.

Cartrack total subscribers accelerated to 18%, surpassing 2.8 million driven primarily by exceptionally strong performance in South Africa. Notably, Cartrack delivered record subscriber net additions of 142K with South Africa subscriber net additions increasing 92% to 113,913.

Despite FX headwinds, Karooooo delivered record operating profit of ZAR 410 million as growth oriented investments moderated. Consolidated sales and marketing expenses increased 9% quarter on quarter compared to a 12% increase quarter on quarter in the equivalent quarters of the previous fiscal year.

We were a “Rule of 60” company in Q1 with subscription revenue growth of 19% and an Adj. EBITDA margin of 45%.

Our balance sheet remains strong and unleveraged, and we ended the quarter with net cash and cash equivalents of ZAR756 million. It’s important to note that we keep our excess cash in USD and given the stronger ZAR, the net cash and cash equivalents translates into fewer ZAR.

We declared a USD 1.50 dividend per share payable later this month, an increase of 20% compared to the prior year.

Cartrack’s Growth Engine Underpinned by Strong Unit Economics

Our healthy subscription gross margin, efficient customer acquisition, and attractive commercial customer ARR retention rate continue to drive our healthy unit economics. In Q1, 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 increase in sales and marketing expenses during Q1, and we remain committed to profitable growth as we pursue the expansive growth opportunity ahead of us.

South Africa Q1 FY27 Review

Q1 subscriber growth accelerated to 18% and reached 2.1 million subscribers in South Africa. South Africa net subscriber additions increased 92% to 113,913 as we realized the benefits of our recent investment in sales capacity and capitalized on strong demand for the Cartrack-Tag and video solutions. Importantly, South Africa subscription revenue growth accelerated to 24%.

The pace of growth reflects our deliberate strategy to cement our leadership position in South Africa through a balanced combination of subscriber additions and selling Video and Cartrack Tag to our existing and new customers in South Africa.

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

Southeast Asia Q1 FY27 Review

Q1 subscriber growth increased 22% and reached 353K subscribers in Southeast Asia and the Middle East, with most of the subscribers in Southeast Asia.

Q1 subscription revenue growth was 6% and 17% on a constant currency basis.

The pace of reported subscription revenue growth in the region reflects the faster growth of certain countries that generate lower ARPU and FX headwinds.

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. We plan to continue with a strong, yet prudent drive to increase Sales and Marketing in Southeast Asia, and we anticipate our investments to have a positive impact on subscriber growth in the region.

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 Q1 FY27 Review

Q1 subscriber growth increased 13% and reached 236K in Europe. Q1 subscription revenue growth was 7% and 13% on a constant currency basis.

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 Q1 FY27 Review

In Q1, Karooooo Logistics continued to build scale and delivered revenue of ZAR 177 million, an increase of 46%, and an 8% operating profit margin. Q-commerce or “Quick-commerce” orders, a type of e-Commerce focused on ultra-fast delivery, drove the exceptional performance.

Karooooo Logistics 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 customers.

Review of Our FY2027 Priorities

In Q1, we made progress with our FY 2027 priorities.

First, we continued to cement our leadership position in our markets through continued prudent investments in sales and marketing. In South Africa, our results reflect our success driving the adoption of Cartrack-Tag and video solutions with existing customers as well as the success selling Cartrack-Tag to new customers. The 24% subscription revenue and ARR growth in South Africa underscore our progress cementing our leadership position in South Africa.

Second, we moderated our investments in sales and marketing in Q1 as evidenced by the 9% quarter on quarter increase in sales and marketing expenses in Q1 compared to 12% quarter on

quarter growth in the previous fiscal year. Despite this moderation and FX headwinds, subscription revenue growth accelerated in Q1. We remain committed to optimizing our recent investments in sales capacity and growing our distribution footprint at a more moderate pace in FY 2027. We anticipate the rate of growth of sales and marketing expense to be lower in FY2027 compared to FY 2026.

Third, we are embracing AI across the organization to enhance our platform, improve efficiency and accelerate the pace of execution.

With that said, I will now pass the call over to Hoeshin.

Goy Hoeshin

Thank you, Carmen. I will now discuss Karoooo's financial performance for Q1 FY27.

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

Cartrack Extends Two-Decade Track Record of Consistent Execution and Resilience

Q1 extended Cartrack's track record of durable and profitable growth at scale driven by consistent execution, our resilient subscription revenue model, and attractive historic retention rates.

In Q1, Subscribers increased 18% surpassing 2.8 million, subscription revenue increased 19% to ZAR1,351 million and operating profit was a record ZAR395 million.

Cartrack Delivered Record Net Subscriber Additions in Q1 2027

Cartrack experienced record customer acquisition in Q1 with net subscriber additions of 142,472 subscribers, an increase of 70%. The record net subscriber additions reflects our strategic investment in sales capacity and success selling video and Cartrack Tag to new and existing customers. In Q1, we experienced noticeable sales momentum with Cartrack-Tag.

Cartrack's Strong Performance Continues, Fueled by Subscription Revenue Momentum

Subscription revenue momentum remains the engine behind Cartrack's strong financial performance.

In Q1, Cartrack subscription revenue accelerated to 19% despite FX headwinds associated with the strengthening ZAR and reached ZAR 1,351 million. Cartrack subscription revenue growth was 32% in US Dollars and 21% in constant currency. Subscription revenue comprised 97% of Cartrack total revenue.

ARR growth accelerated to 19% despite FX headwinds and reached ZAR5,432 million. ARR growth increased to 32% in US Dollars and 22% in constant currency.

Karooooo Continues to Deliver Strong Subscription Revenue Growth

Our proven and profitable subscription revenue model continued to deliver strong consolidated results in Q1.

In Q1, Karooooo's total subscription revenue increased 19% to ZAR1,354 million, Operating Profit was a record ZAR410 million, and Earnings Per Share increased 11% to ZAR9.53.

We delivered record operating profit as we began to moderate our investments in sales and marketing in Q1.

Subscriber Growth Accelerating

Q1 subscriber growth accelerated to 18% compared to 16% in Q4 FY26 driven by accelerating subscriber growth in South Africa.

South Africa subscriber growth accelerated to 18%, and Asia subscriber growth remained healthy at 22%. Asia is our fastest growing region in terms of subscriber growth.

Q1 2027 Cartrack Geographic Subscription Revenue Mix and Growth

In Q1, Cartrack continued to grow its subscription revenue across geographies highlighted by acceleration in South Africa.

South Africa subscription revenue growth was 24%, an acceleration compared to 22% in Q4 FY26. We view this acceleration as a clear indicator that our efforts to extend our leadership position are translating into real, measurable performance.

Asia and Middle East Subscription revenue growth was 6% or 17% on a constant currency basis. The reported growth reflects an increase in subscribers from lower ARPU countries in the region combined with the translation effect of a stronger ZAR.

Europe Subscription revenue growth was 7% or 13% on a constant currency basis.

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

ARR Growth Accelerating Despite FX Headwinds

In Q1, ARR growth accelerated to 19% reaching ZAR 5,432 million. ARR growth was 32% in USD and 22% in constant currency.

This reflects the underlying momentum in the business and signals that our strategic initiatives are gaining traction.

Results Demonstrate Earnings Power Despite Recent Investments to Accelerate Growth

Karooooo earnings per share increased 11% to ZAR9.53.

Cartrack earnings per share contribution increased 10% to ZAR 9.24.

Karoo Logistics earnings per share contribution increased 61% to ZAR 0.29.

While the quarter on quarter growth in sales and marketing expenses moderated relative to last financial year, EPS growth continued to reflect significant investments in sales capacity and customer acquisition evidenced by the 33% increase in sales and marketing expenses in Q1. 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 growth.

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

Q1 free cash flow was ZAR 60 million and primarily reflects proactive investments in IoT devices to meet anticipated demand. Free cash flow also reflects growth-oriented investments in working capital given the underlying acceleration in the business. As our growth accelerates, it's natural that capital expenditure and strategic investment temporarily increase as a percentage of revenue to support the planned growth.

To be clear, the year on year decline in quarterly free cash flow does not indicate a structural issue with our ability to generate strong free cash flow. The decline is a result of deliberate investment made to support growth, as evidenced by our accelerating growth in Q1 and our outlook for accelerating Cartrack subscription revenue growth in FY27 at the midpoint.

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 growth-oriented investments, we remain confident in our ability to consistently generate meaningful free cash flow.

We have a two-decade track record of strong free cash flow generation that powers our disciplined capital allocation strategy and healthy return on invested capital and positions us well for future growth.

Karoo 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 and fixed deposits was ZAR756 million. Because we hold our cash reserves in US Dollars, movements in the USD/ZAR exchange rate may impact our reported ZAR balance.

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

Reiterate FY 2027 Outlook

FY 2027 is off to a strong start with record net subscriber additions and healthy retention driving the 21% Cartrack constant currency subscription revenue growth. We believe we are on track to accelerate total subscription revenue growth in FY 2027 as we realize the benefits of our recent investments in sales capacity. We aim to drive our growth by balancing subscriber growth with the increased adoption of Video and Cartrack-Tag by existing and new customers. We also believe increased sales efficiency, coupled with realizing other efficiencies in the business due to scale and leveraging AI, will support strong EPS growth.

With that said, we reiterate our FY2027 outlook that implies accelerating subscription revenue growth at the midpoint and healthy EPS growth. We expect sales and marketing expenses to continue to increase for the remainder of FY 2027 as we continue to invest in growth. However, we anticipate the rate of increase will be lower than that experienced in FY 2026.

Q4 2026 Key Earnings and Investment Highlights

In closing, we delivered strong Q1 results with SaaS ARR growth of 19% despite FX headwinds. Our record net subscriber additions, propelled our exceptional performance in Q1.

We are also pleased that we delivered record operating profit in Q1.

These results reflect the strength of our operating model, returns on our investments in sales capacity, and our ability to scale efficiently and profitably.

As we look ahead to the remainder of FY 2027, we are well positioned to accelerate growth and deliver meaningful earnings per share expansion. We remain committed to disciplined capital allocation, strong unit economics, and long-term value creation. And finally, we are confident in our ability to consistently generate meaningful free cash flow and healthy return on invested capital.

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

QandA:

Q: Joshua Reilly, Needham

How much of the strength of South African subscriber growth was due to strong cross-sell of Tag relative to customer or vehicle additions by existing customers?

A – Zak Calisto

We did a tremendous amount of sales as a Tag as a stand-alone, only the Tag product. The Tag product obviously has got a much lower ARPU than our average ARPU. And also what we did do is also sell a lot of Tag into our existing base. And we did focus a lot of our efforts into selling Tag as a stand-alone to certain of our existing customers, new customers, given the new opportunity and the challenges that the Tag does address that our customers do have.

Q: Joshua Reilly, Needham

How do you currently feel about sales capacity? And will you be making incremental investments through the course of the current fiscal year?

A – Zak Calisto

Yes, we will increase our sales and marketing spend, but at a much lower rate than we did last year. We wanted to drive more efficiencies last year. But over the long term, we intend to continue to increase our ability to distribute. But this year, we intend to grow it slower than the previous year.

Q: Joshua Reilly, Needham

Do you plan to expand Cartrack Tag to any additional countries beyond South Africa in the current fiscal year?

A – Zak Calisto

One of our biggest challenges is actually growing our headcount and training our headcount and our ability to distribute. And at the moment, we have our hands full, and we can only do so much. So we intend to remain still very much focused on the Cartrack-Tag in South Africa for this financial year.

Q: Ablay

Cartrack's gross margin reached 73% in Q1, above the full-year guidance range of 70% to 72%. What factors do you expect to drive the margin lower over the remainder of the year?

A – Zak Calisto

Typically, we like to give guidance that we believe we will meet. And if we beat it, then it's a plus. We've typically never in history have we actually given guidance that we've missed. And I believe given the strong ramping up in customer acquisition, it would be prudent for us to remain that it will be between 70% and 72%.

Q: Ablay

In Asia Pacific and the Middle East, subscribers increased 22%, while subscription revenue grew 17% in constant currency. How should we think about the evolution of regional ARPU as lower-ARPU countries become a larger part of the subscriber base, and can product cross-selling eventually close the gap between subscriber and revenue growth?

A – Zak Calisto

The reality is we first started in Southeast Asia in Singapore. Singapore is a very high ARPU country. And as we move into lower ARPU countries, we believe that the ARPU in the region will resemble South Africa. So we're expecting over time, the ARPUs in Asia will come down as Indonesia, Malaysia, Philippines, Thailand become a much stronger part of our business.

Q: Scott Searle, ROTH

AI Camera continues to gain market traction. Can you provide some additional detail around current attach rates in different markets, particularly South Africa.

A – Zak Calisto

Scott, despite us selling AI camera since about 2018, a camera that obviously looks very different to our current products. Our current product is much smaller, much cheaper and much better and much faster. We still believe we're in very early stages of the product adoption of the video and the AI video, given that we've only recently gone into the sort of broader customers, whereas before, we have focused very much on very specific high-end customers that the challenge was very detrimental to their business.

But today, at current prices, it can actually be something that can help all our customers. I think at the moment, we're running at about a 5% adoption rate in our full base. So we do believe there's a long way to increase our penetration into the market.

Q: Scott Searle, ROTH

It remains early in the adoption of Tags, but could you provide an update on the adoption cycle in South Africa? How many tags are currently in operation and would you expect tags to be a meaningful (>5%) portion of Cartrack sales in FY28?

A – Zak Calisto

FY28 is the next financial year. I certainly think it will be more than 5%, and it currently is already more than 5% of our sales. And I would say that adoption is very strong.

Q: Scott Searle, ROTH

Are you seeing macro-economic headwinds impacting the deployment/adoption of Cartrack services?

A – Zak Calisto

Scott, in the 20 years that our business at Cartrack, we started the business in 2004. I would say that we've been able to do well in both very difficult times and both good times. And today, I don't see the economic headwinds being any different to historical. There's always been economic headwinds. Some are more than others.

But I think fundamentally, we're designed to operate in difficult times and good times, clearly not in times that it's a total catastrophe. But in the countries we operate in, I would say, besides Mozambique, most countries are intact and they've got good economies and the economies are growing. And I certainly believe that shouldn't be a problem.

Q: Alex Sklar, Raymond James

With the record net adds in the quarter, any change in where you are picking up new subscribers from in terms of other vendors in your various regions vs. greenfield first time buyers?

A – Zak Calisto

Alex, a lot of the drive in the new net adds was actually the Tag because that really has opened up a whole market for us. And we continue -- we will continue to drive that. And in the first quarter, we really went to look for greenfield opportunities. But frankly, we are going to focus probably the next 3 quarters more on cross-selling into our base. So we are able -- we've got either to cross-sell or get new or cross-sell or acquire new customers.

And I think the next 3 quarters, we want to actually focus again on cross-selling.

Q: Alex Sklar, Raymond James

Record net subscriber growth in the quarter - can you help reconcile that record subscriber growth and the commentary to slow down hiring plans in favour of sales force efficiency? What are you seeing below the surface on the productivity side and demand environment and any regions in particular for the efficiency focus?

A – Zak Calisto

I'm a great believer in culture. And culture is all about having systems, processes and having the ability to execute. And when you actually onboard so many people like we did in the last year, it was close to 2,000 people. If you're not careful, the culture can fall apart. So we want to tighten up the culture and then continue to grow.

So we believe if we lose our culture, that's probably our biggest risk in being able in our long-term growth.

Q: Dylan Becker, William Blair

Net subscriber additions accelerated to a record 142,000 in Q1, with particularly strong momentum in South Africa. Can you frame how sustainable these net add levels are through '27? -- how the pipeline and sales productivity have evolved as the last year's sales investment matures?

What are the level quarter adds in the reaffirmed guidance?

A – Zak Calisto

We don't give guidance to our subscribers because we're going through a phase where we have to expand our distribution capabilities, but we've also got this huge opportunity to cross-sell. And we want to be able to move between these 2 opportunities swiftly without having to be guided by -- or be, if I could use the word, cornered by what we've told the market. So we prefer not to discuss this, and we prefer to -- as we go, we do what's best for the business.

Q: Jackson Bogli, William Blair

Karooooo is increasingly the operational intelligence platform customers with AI, video intelligence and workflow automation becoming more central. How are customers' use cases

evolving beyond traditional fleet management? And what are the implications for product investment, retention, ARPU and competitive differentiation?

A – Zak Calisto

Jackson, there's a lot to this question. I mean I could talk about it for about 30 minutes. But to keep it simple, we have got very strong product adoption, and we are very busy with developing and improving our current tech, both in hardware and both in our software platform and also in our internal systems to run the business.

So I think it really is just a question of us continuing to improve, focusing on what we have and having total commitment to our customers to continue to evolve and develop more and give our customers more. And that will drive our differentiation. Our differentiation will be about customer service, our platform and our product. And to be able to differentiate, it's an ongoing process. It's not something that you do and then you can put it in the draw and go to sleep. It's a continuous effort.

Thank you, everybody, for joining us today, and thank you. Bye-bye.