



## Quarterly Operational Update

29 January 2021

Transport technology services company EROAD today released its quarterly update for the three months ended 31 December 2020. Key points include:

- EROAD grew by 1,284 contracted units reflecting growth in New Zealand and Australia
- EROAD faced challenging conditions in North America
- EROAD remains confident in its guidance provided at the HY results release

### Growth continued in New Zealand and Australia

EROAD grew by 1,284 units for the three months ended 31 December, ending the quarter at 123,477 reflecting growth in New Zealand and Australia. While North America is experiencing higher than usual numbers of units being returned, overall EROAD continues to see an Asset Retention Rate of approximately 95% for the group.

In New Zealand, EROAD's growth was 1,071 units for the quarter. During the quarter, EROAD also secured a large Enterprise account of approximately 800 units. As units will start to be installed in the final quarter of FY21, this figure has not been included in the figure for Q3.

In addition to growth in contracted units in New Zealand, sales of EROAD's add-on SaaS products grew significantly in the quarter. EROAD sold an additional 2,602 'EROAD Day Logbook' subscriptions in the three-month period, including 255 subscriptions to customers who do not currently have EROAD hardware installed. EROAD also more than doubled the number of active 'EROAD Where' tags from 2,640 to 5,660 units and almost doubled the number of customers using this product from 95 to 185 customers in the quarter.

Conditions in North America were challenging during the quarter, due the widespread second wave of COVID-19 across mainland America and the unrest and uncertainty surrounding the US Presidential election. Over the quarter, EROAD experienced an overall decline of 39 units. Sales of 942 units were offset by returns of 981 units which were predominately due to COVID-19 impacts. Despite the continued challenging conditions in North America, EROAD continues to work to improve the SME and Enterprise pipelines and to close out sales, notwithstanding the lockdown restrictions in many states. The launch of 'EROAD Go' in late September 2020 and 'EROAD Clarity' Dashcam in Q4 FY21 will help to extend EROAD North America product suite into larger fleet sizes.

Growth in Australia continued in the small and medium customer segment through predominantly new customers across a range of industries. While, growth in this quarter more than doubled from the previous quarter, EROAD remains focussed on securing large enterprise opportunities within its pipeline. One opportunity in particular, progressed further during the quarter and is targeted to be contracted in Q4.



EROAD's Total Contracted Units\* as at 31 December 2020 are as follows:

Quarterly Units	Total at 30 September 2020	Total at 31 December 2020	Units added in quarter
<b>Total Contracted Units*</b>	<b>122,193</b>	<b>123,477</b>	<b>1,284</b>
New Zealand	84,526	85,597	1,071
North America	35,294	35,255	-39
Australia	2,373	2,625	252

\* Total Contracted Units is a non-GAAP measure used by EROAD which represents the total units subject to a customer contract and includes both Units on Depot and units pending instalment.

## H2 FY21 Guidance

Despite continued and more challenging conditions in North America, EROAD remains confident in the H2 FY21 and FY22 guidance provided on 26 November 2020 in the half year results release. For the second half of the financial year, EROAD continues to anticipate a small increase in revenue compared to the first half. EBITDA is anticipated to be similar to the first half's figure (adjusted for one-off items)\*\* reflecting the acceleration of product development and increased sales and marketing costs associated with the launches of key products.

\*\*the H1 increase in doubtful debt provision of \$0.9m relating to the impact of COVID-19 is not considered to be a one-off and likely to recur in H2 FY21.

## Ends

**Contact:** Alex Ball, Chief Financial Officer  
email: [alex.ball@eroad.com](mailto:alex.ball@eroad.com)

## About EROAD

EROAD Limited (ASX: ERD; NZX: ERD) ("EROAD") purpose is safer, more productive roads. EROAD develops and markets technology solutions to manage vehicle fleets, support regulatory compliance, improve driver safety and reduce the costs associated with operating a fleet of vehicles and inventory of assets. EROAD has a proven SaaS business model and is experiencing continuing growth in installed units and revenue. EROAD has operations in New Zealand, North America and Australia with customers ranging in size from small fleets through to large enterprise customers. For more information visit <https://www.eroadglobal.com/global/investors/>

For personal use only