



EROAD

Market Release

26 November 2021

EROAD accelerates towards next phase of growth

Transportation technology services company EROAD (ASX/NZX: ERD), with its purpose of safer and more sustainable roads, today released its financial results for the first half of the 2022 financial year.

All numbers are stated in New Zealand dollars (NZ\$) and relate to the six months ended 30 September 2021 (H1 FY22). Comparisons relate to the six months ended 30 September 2020 (H1 FY21) unless stated otherwise.

Key highlights:

- Revenue increased \$2.2m to \$48.0m from H1 FY21 (which included non-recurring revenue of \$1.6m) and delivered reported EBITDA of \$12.6m which includes \$2.0m of transaction and integration costs;
- Contracted units increased by 6,500 despite COVID-19 and monthly ARPU was \$57.64 reflecting additional products and services sold;
- Asset retention rate remained high at 94.1% reflecting the quality of EROAD's service and product offering; and
- Continued acceleration of growth strategies by increasing R&D spend to 28% of Revenue, development of strategic partnerships and the undertaking of the transformational acquisition of Coretex.

"EROAD's financial result reflects both the continued investment in our growth strategies as well as the resilience of our business model in continued challenging macro-economic conditions. Sales momentum is expected to increase with the easing of COVID-19 impacts, the launch of the next generation platform and hardware, the release of Clarity Solo, and the Coretex acquisition." said Steven Newman, Chief Executive Officer.

EROAD Chair Graham Stuart says: "We have always been clear, that EROAD chooses to grow through organic growth, strategic partnerships and acquisitions. In H1 FY22, we have successfully delivered across all these fronts. We are positioned for the next phase of growth as we look to build our business in the North American and Australian telematics markets."

Revenue increased \$2.2m to \$48.0m reflecting growth in units, dashcams and additional add-on subscriptions sold to customers. This was partly offset by a reduction in other revenue from H1 FY21. This prior period included income from the forgiveness of a North American COVID-19 government support loan (\$1.6m).

Over the period, contracted units grew by 5% to 132,703 reflecting continued good growth in both New Zealand and Australia. This was partly offset by a fall in units in North America predominantly due the loss of an enterprise customer (1,751 units) which aligned its

technology with that of its acquirer. EROAD also continued to see increased momentum selling add-on hardware or SaaS subscription products with over 296 customers adding a product or service to their existing plan, representing 7,341 Dashcam Clarity, Inspect, Logbook or Bookit subscriptions added.

EROAD's Asset Retention Rate remained high at 94.1%, reflecting the quality of EROAD's service and product offering. In addition, 538 customers across all markets renewed their EROAD plan (representing some 16,481 contracted units). EROAD's Annualised Monthly Recurring Revenue metric increased to \$92.8m from \$88.4m at 31 March 2021. EROAD also increased Future Contracted Income from \$140.0m to \$149.1m reflecting the considerable number of renewals that occurred during the period, including the continuing 3G to 4G roll-out programme in North America (nearly 80% of North American units now on 4G technology).

Operating expenditure increased from \$30.5m to \$35.4m. This increase includes \$2.0m of transaction and integration costs relating to the Coretex acquisition, increased employee costs related to additional employees hired and the increased competition for talent, as well as annual leave accruing over COVID-19 lock-downs.

Accordingly, reported EBITDA reduced from \$15.3m to \$12.6m, representing an EBITDA margin of 26%. For H1 FY22, once transaction and integration costs are excluded, normalised EBITDA is \$14.6m, an increase from normalised EBITDA for H1 FY21 of \$13.7m once the one-off COVID-19 government support loan in North America of \$1.6m is excluded. EROAD's normalised EBITDA margin is 30%.

As anticipated, research and development spend increased from \$9.3m to \$13.3m, representing 28% of revenue. As EROAD moves ahead with its growth strategies, research and development is focused on opening up our addressable market for Enterprise customers.

Successful delivery of EROAD's growth strategy

EROAD is in a transitional period, as it moves into the next phase of growth. EROAD has continued to deliver on its growth strategy, with operating cashflow and two capital raises over the last 12 months allowing acceleration of investment for organic growth, the development of strategic partnerships and the undertaking of the transformational acquisition of Coretex.

EROAD continues to extend its platform offering. Since March 2021, EROAD has released a series of enhancements and new products to enable growth, including EROAD Analyst, EROAD Bookit, EROAD Messaging and EROAD Where Mini Tags. In October 2021, EROAD expanded its video telematics offering with the launch of EROAD Clarity Solo Dashcam (with no in-cab requirement for a pre-installed EHUBO unit). Clarity Solo is an integrated dashcam and telematics device, as such it expands EROAD's addressable market into a wider range of fleets (e.g. US Light Commercial Vehicles), without the need to also install an EHUBO, and it can also be installed alongside other telematics providers. With the low penetration of video telematics across North American transportation fleets, this significantly increases EROAD's addressable market.

EROAD entered into a strategic partnership with Philips Connect in June this year which provides customers a single view of all of their assets, including trailers and assets making deployment and management easier. EROAD sold 666 Philips Connect solutions in H1 FY22. EROAD has also entered into a partnership with Seeing Machines, an industry leader in vision-based monitoring technology, that enable machines to see, understand, and assist people.

In July 2021, EROAD entered into a conditional agreement to acquire Coretex. The acquisition is expected to accelerate key growth metrics by two years enabling EROAD to capture significant growth opportunity in North America and Australia (particularly with respect to Coretex's focus on the Enterprise customer segment, which has been less impacted by COVID-19 challenges). It also accelerates growth by adding new strategic verticals and broadens EROAD's product offering and customer base.

The acquisition has now received 100% shareholder approval, and both Overseas Investment Office and NZ Commerce Commission approvals and is expected to complete with effect from 1 December 2021. It is anticipated that the two businesses will be largely integrated in approximately 12-18 months. The initial focus will be on North America and promoting the Coretex 360 platform and CoreHub hardware solution as EROAD's next generation product within weeks of completion to enable sales momentum to increase in that market.

FY22 Outlook

As announced in EROAD's Q2 operating update on 21 October 2021, with continued challenging macro-economic conditions (particularly in North America) and the Coretex acquisition expected to complete before the end of 2021, EROAD now expects stand-alone FY22 revenue growth to be between 10% and 13%, and continues to expect normalised EBITDA margin (prior to integration and transaction costs) to be at or around the levels delivered in FY21.

While good growth is still being experienced in both Australia and New Zealand, some anticipated growth has been deferred to either later in FY22 or into early FY23 due to COVID-19 lock-down restrictions delaying piloting activity, installation roll-outs and lengthening sales lead-times. North America continues to experience ongoing impacts of COVID-19 and its associated economic challenges, in particular significant driver shortages and supply chain issues impacting mid-market customers. As a result, growth to date has been below EROAD's expectations.

With the easing of COVID-19 restrictions and their impacts, the launch of EROAD's next generation Android platform and hardware, the release of Clarity Solo in October, and the completion of the Coretex acquisition, EROAD expects increased sales momentum in FY23.

The Coretex acquisition is expected to complete with effect from 1 December, therefore it is now appropriate for EROAD to withdraw its FY22 stand-alone guidance as it is no longer relevant for the combined entities.

Ends

Authorised for release to the NZX and ASX by EROAD's Board of Directors.

Conference Call details:

EROAD's Chief Executive Officer, Steven Newman, and Chief Financial Officer, Alex Ball, will give a presentation on the company's financial and operational performance via a teleconference commencing at 11.00am NZDT. Register in advance for this webinar:

<https://uso2web.zoom.us/j/85265986688?pwd=d1F6YmxCYkYzRFUveXRTQ3hmcE1Wdz09>

After registering, you will receive a confirmation email containing information about joining the webinar. A replay of this conference call will be available once it has been uploaded to the EROAD website under 'presentations' on <https://www.eroadglobal.com/investors>

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Non-GAAP Measures

EROAD has used non-GAAP measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. Non-GAAP measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS.

The non-GAAP measures EROAD have used are Adjusted EBITDA, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, Normalised EBITDA, Normalised Revenue, EBITDA margin, Normalised EBITDA margin, Free Cash Flow and Future Contracted Income (FCI).

The definitions of these can be found on pages 41 of the investor presentation. All numbers relate to the 6 months ended 30 September 2021 (H1 FY22) and comparisons relate to the 6 months ended 30 September 2020 (H1 FY21), unless stated otherwise. All dollar amounts are in NZD.

About EROAD

EROAD Limited (ASX: ERD; NZX: ERD) ("EROAD") purpose is safer and more sustainable 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/>

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EROAD

Safer and more sustainable roads

**EROAD (NZX: ERD ASX: ERD) FINANCIAL RESULTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021 (H1 FY22)
26 NOVEMBER 2021**



**EROAD
Clarity Solo™**



CORETEX



EROAD

Asset Tracker

POWERED BY



IMPORTANT INFORMATION

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions.

There is no assurance that results contemplated in any projections or forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about EROAD.

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The non-GAAP measures are not subject to audit or review. Definitions can be found in the Glossary on page 41 of this presentation.



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**GROWTH
OPPORTUNITIES**

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**FY22
OUTLOOK**



Significant progress accelerating growth strategies in continued challenging macro-economic conditions

\$ 48.0_m

REVENUE

up \$2.2m from H1 FY21 (which included non-recurring revenue of \$1.6m)

\$ 12.6_m

REPORTED EBITDA

includes \$2.0m of transaction and integration costs

\$ 92.9_m

AMRR

compared to \$88.4m at FY21 and FCI increased \$7.2m from FY21 to \$149.1m

6,500

CONTRACTED UNITS

added since FY21 despite COVID-19

\$ 57.64

MONTHLY SAAS ARPU

reflecting a \$0.66c improvement from FY21 from selling additional products and services, offset by \$1.23c FX impact

94.1%

ASSET RETENTION RATE

(H1 FY21: 95.3%)

28%

REVENUE SPENT ON R&D

accelerating our technology roadmap

PHILIPS CONNECT AND SEEING MACHINES

strategic partnerships expanding addressable markets

TRANSFORMATIONAL ACQUISITION OF CORETEX

to accelerate key growth metrics by two years

Focusing on what is important to our stakeholders

CONTINUED PROGRESS AGAINST OUR MATERIALITY MATRIX MEASURES



OVER **10**%
REDUCTION IN SPEEDING FREQUENCY

by 31% of vehicles once they installed Clarity Dashcam

538
CUSTOMERS RENEWED THEIR EROAD PLAN

(representing 16,481 units) reflecting the quality of EROAD's product and service offering

> **99.9**%
INDUSTRY LEADING UPTIME

demonstrating the integrity and reliability of EROAD's infrastructure

COVID-19

SUPPORTED CUSTOMERS

during lock-downs in New Zealand and Australia

TOITŪ CARBONREDUCE

PROGRAMME OF WORK UNDERWAY

to benchmark EROAD's GHG emissions. Led by our ESG Steering Group which meets regularly to discuss and advance EROAD's sustainability goals

ROAD TO SUSTAINABILITY

INAUGURAL REPORT¹

findings help EROAD's sustainability efforts within the industry

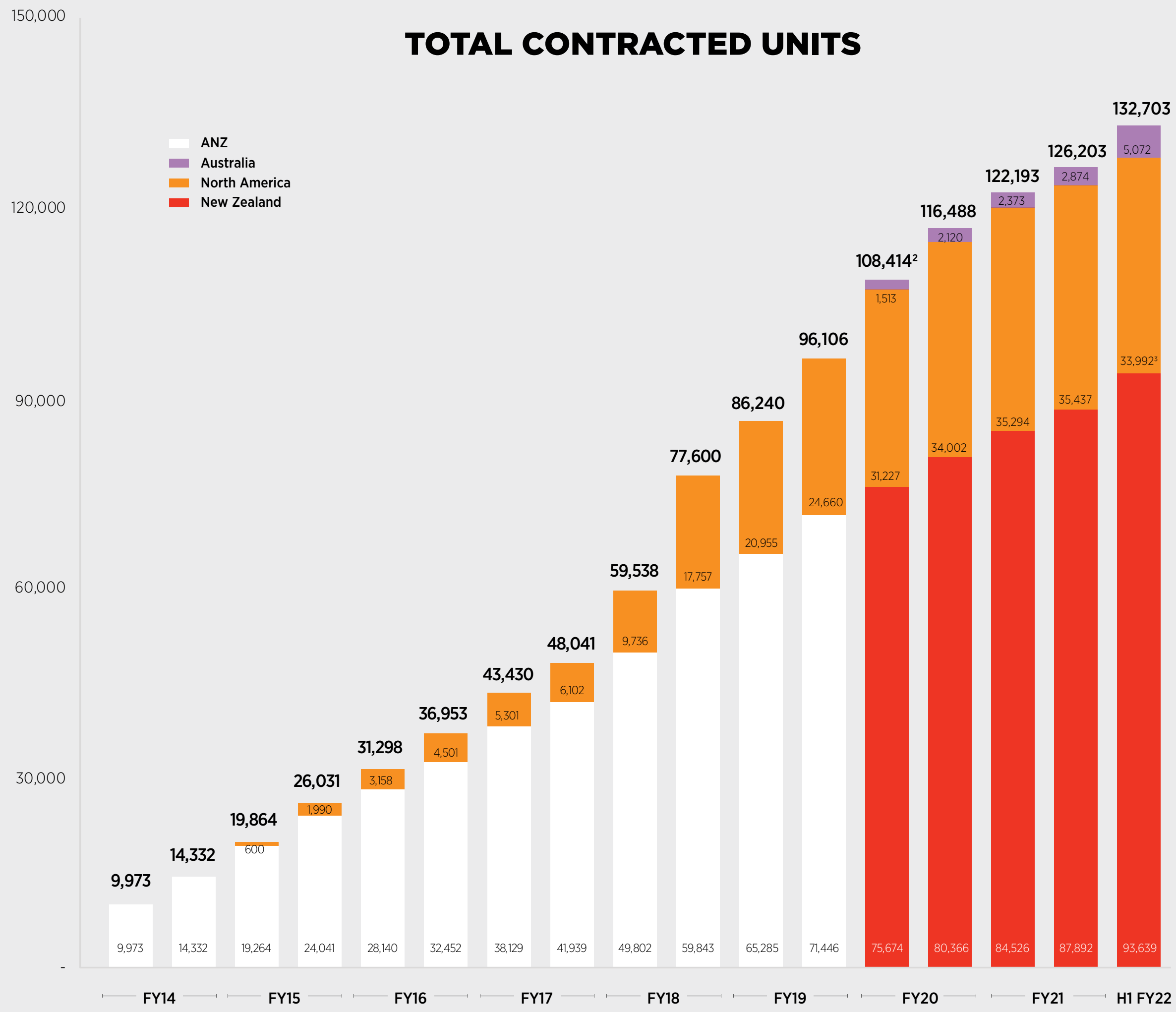
¹Published by EROAD [Download here](#)

OPERATIONAL UPDATE

Steven Newman
Chief Executive Officer



TOTAL CONTRACTED UNITS



5% growth in H1 FY22 despite challenging macro-economic conditions

- Contracted units continued to grow in New Zealand and Australia, despite lock-downs in both regions in Q2
- North America contracted units fell 1,445 units reflecting:
 - 1,751 units representing the loss (as previously disclosed) of an enterprise customer who has aligned its technology with that of its acquirer
 - only 306 net additional units added (gross sales: 1,993) in H1 FY22 which was below expectations given the high level of returns due to lagging COVID-19 related impacts
- Delayed conversion of pipelines into FY23 in North America and Australia as customers wait for the platform and products available through the Coretex acquisition

² North America units for FY19 are restated for data cleansing adjustments identified as part of the new business systems implementation

³ As disclosed in the Q1 Quarterly Operational Update, a recently acquired North American enterprise customer has aligned its in-cab technology away from EROAD to that of its parent. This has resulted in the return of 1,751 units.

Growth through Retention and Account Upgrades despite uncertainty for our customers

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94.1⁴%

ASSET
RETENTION RATE

538⁵

CUSTOMERS RENEWED
THEIR EROAD PLAN

(16,481 contracted units)

\$149.1⁵m

FUTURE CONTRACTED
INCOME

(up from \$141.9m at FY21
reflecting a high level of renewals)

472⁶

CUSTOMERS UPGRADED
THEIR EROAD PLAN

(4,944 units)

296⁷

CUSTOMERS ADDED
ADDITIONAL PRODUCTS AND
SERVICES TO THEIR PLAN

(7,341 subscriptions)

⁴ 95.5% excluding the loss of a North America Enterprise customer (1,751 units) ⁵ defined as a customer who re-signed a new contract, contracted unit numbers as at end of old contract

⁶ Upgraded from Ehubo1 to Ehubo2, or upgraded type of plan (connected, advance, safedriver, starter and premium) ⁷ Existing EROAD customers that added a dashcam, logbook or bookit subscription to their plan

Growth through account expansion



EROAD CLARITY DASHCAM

Dual facing dashcam. Integration of dashcam with Ehubo data and other key driver and vehicle statistics supports advanced driver coaching and accident exoneration in MyEROAD Replay



3,087

ADDED
(26 WHICH WERE NEW EROAD CUSTOMERS)

H1 FY22: 4,141; FY21: 1,054



EROAD CLARITY SOLO

Stand alone dashcam with telematics included. It can be installed as its own unit or alongside telematics from another provider.



Oct 2021

LAUNCHED



PHILLIPS CONNECT

Advanced trailer and asset monitoring



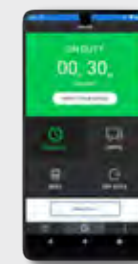
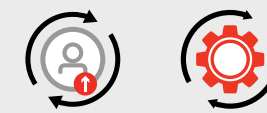
666

SOLUTIONS SOLD
SINCE ENTERED PARTNERSHIP IN JUNE 2021



EROAD DAY LOGBOOK

Simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet



966

DRIVERS SUBSCRIPTIONS ADDED
(71 WHICH ARE STANDALONE)

H1 FY22: 7,621; FY21: 6,655



EROAD INSPECT

Makes vehicle inspections easy, capturing defects with your mobile device, and providing transparent and traceable inspection information



1,665

DRIVERS SUBSCRIPTIONS ADDED
OVER 27 CUSTOMERS

H1 FY22: 12,155; FY21: 10,490



EROAD WHERE

Affordable asset tracking



2,650

ADDITIONAL TAGS SOLD TO
OVER 83 CUSTOMERS

H1 FY22: 9,100; FY21: 6,450



New Zealand market



North America market



Australia market



Increases addressable market



Improved ARPU



Retention tool

New Zealand remains a significant growth opportunity

↑ **7%**

GROWTH IN UNITS

(H1 FY22: 93,639 H2 FY21: 87,892)

97.3%

ASSET RETENTION RATE

(H1 FY21: 95.7%)

360

CUSTOMERS RENEWED THEIR PLAN

(12,068 units)

\$ 56.78

NZ MONTHLY SAAS ARPU

(H2 FY21: \$56.18 H1 FY21: \$55.36)

\$ 22.0m

EBITDA

(H2 FY21: \$20.3m H1 FY21: 18.5m)

180

CUSTOMERS ADDED PRODUCTS AND SERVICES TO THEIR PLAN

(4,876 subscriptions)

CHALLENGING MACRO-ECONOMIC ENVIROMENT

- COVID-19 lock-down restrictions in Q2 pushed some sales into H2 and caused some supply chain issues

CONTINUED EXECUTION OF STRATEGY

- Grew contracted units by 5,747 to 93,639 reflecting the roll-out of the Ventia contract (941 units) and growth with both existing customers and new customers
- 329 customers upgraded their EROAD plan (1,740 units) and 180 customers added products and services to their plan (4,876 subscriptions)

GROWTH OPPORTUNITY

- Expect EROAD growth similar levels to prior FY21 (added 9,000+ connected vehicles p.a)
- Coretex will add 7,628⁸ contracted units in New Zealand

⁸ As at 30 September 2021

North America increasing the addressable market

33,992⁹

UNITS

(H2 FY21: 35,437)

86.5%

ASSET RETENTION RATE

(H1 FY21: 94.3%)

172

CUSTOMERS RENEWED THEIR PLAN

(4,231 units)

US\$ 44.42

MONTHLY SAAS ARPU¹⁰

(H1 FY21: US\$43.07)

\$ 2.9_m

EBITDA

(H1 FY21: \$5.9m)

86

CUSTOMERS ADDED PRODUCTS AND SERVICES TO THEIR PLAN

(1,873 subscriptions)

CHALLENGING MACRO-ECONOMIC ENVIROMENT

- Lagging COVID-19 related impacts of driver shortages, loss of underlying contracts and broader macro-economic concerns

CONTINUED EXECUTION OF STRATEGY

- 306 net additional units added (gross sales: 1,993) was below expectations reflecting returns from mid-market customers seen though the high level of renewals through the period due to the 3G upgrade programme (nearly 80% of units now on 4G technology)
- Loss of 1,751 units (as previously disclosed) of an enterprise customer who has aligned its technology with that of its acquirer

GROWTH OPPORTUNITY

- Some delay with two enterprise prospects in pilot and the solid mix of mid-market pilots launched or beginning as customers wait to pilot next generation platform
- Expected to promote Coretex 360 platform and Corehub hardware solution in North America as EROAD's next generation platform/product within weeks
- Successfully increased addressable market through Philips connect partnership and the launch of dashcam Clarity and Clarity Solo
- Coretex will add 50,946 units¹¹ and an advanced short-to-medium term Enterprise pipeline

⁹ As disclosed in the Q1 Operating Update, after its acquisition a North America customer aligned its in-cab technology to that of its parent ¹⁰ In NZ\$ ARPU fell from NZ\$67.30 in H1 FY21 to NZ\$62.77

¹¹ As at 30 September 2021

Building the brand in **Australia**

2,198

**UNITS ADDED
IN H1 FY22**

(H1 FY22: 5,072 H2 FY21: 2,874)

\$ (0.6)m

EBITDA

(H1 FY21: \$(0.4)m)

AU\$ 29.86

**MONTHLY
SAAS ARPU¹²**

(FY20: AU\$35.86)

60%

**OF VENTIA ROLL-OUT
COMPLETE¹³**

CHALLENGING MACRO-ECONOMIC ENVIROMENT

- COVID-19 lock-down restrictions in Q2 caused delay in installations due to access to worksites and supply chain issues

CONTINUED EXECUTION OF STRATEGY

- Largest Australian Enterprise customer the Ventia AU roll-out was almost 60% completed In H1 (1,129 AU units¹³ already rolled out) and is expected to complete in Q4 FY22
- Excluding Ventia, continued momentum in winning small-to-medium customers in Australia adding 1,069 units (H2 FY21: added 501 units, H1 FY21: added 253 units)
- National Sales Manager and Product marketing manager added to leadership team to support Enterprise and market development activities
- Increased brand marketing spend with a focused approach on digital marketing, targeting funnels and remarketing

GROWTH OPPORTUNITY

- Some delay in crystallisation of short-medium term enterprise pipeline of some 15-20k with longer sales lead-times given COVID-19 restrictions and customers waiting for Coretex platform and products
- Coretex will add 7,879 units¹³ improving EROAD's market position. Coretex's sales momentum is expected to increase with the launch of Electronic Work Diary (EWD) and a new construction product currently in trail with an Enterprise customer

¹²In NZ\$ ARPU fell from NZ\$35.12in H1 FY21 to NZ\$31.72 in H1 FY22 reflecting the mix of solutions sold

¹³As at 30 September 2021

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H1 FY22 FINANCIAL RESULTS

Alex Ball

Chief Financial Officer

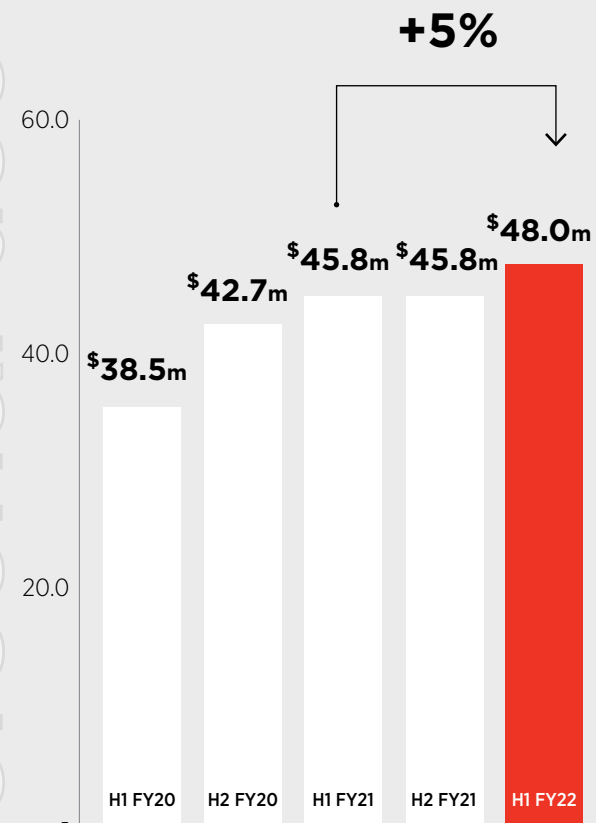


Solid financial performance reflecting acceleration of growth strategies

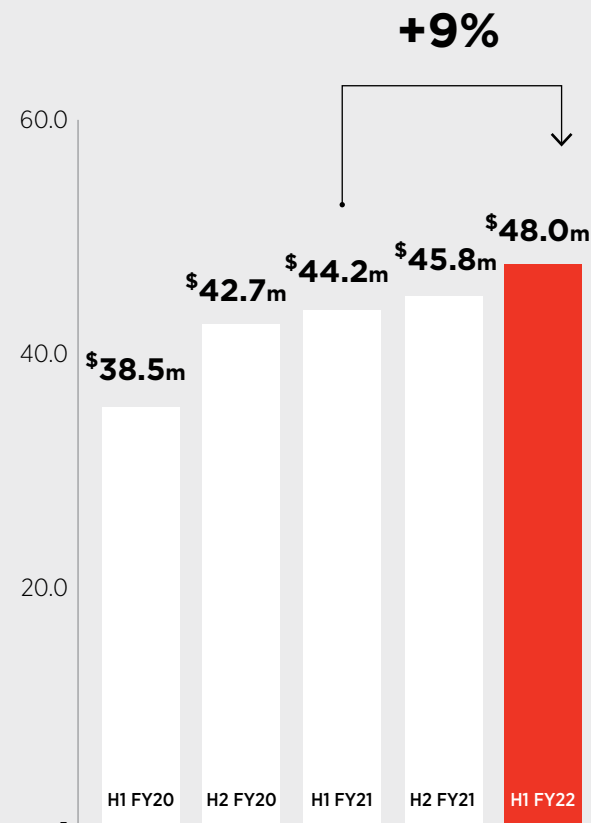
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REVENUE

REPORTED

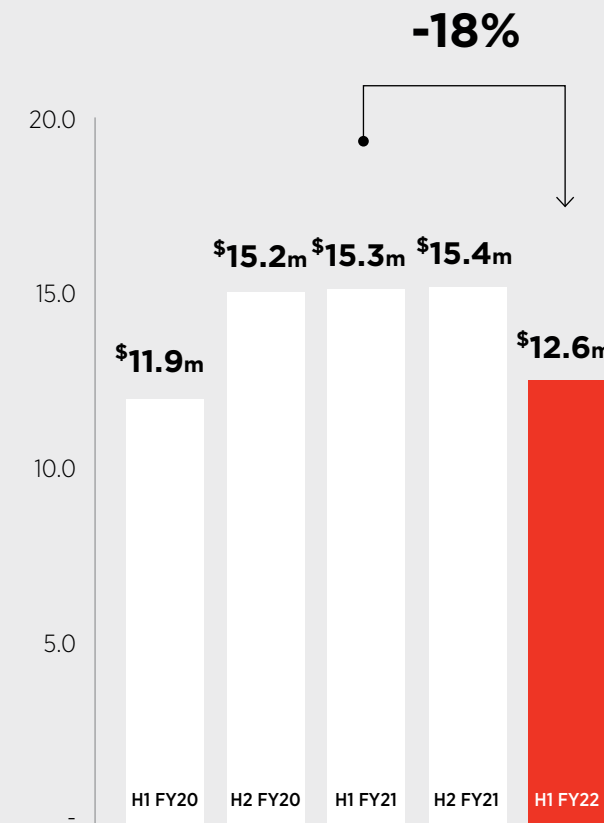


NORMALISED¹⁴

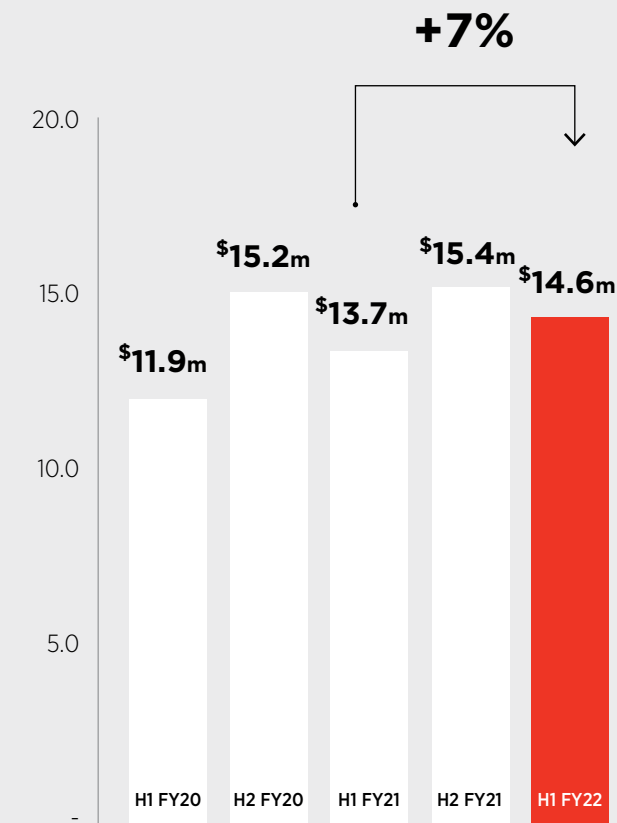


EBITDA

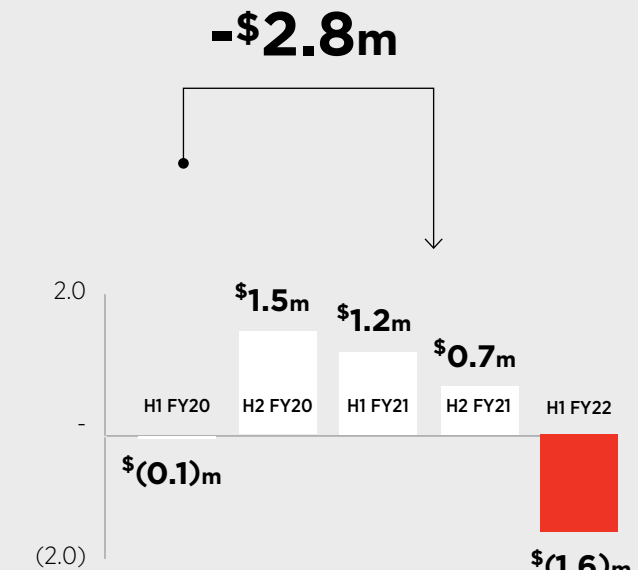
REPORTED



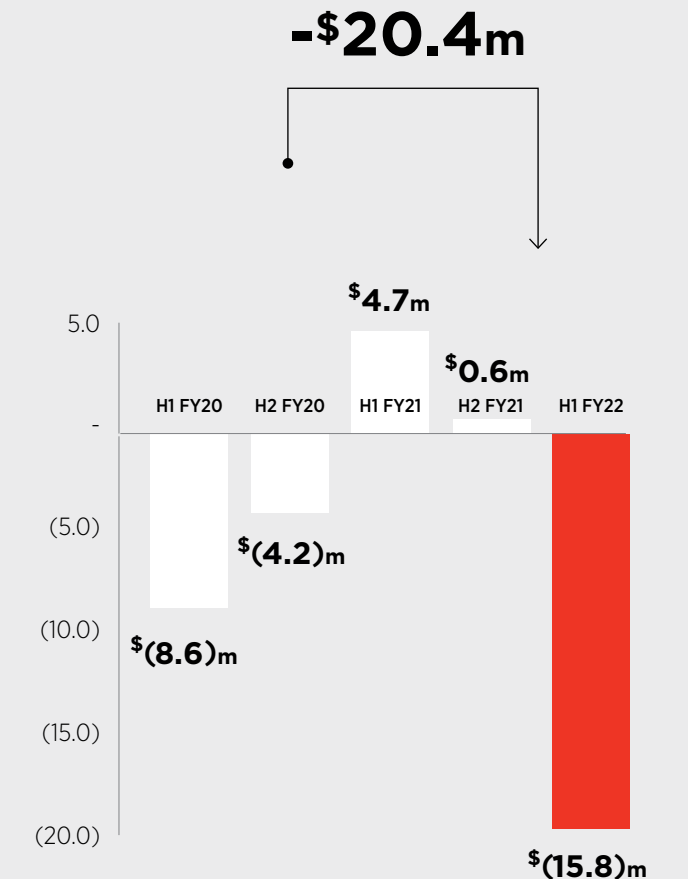
NORMALISED¹⁴



PROFIT/(LOSS) BEFORE TAX



FREE CASH FLOWS



Reported Revenue
up \$2.2m from H1 FY21

Normalised Revenue
Normalised for a one-off
(\$1.6m) COVID-19 grant
in H1 FY21

Reported EBITDA margin
of 26%

Normalised EBITDA
Normalised for one-off (\$1.6m)
COVID-19 grant in H1 FY21
and (\$2.0m) transaction and
integration costs in H1 FY22

Normalised EBITDA margin
of 30%

Free Cash Flow down \$20.4m
reflecting additional money spend
on R&D, assets to support growth
such as hardware and transaction
and integration costs together
totaling \$23.3m

¹⁴Please refer to the glossary on page 41 for definition

Statement of Income (NZ\$m)

YEAR ENDED	H1 FY22	H2 FY21	H1 FY21	Movement H1 FY22 vs H1 FY21
Revenue	48.0	45.8	45.8	2.2
Expenses	(35.4)	(30.4)	(30.5)	(4.9)
Earnings before interest, taxation, depreciation and amortisation	12.6	15.4	15.3	(2.7)
Depreciation of Property, Plant & Equipment	(5.0)	(5.0)	(4.6)	(0.4)
Amortisation of Intangible Assets	(4.8)	(5.1)	(4.8)	0.0
Amortisation of Contract and Customer Acquisition Assets	(3.3)	(3.3)	(3.5)	0.2
Earnings before interest and taxation	(0.5)	2.0	2.4	(2.9)
Net Financing Costs	(1.1)	(1.3)	(1.2)	0.1
Profit/(loss) before tax	(1.6)	0.7	1.2	(2.8)
Income tax (expense) benefit	(1.3)	0.3	(0.2)	(1.1)
Profit/(loss) after tax for the year attributable to the shareholders	(2.9)	1.0	1.0	(3.9)
Other comprehensive income	0.4	0.2	(0.7)	1.1
Total comprehensive income/(loss) for the year	(2.5)	1.2	0.3	(2.8)

- Revenue increased 5% to \$48.0m, reflecting growth in contracted units offset by the reduction in other revenue. H1 FY21 benefited from the forgiveness of a COVID-19 government support loan in North America of \$1.6m, normalised for this revenue grew 9%
- Operating expenditure increased 16% reflecting \$2.0m integration and transaction costs and increased R&D. EROAD is also experiencing some cost pressures in remuneration and recruitment given the competitive labour market.
- Some timing related costs associated with annual leave expected to reduce as markets open up from lock downs
- EBIT reduced from \$2.4m to a loss of \$0.5m reflecting increased spending related to the Coretex acquisition

EBITDA down reflecting integration and transaction costs for Coretex acquisition

(\$m)	H1 FY22	H2 FY21	H1 FY21	Movement H1 FY22 vs H1 FY21
New Zealand	22.0	20.3	18.5	3.5
Australia	(0.6)	(0.5)	(0.4)	(0.2)
North America	2.9	4.1	5.9	(3.0)
Corporate & Development	(11.9)	(8.6)	(8.9)	(3.0)
Elimination of inter-segment EBITDA	0.2	0.3	0.2	-
Reported EBITDA	12.6	15.4	15.3	(2.7)
Reported EBITDA Margin	26%	34%	33%	-7%
Normalised EBITDA¹⁵	14.6		13.7	
Normalised EBITDA Margin¹⁵	30%		30%	

NEW ZEALAND

Continued growth into existing customer fleets, attracting new customers and continued high asset retention resulted in a 19% increase in EBITDA to \$22.0m

NORTH AMERICA

North American EBITDA fell \$3.0m reflecting the one off COVID loan forgiveness in H1 FY21 (\$1.6m) and increased staff costs related to the 3G upgrade programme. It also reflects lower travel and marketing in H1 FY21 due to COVID-19 (\$0.5m) and the strengthening of the NZD against USD (\$0.3m)

AUSTRALIA

Continuing SaaS revenue growth (up 55% from H1 FY22) offset by increased investment in staff to support growth resulted in EBITDA of \$(0.6)m

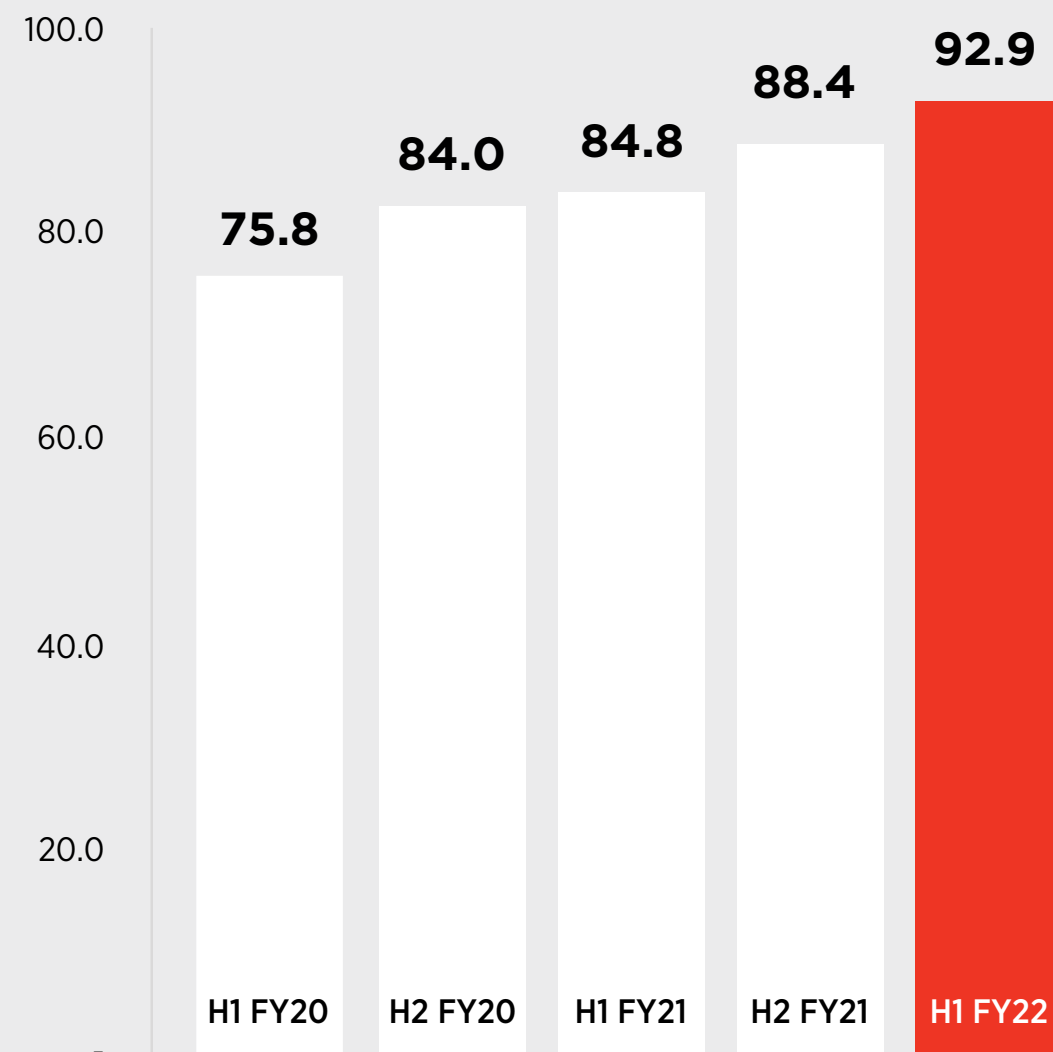
CORPORATE

Corporate EBITDA fell \$3.0m reflecting integration and transaction costs (\$2.0m) and employment costs including labour market pressures and timing of annual leave

¹⁵ \$1.6m one off grant revenue benefiting H1 FY21 and \$2.0m of integration and transaction costs impacting H1 FY22

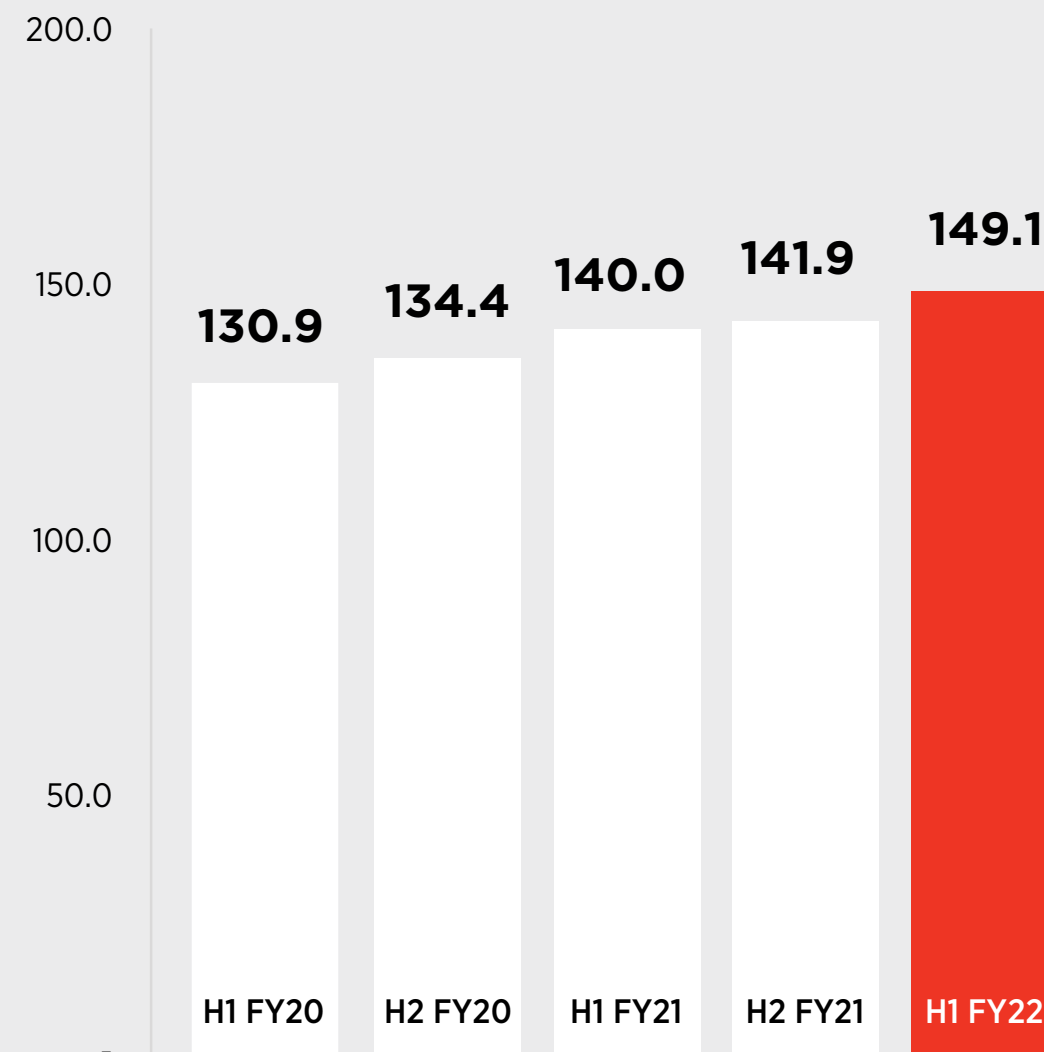
Monitoring Performance LEADING GROWTH INDICATORS

ANNUALISED MONTHLY RECURRING REVENUE (\$m)



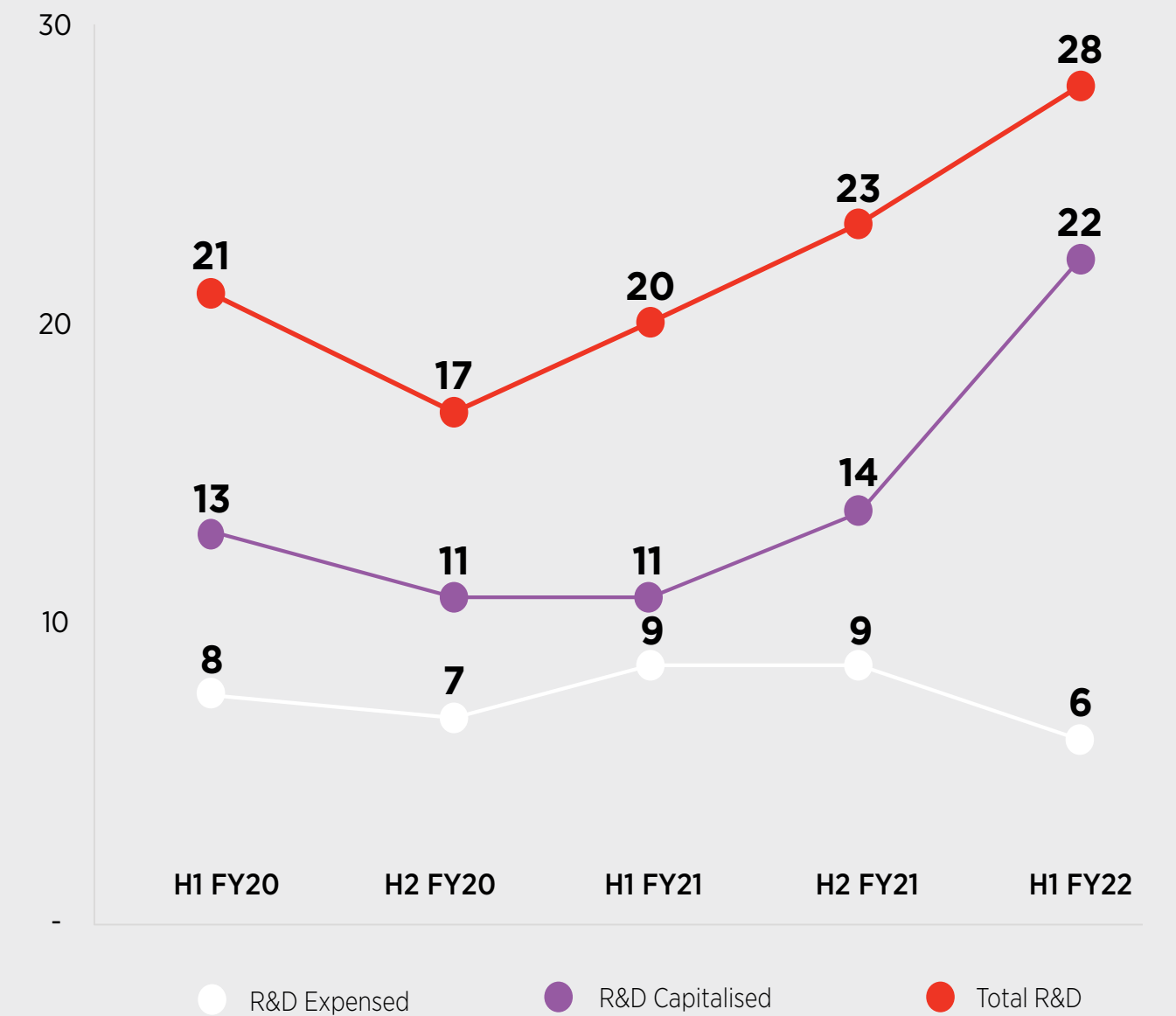
AMRR increase reflects growth in recurring revenues from new units and SaaS ARPU, supported by a positive FX impact of \$0.4m in H1 FY22

FUTURE CONTRACTED INCOME (\$m)



FCI increased reflecting a considerable number of renewals that occurred during the period including the continuing 3G to 4G roll-out in North America

RESEARCH AND DEVELOPMENT AS % OF REVENUE



R&D as % of Revenue of 28% with R&D spend focused on opening up the addressable market for Enterprise customers

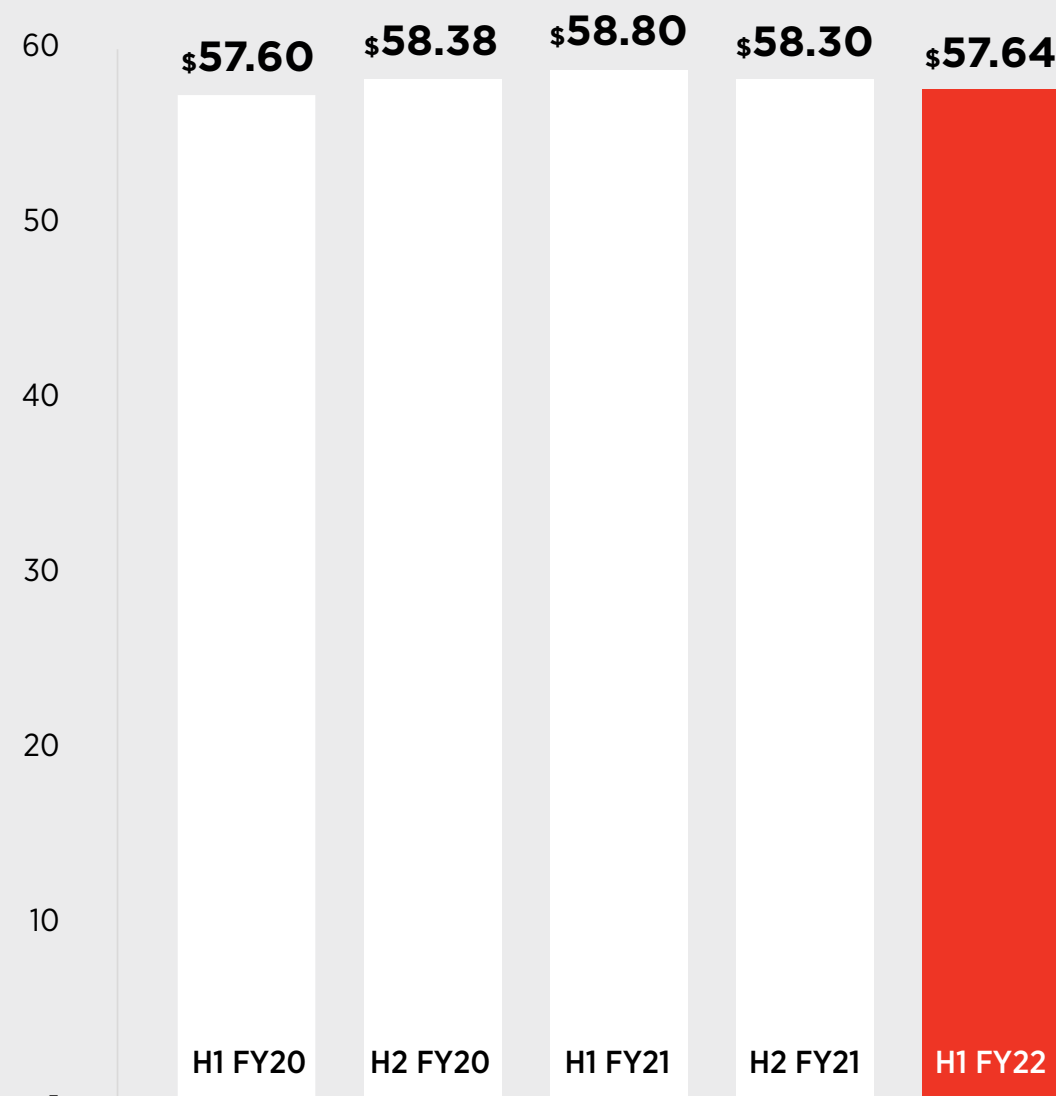
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Monitoring Performance

ENTERPRISE VALUE FROM EXISTING CUSTOMER BASE

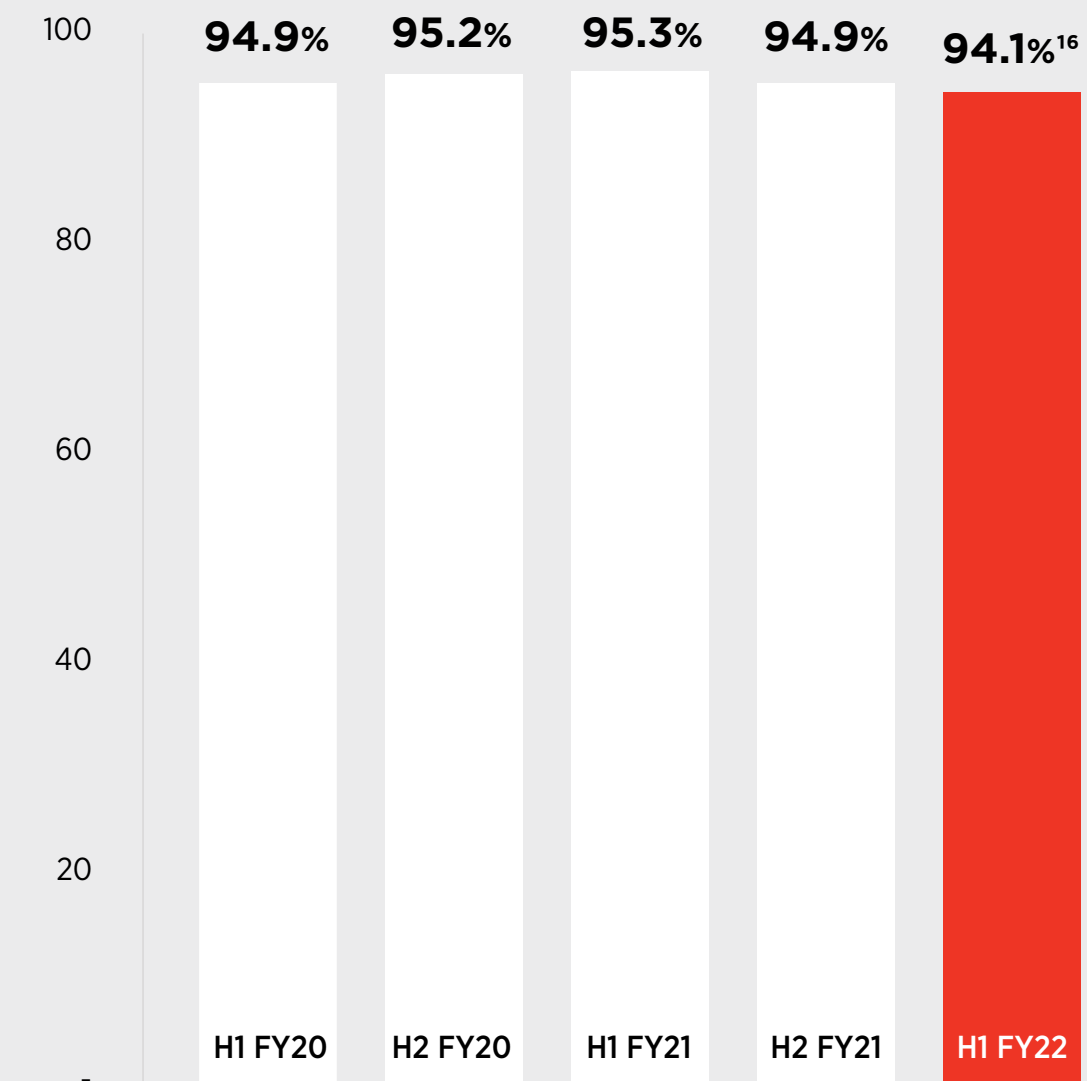
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ARPU



Monthly SaaS ARPU down from FY21 reflecting \$0.66 improvement from selling additional products and services, offset by a \$1.23 FX impact.

ASSET RETENTION RATE



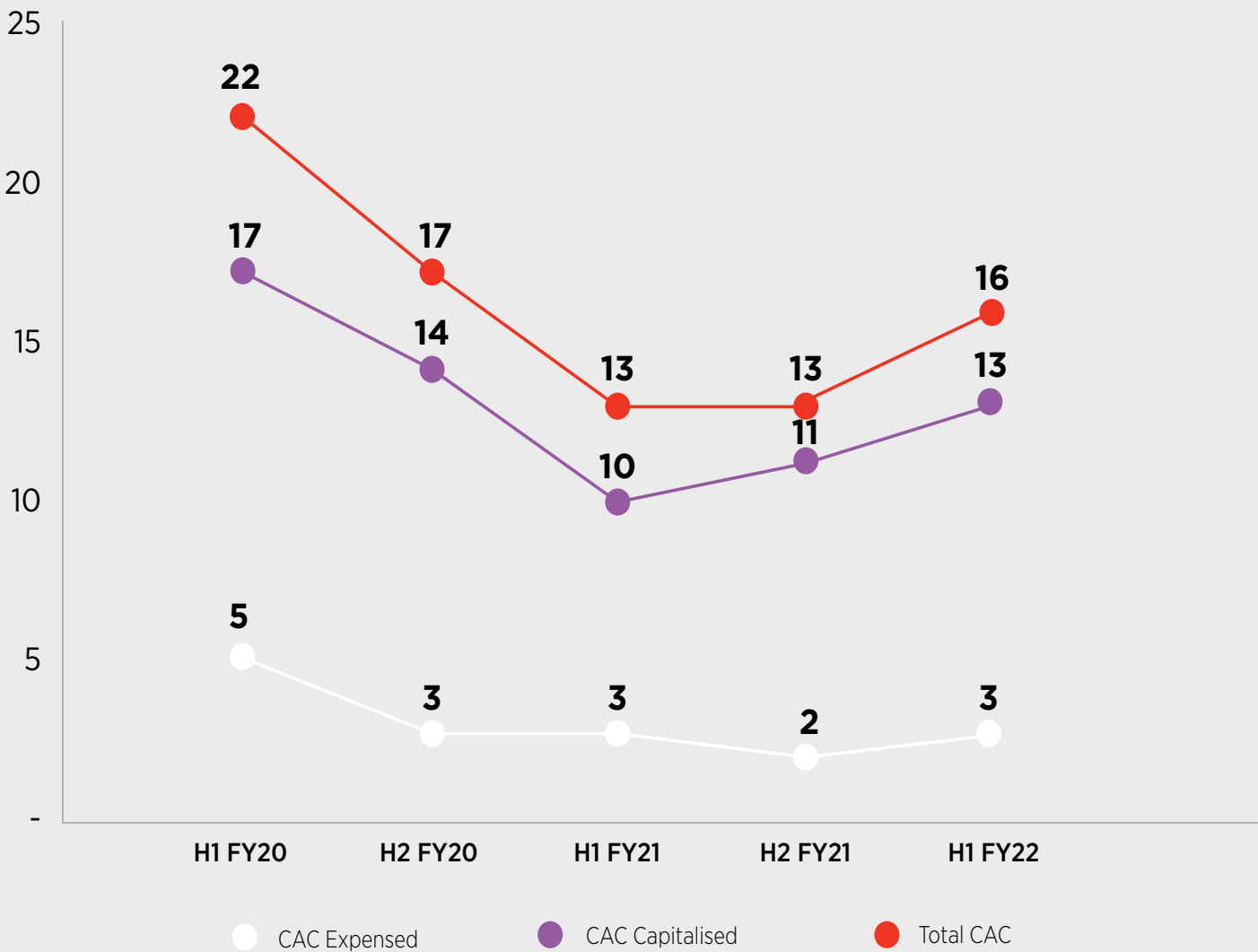
Asset Retention Rate has remained relatively stable over time. Significant renewal programmes, in particular North America with the 3G upgrade programme which saw significant fleet reduction due to lagging COVID-19 impacts.

¹⁶ Asset Retention Rate of 95.5% excluding the loss of large Enterprise customer

Monitoring Performance PROFITABILITY

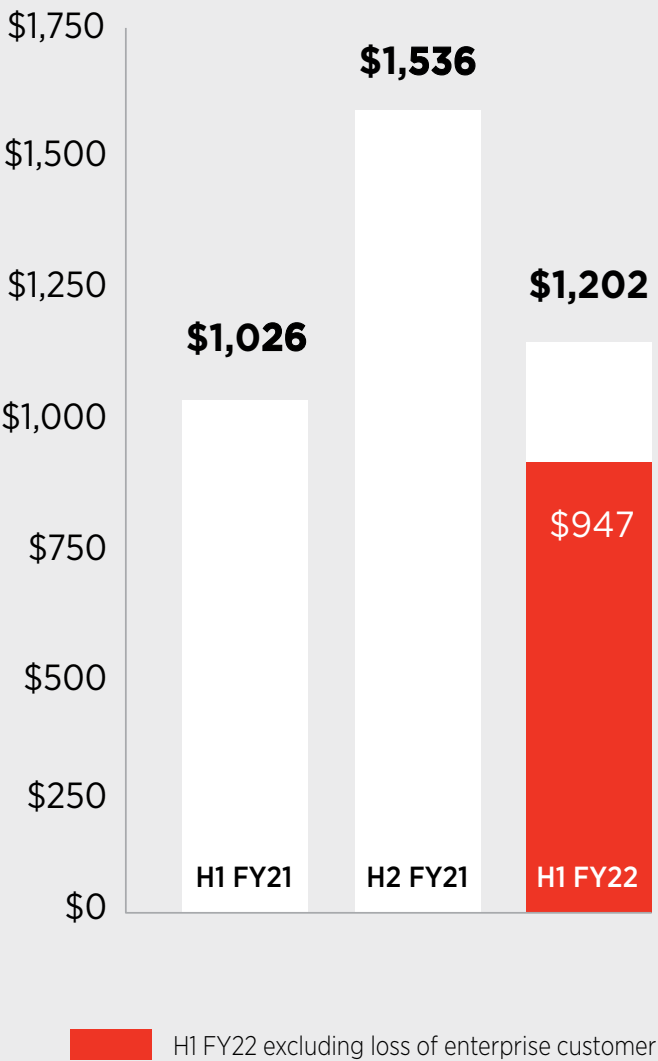
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COST TO ACQUIRE CUSTOMERS (CAC) AS % OF REVENUE



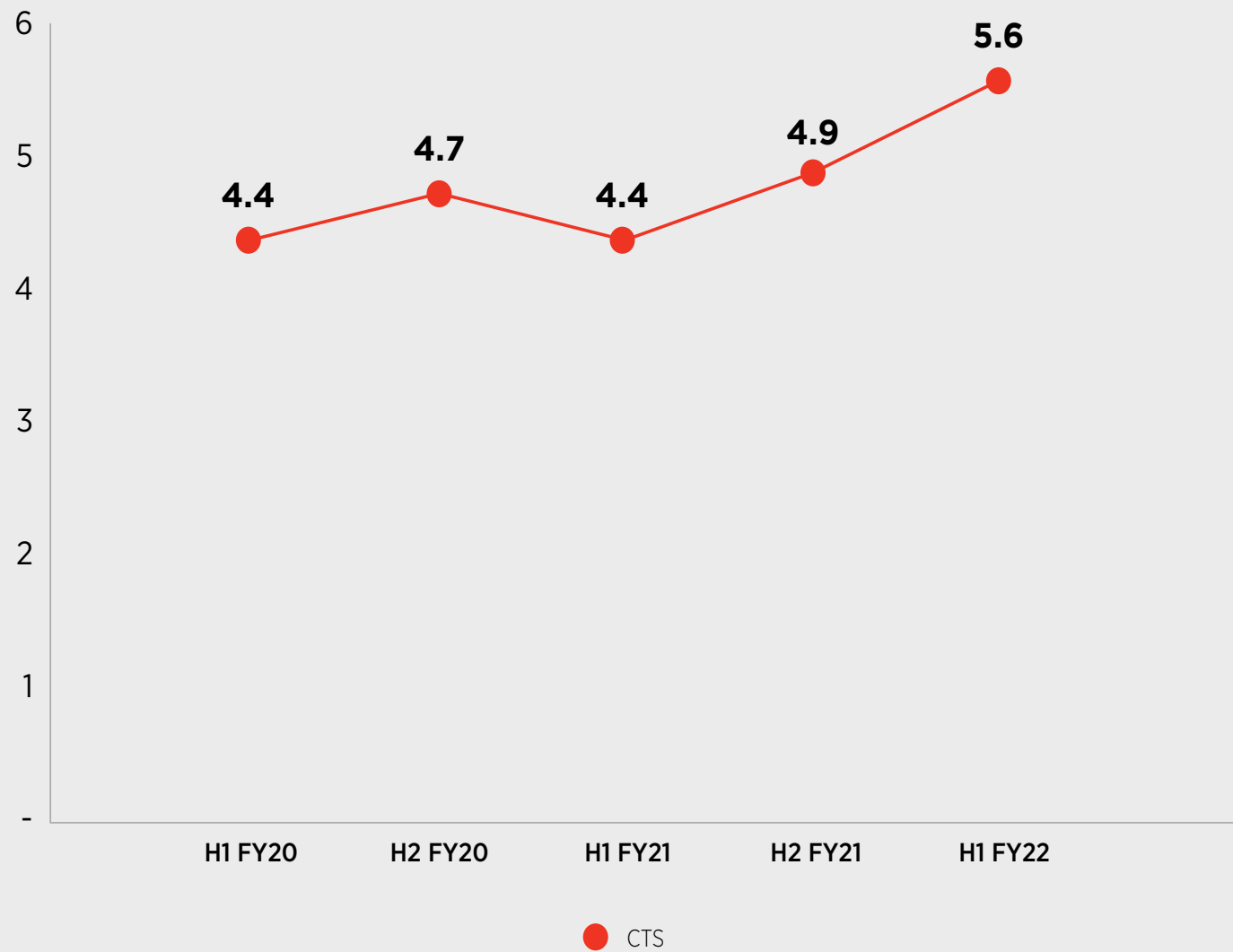
CAC would be expected to trend downwards over time as revenue grows, reductions will be partly offset by investment in development markets ahead of revenues.

COST TO ACQUIRE PER UNIT



The cost to acquire per unit has increased reflecting the loss of a North America enterprise customer (1,751 units). When adjusted for this, cost to acquire fell due to the strong sales in New Zealand and Australia.

COST TO SERVICE AND SUPPORT (CTS) AS % OF REVENUE



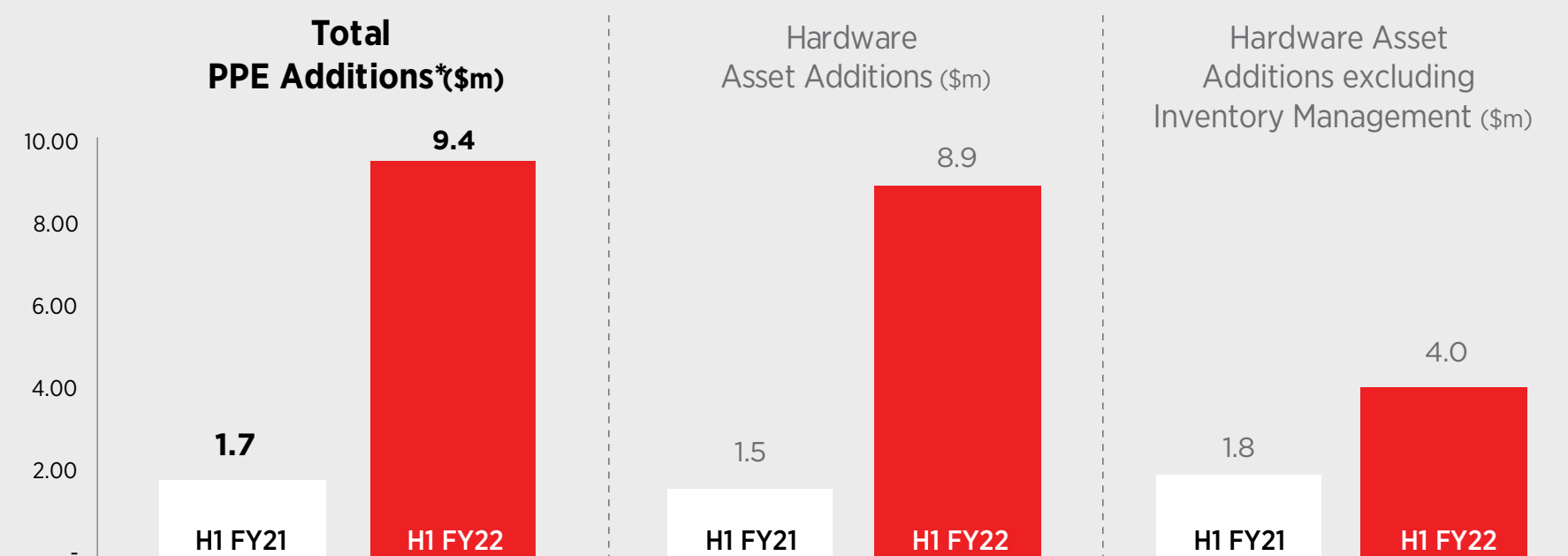
CTS has increased, reflecting investment in billing improvements and automated customer support. CTS will improve over time as scale and leverage increases.

Operating Expenses



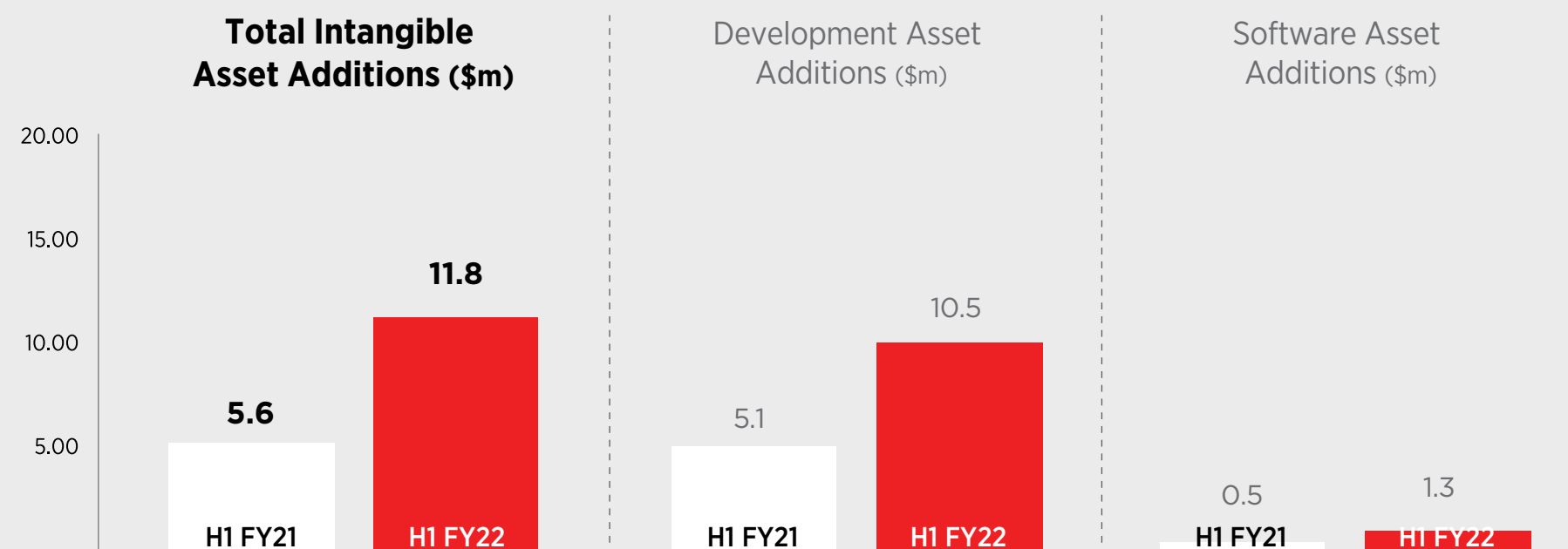
Operating expenses were impacted by \$2.0m transaction and integration costs, a higher number of employees with increased pressure on employment costs given competition for talent and a build up of annual leave balances, likely to reverse in H2.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT



*Excluding Additions to Right of Use Assets

ADDITIONS TO INTANGIBLE ASSETS



PROPERTY PLANT & EQUIPMENT

- PPE spend up \$7.7m due to hardware purchases to support a combination of new units, release of dashcam hardware and increased inventory levels in response to global supply chain shortages

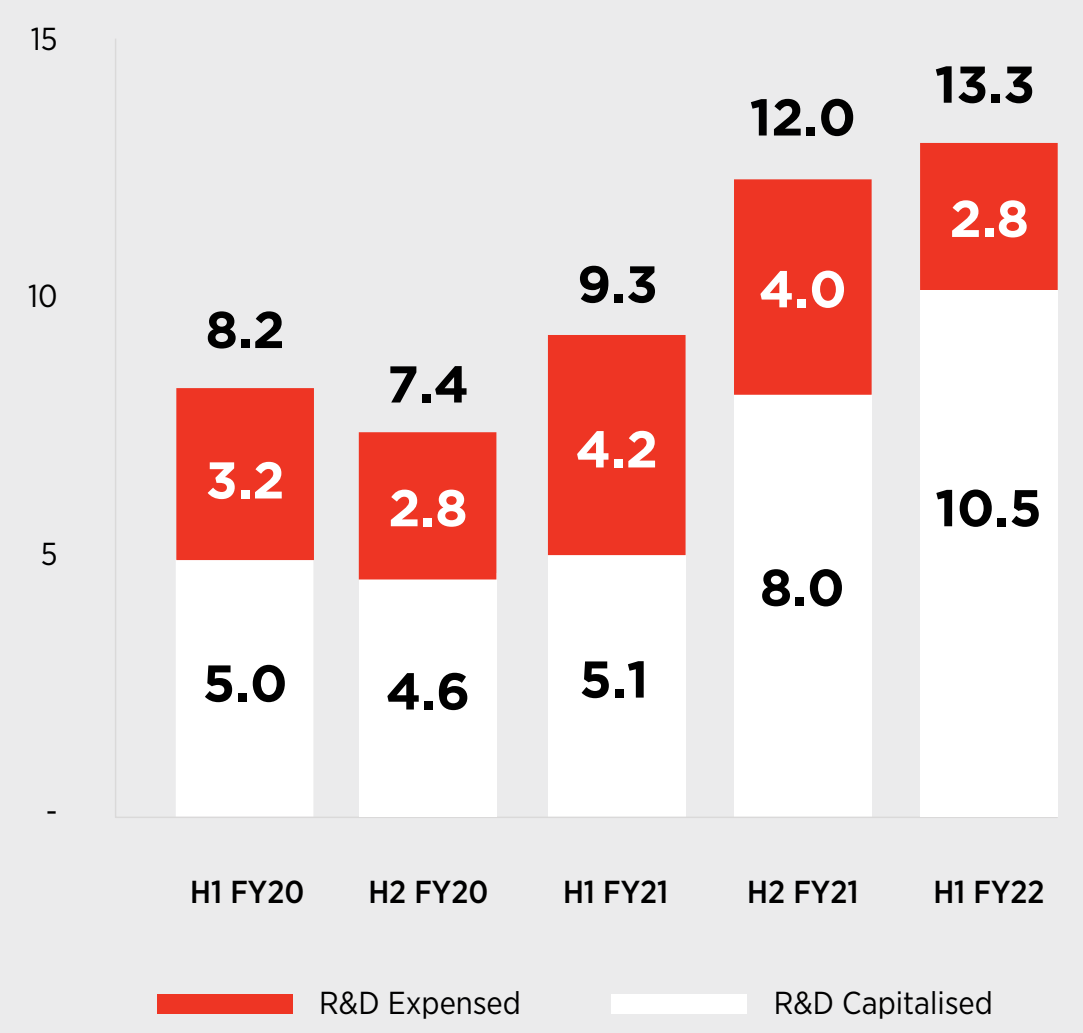
INTANGIBLE ASSETS

- Total intangible additions for both development and software were \$11.8m
- Total R&D spend of \$13.3m has increased \$4.0m representing 28% of revenue.
- Higher levels of investment in R&D includes increased development, the use of outsourced support, along with some labour pressures given skill shortages and border closures.
- Of the total R&D spend, \$10.5m was capitalised as development

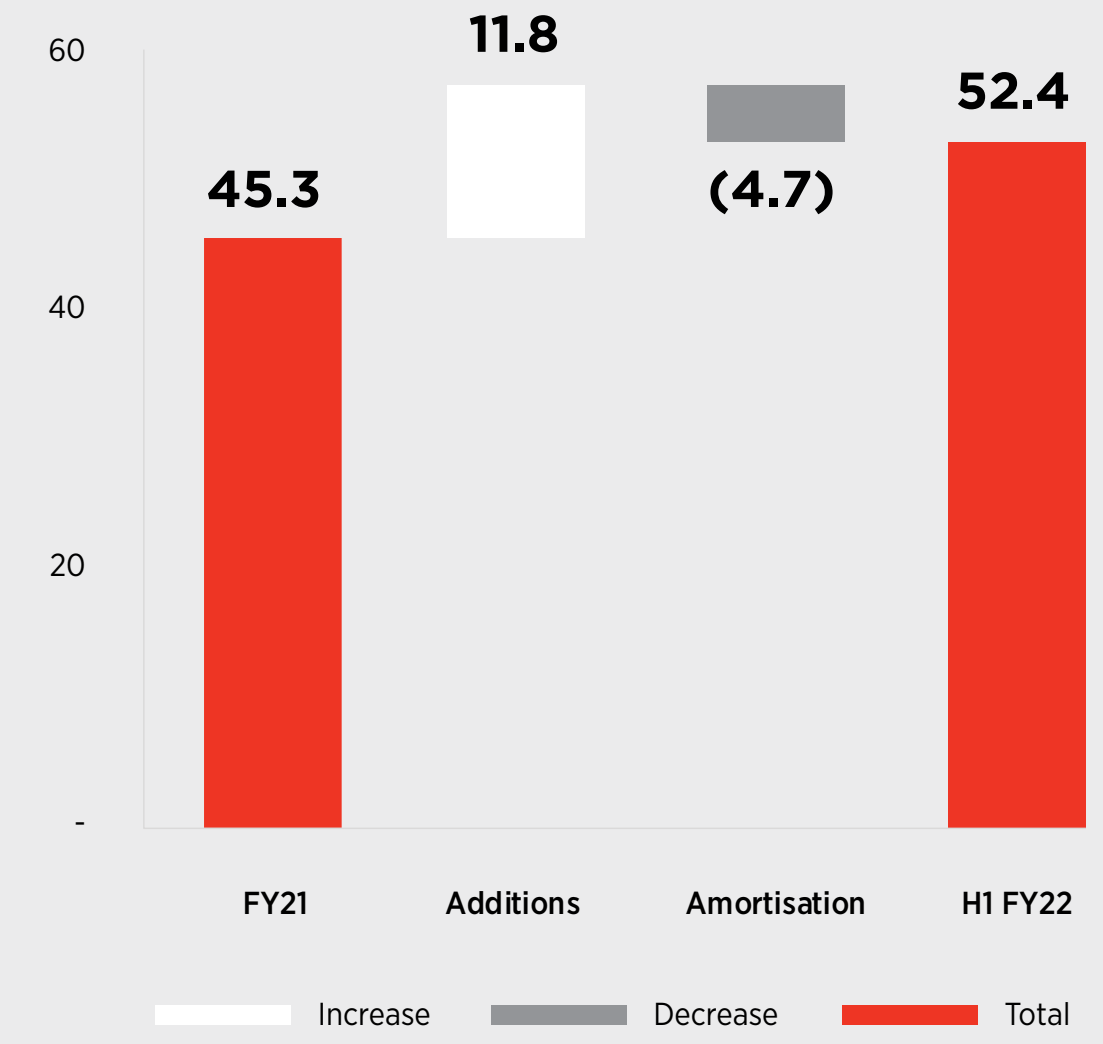
Increased investment in R&D

TO SUPPORT NEW PRODUCT DELIVERY IN FY23 AND FY24

RESEARCH AND DEVELOPMENT (\$m)



MOVEMENT IN INTANGIBLES (\$m)



Free Cash Flow Analysis by Segment



\$13.8m investing for growth and scalability

H&A Assets - Hardware & Accessory Assets • CA Assets - Customer Acquisition Assets • CF Assets - Contract Fulfillment Assets • CDE EBITDA - Corporate, Development and Elimination EBITDA • H&A under Construction - Hardware & Accessories under Construction

Cash flow statement (NZ\$m)

Year ended	H1 FY22	H2 FY21	H1 FY21	Movement H1 FY22 vs H1 FY21
Cash flows from operating activities				
Other operating cash flows	11.0	15.3	15.3	(4.3)
Net interest paid	(1.2)	(1.5)	(1.0)	(0.2)
Net cash inflow from operating activities	9.8	13.8	14.3	(4.5)
Cash flows from investing activities				
Property, Plant and Equipment (including hardware assets)	(9.5)	(3.0)	(1.7)	(7.8)
Intangible Assets	(11.8)	(7.4)	(5.7)	(6.1)
Contract fulfillment and Customer Acquisition Assets	(4.3)	(2.7)	(2.3)	(2.0)
Net cash outflow from investing activities	(25.6)	(13.1)	(9.7)	(15.9)
Cash flows from financing activities				
Bank loans	(2.4)	(2.6)	1.8	(4.2)
Issue of Equity	84.7	10.9	42.0	42.7
Cost of raising capital	(3.5)	(0.1)	(2.0)	(1.5)
Other financings cash flows	(0.8)	(0.8)	(0.8)	0.0
Net cash inflow/(outflow) from financing activities	78.0	7.4	41.0	37.0
Net increase/(decrease) in cash held	62.2	8.1	45.6	16.6
Cash at beginning of the financial period	57.1	49.0	3.4	53.7
Closing cash and cash equivalents	119.3	57.1	49.0	70.3

- Operating cash flows have reduced by \$4.5m reflecting the increased spending related to the Coretex acquisition along with an increase in receivables and prepayments
- Investing cash out flows grew from \$9.7m (H1 FY21) to \$25.6m reflecting the increased investment in intangibles (research and development) and growth in units along with inventory levels (in response to global supply chain pressures)
- Financing cash flows were \$78.0m for the period as a result of the issue of equity of \$84.7m in July (placement and share purchase plan)

Balance sheet (NZ\$m)

AS AT PERIOD END	H1 FY22	FY21	Movement
Cash	119.3	57.1	62.2
Restricted Bank Account	13.5	10.5	3.0
Costs to Acquire and Contract Fulfilment Costs	5.3	5.5	(0.2)
Other	12.7	8.2	4.5
Total Current Assets	150.8	81.3	69.5
Property, Plant and Equipment	40.2	34.7	5.5
Intangible Assets	52.4	45.3	7.1
Costs to Acquire and Contract Fulfilment Costs	4.7	3.4	1.3
Other	6.1	7.3	(1.2)
Total Non-Current Assets	103.4	90.7	12.7
TOTAL ASSETS	254.2	172.0	82.2
Payables to Transport Agencies	13.4	10.5	2.9
Contract Liabilities	7.1	6.6	0.5
Borrowings	32.7	35.0	(2.3)
Other Liabilities	18.4	15.3	3.1
Total Liabilities	71.6	67.4	4.2
NET ASSETS	182.6	104.6	78.0

- Cash has increased by \$62.2m as a result of the capital raise during July
- PPE has increased primarily as a result of investment in inventory given the current global supply chain pressures and delays
- The increase in other assets within current assets category is as a result of the combination of an increase in our receivables balance and prepayments
- Contract Fulfilment and Customer Acquisition Assets increased by \$1.1m reflecting growth and a strong period of renewals
- Intangibles increase relates to the ongoing capitalisation of R&D development
- Borrowings from long term bank loans have reduced due to scheduled repayments

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GROWTH OPPORTUNITY AND OUTLOOK

Steven Newman
Chief Executive Officer



We choose to grow and have significantly accelerated our growth strategy

ORGANIC GROWTH

- Executed 11 launches of new products or enhancements in H1 FY22
- launched Clarity Solo in October increasing the addressable market
 - Integration of Philips Connect and Seeing Machines increasing the addressable market
 - launched EROAD Analyst, EROAD Messaging and EROAD Where mini-tags as well as a number of other enhancements improving the customer value proposition

Acceleration of R&D spend focused on winning Enterprise customers. The Coretex acquisition allows EROAD to stop developing its own next generation platform and accelerate other aspects of its technology and product roadmap

Focused workstreams on managing risk around the global supply chains

Increased solution-based selling focused on winning Enterprise customers in all markets. Coretex's enterprise grade solutions will increase ability to win enterprise customers

ACQUISITION

Coretex acquisition expected to complete 1 December 2021 accelerates growth metrics by 2 years

Focus on integration over next 12 to 18 months, although will continue to look for further inorganic opportunities in a consolidating industry

STRATEGIC PARTNERSHIPS

Entering into partnerships with quality partners enables EROAD to fill product gaps more effectively

Entered strategic partnership with Philips Connect in June 2021 and with Seeing Machines in August 2021

Expanding EROAD's Video telematics portfolio

- With low video telematics penetration across all markets, focus on expanding and improving video telematics portfolio
- Only c30% penetration of North America Class 8 vehicle market (4.4m vehicles and growing at 15% p.a)
- Sold some 4,141 Clarity dashcam units since sales begun in March 2021 increasing ARPU with a number of pilots underway
- Launched Clarity Solo new stand-alone dashcam product (with no in-cab requirement for a pre-installed Ehubo) late October
 - Expands addressable market to fleets with a competitors telematics solution and reach beyond class 8 into light duty
 - Improved functionality with technology that associates all video and telematics to a specific driver and a more agile search system
- The Coretex Corevision camera is an entry-level dual dashcam which widens EROAD's video telematics portfolio servicing different market needs

4,141

**CLARITY DASHCAM
UNITS SOLD**

since sales begun in March 2021



OVER **10%**

**REDUCTION IN
SPEEDING FREQUENCY**

by 31% of vehicles once they installed Clarity Dashcam



It would have appeared as a harsh braking incident, but with the dashcam you see a second jolt – it's clear that there was another point of impact.

Frews Transport
(Beta testing Clarity Solo)



OVER **90%**

**REDUCTION IN
FATIGUE RELATED
DRIVING EVENTS**

with in-cab alerts reducing fatigue by >60% and 24/7 monitoring centre analysis and intervention decreasing the occurrence of fatigue by an additional 30%

SEEING MACHINES
IS INDUSTRY
LEADER IN VISION-
BASED MONITORING
TECHNOLOGY THAT
ENABLE MACHINES TO
SEE, UNDERSTAND AND
ASSIST PEOPLE

Strategic partnership with Seeing Machines increases addressable market

- Entered strategic partnership with Seeing Machines in August 2021
- Guardian technology utilises face and eye tracking algorithms to detect fatigue and distraction, allowing proactive intervention before a risky driving incident occurs
- Integrated their technology into MyEROAD, to provide customers with a single interface for managing video telematics
- Enables EROAD to target dashcam sales to fleets that have biometric requirements for all or a portion of their fleet. For example Hazemat or long-haul driving with dangerous loads
- Initial focus on New Zealand and Australia markets. In one month sold approximately 170¹⁷ Clarity Dashcams and a number of pilots underway in response to partnership



Strategic partnership with Philips Connect increasing North America addressable market

- Entered Philips Connect strategic partnership in June 2021 and have added 666 Philips Connect Solutions in H1 FY22
- Phillips Connect solutions help customers locate assets, maximize productivity, and give their own customers a live view into their trailers, containers, and chassis
- Integration of Philips Connect into MyEROAD provides customers a single view of all of their assets including trailers and assets making deployment and management easier
- Increases addressable market by meeting the needs of North American medium and enterprise fleets and provides up-sell opportunities once a Philips Connect solution is sold
- Current focus on North America market, will look at moving into New Zealand and Australia over time



PHILIPS CONNECT DEVICES, SENSORS AND REPORTING BRINGS ADVANCED TRAILER AND ASSET MONITORING TO EROAD'S CUSTOMERS

A SOLUTION FOR EVERY ASSET

Trailers

Gain total awareness into your trailer with data, insights and analysis of trailer health in real-time.

Chassis

Comprehensive monitoring of chassis sensors. Receive status updates and notifications about issues before they happen.

Container

Monitor location and status of containers and cargo with real-time alerts from a single hub.

Other

Monitor the location and status of small vehicles and heavy equipment with our high-performance tracking systems.

The Transformational Acquisition of Coretex

COMPLETION IN EFFECT ON 1 DECEMBER 2021



Increased ability to win Enterprise accounts

Accelerates technology and product roadmaps

Lifting market position adding 66,453¹⁸ units in North America, Australia and New Zealand

Increased growth velocity towards 250,000 units



Increased Addressable Market



Refrigerated transport



Construction



Less than a truckload (LTL)



Waste & Recycling

Building a safer, greener and more productive world

Products that optimise safety and fuel consumption, reduce wastage and contamination

¹⁸ As at 30 September 2021

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EROAD's broadly adopted regulatory telematics solutions combined with Coretex's extensive vertical telematics expertise and products creates an advanced market fit



IN-VEHICLE HARDWARE SOLUTIONS



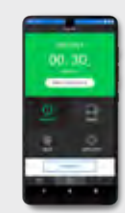
Camera options



Ehubo2



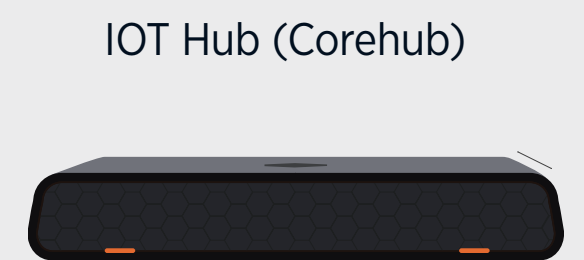
Driver's tablet



Driver's logbook



IOT sensors and tag



IOT Hub (Corehub)

**ALL VEHICLES
ALL ASSETS
ONE PLATFORM**
for end to end visibility



Easy to use, install and maintain



Enterprise API for integrations



Custom Driver Forms & Checklists



Data Insights platform

Coretex brings with it next generation hardware

Significantly enhanced Back Office Capability

Coretex's operating update for H1 FY22

	30 September 2021	31 March 2021
Total Contracted Units	66,453	64,177
New Zealand	7,628	8,676
North America	50,946	47,625
Australia	7,879	7,876
Group Asset Retention Rate	85.1%¹⁹	85.7%²⁰

- Contracted units grew by 4% reflecting growth in North America
 - increased units in North America by 3,321 with an additional 4,144 of closed sales not yet shipped
 - stable units in Australia with growth anticipated with the launch of Electronic Work Diary (EWD) and new construction product being piloted
- Following approval from shareholders, Overseas Investment Authority and the Commence Commission Completion acquisition will complete 1 December 2021

¹⁹ Excluding fleet reduction H1 FY22 asset retention rate of 93.8% ²⁰ Excluding fleet reduction FY21 Asset Retention Rate would have been 94.7%

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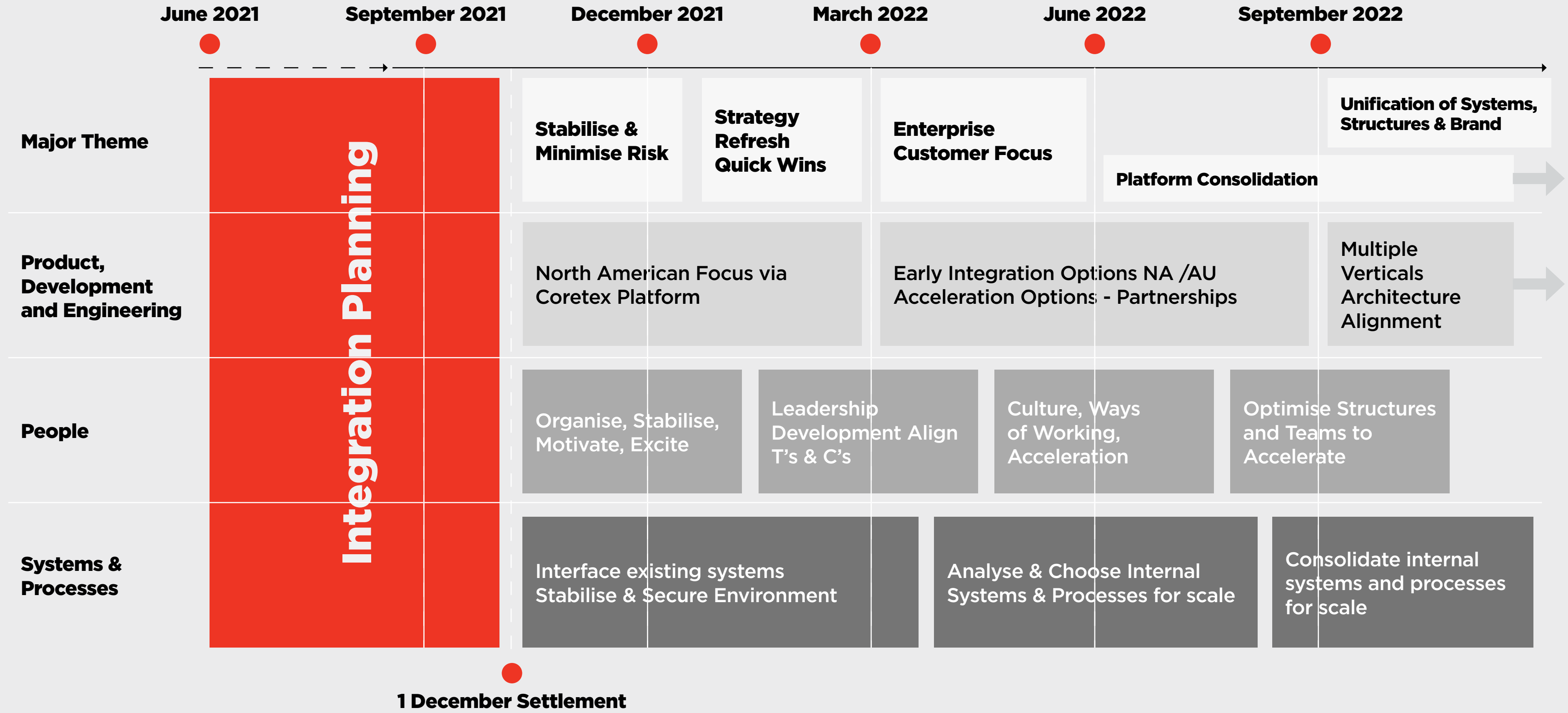
Successful integration of Coretex key to maximising synergies



EROAD



CORETEX



FY22 outlook

EROAD STAND-ALONE GUIDANCE

On 21 October EROAD announced it expects stand-alone FY22 revenue growth of 10-13% and Normalised EBITDA margin (prior to integration and transaction costs) to be at or around the levels of FY21

Good growth in both Australia and New Zealand, with some anticipated growth deferred to either later in FY22 or into early FY23 due to COVID-19 lock-down restrictions delaying piloting activity, installation roll-outs and lengthening sales lead-times

North America continues to experience ongoing impacts of COVID-19 and its associated economic challenges

The Coretex acquisition is expected to complete with effect from 1 December, therefore it is now appropriate for EROAD to withdraw its FY22 stand-alone guidance as it is no longer relevant for the combined entities

QUESTIONS & ANSWERS



APPENDIX

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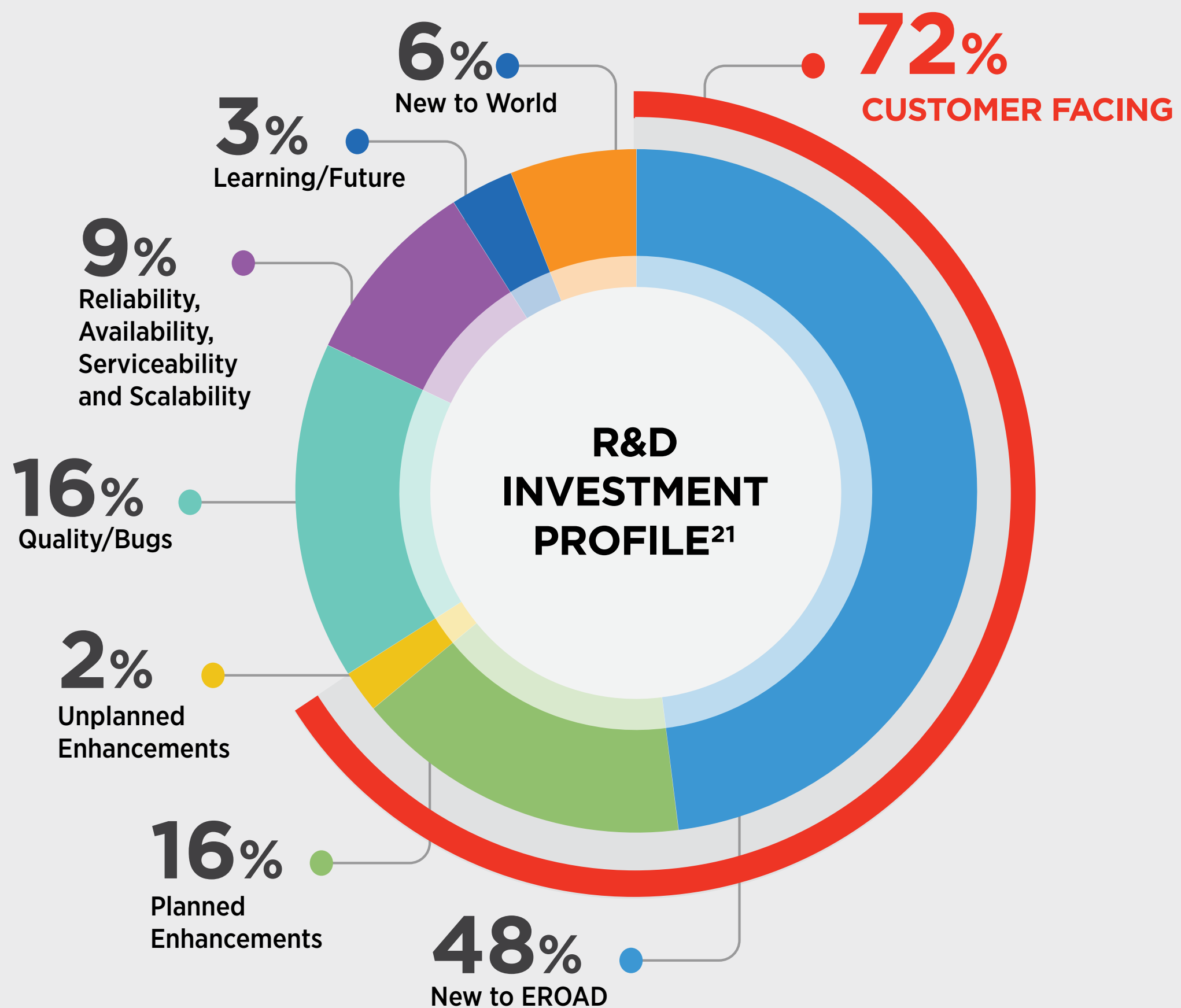


Reconciliation of Profit to movement in cash

YEAR ENDED	H1 FY22	H1 FY21
Profit/(Loss) after tax for the year attributable to the shareholders	(2.9)	1.0
Add/(less) non-cash items		
Tax asset recognised	1.2	(0.3)
Depreciation and amortisation	13.1	12.9
Other non-cash expenses/(income)	(0.8)	(0.5)
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	(4.5)	1.6
Increase/(decrease) in current tax receivables	-	-
Increase/(decrease) in current tax payables	-	0.4
Increase/(decrease) in contract liabilities	0.5	(1.0)
Increase /(decrease) in trade payables, interest payable and accruals	3.2	0.2
Net Cash from operating activities	9.8	14.3

ARPU reconciliation of local currency to NZ\$

	NZ\$		Local\$	
	H1 FY22	H1 FY21	H1 FY22	H1 FY21
New Zealand ARPU	NZ\$56.78	NZ\$55.36	NZ\$56.78	NZ\$55.36
North America ARPU	NZ\$62.77	NZ\$67.30	US\$44.42	US\$43.07
Australian ARPU	NZ\$31.72	NZ\$35.12	AU\$29.86	AU\$32.79



R&D Investment

- R&D is critical in developing new products and services to retain customers, open up the addressable market, grow connected vehicles and grow average SaaS monthly revenue per unit
- Target ~60% of R&D spend on customer facing elements
- Executed 11 key launches or enhancements over H1 FY22 as a result of previous R&D investment
- In recent years spent 18-22% of revenue on R&D. Spent 23% in FY21. For FY22 and FY23 expect to spend 24-27% as continue to accelerate investment for growth
- Focused on product development that opens up the addressable market for enterprise customers

²¹ For the six months ended 30 September 2021. Analysis excludes internal system development and individual customisation

Glossary

- **ANNUALISED MONTHLY RECURRING REVENUE (AMRR)** is a non-GAAP measure representing monthly Recurring Revenue for the last month of the period, multiplied by 12. It provides a 12 month forward view of revenue, assuming unit numbers, pricing and foreign exchange remain unchanged during the year.
- **ASSET RETENTION RATE** The number of Total Contracted Units at the beginning of the 12 month period and retained as Total Contracted Units at the end of the 12 month period, as a percentage of Total Contracted Units at the beginning of the 12 month period.
- **COSTS TO ACQUIRE CUSTOMERS (CAC)** is a non-GAAP measure of costs to acquire customers. Total CAC represents all sales & marketing related costs. CAC capitalised includes incremental sales commissions for new sales, upgrades and renewals which are capitalised and amortised over the life of the contract. All other CAC related costs are expensed when incurred and included within CAC expensed.
- **COSTS TO SERVICE & SUPPORT (CTS)** Is a non-GAAP measure of costs to support and service customers. Total CTS represents all customer success and product support costs. These costs are included in Administrative and other Operating Expenses reported in Note 4 Expenses of the H1 FY22 Financial Statements.
- **EBITDA** is a non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Consolidated Statement of Comprehensive Income in Financial Statements.
- **EBITDA MARGIN** is a non-GAAP measure representing EBITDA divided by Revenue.
- **EHUBO, EHUBO2 and EHUBO 2.2** EROAD's first and second generation electronic distance recorder which replaces mechanical hubo-dometers. Ehubo is a trade mark registered in New Zealand, Australia and the United States.
- **ELECTRONIC LOGGING DEVICE (ELD)** An electronic solution that synchronises with a vehicle engine to automatically record driving time and hours of service records.
- **ENTERPRISE** means a fleet of more than 500 vehicles in North America and more than 150 vehicles in Australia or New Zealand.
- **FREE CASH FLOW** is a non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows.
- **FUTURE CONTRACTED INCOME (FCI)** A non-GAAP measure which represents contracted Software as a Service (SaaS) income to be recognised as revenue in future periods. Refer Revenue Note 3 of the FY21 Financial Statements.
- **FY** Financial year ended 31 March.
- **H1** For the six months ended 30 September
- **H2** For the six months ended 31 March
- **MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)** is a non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the H1 FY22 Financial Statements, by the TCU balance at the end of each month during the year
- **NORMALISED EBITDA** excludes one-off items including the COVID-19 grant in H1 FY21 (\$1.6m) and the transaction and integration costs in H1 FY22 (\$2.0m).
- **NORMALISED EBITDA MARGIN** excludes one-off items including the COVID-19 grant in H1 FY21 (\$1.6m) from Revenue and EBITDA and the transaction and integration costs in H1 FY22 (\$2.0m) from EBITDA.
- **NORMALISED REVENUE** excludes the one-off COVID-19 grant in H1 FY21
- **ROAD USER CHARGES (RUC)** In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.
- **SAAS** Software as a Service, a method of software delivery in which software is accessed online via a subscription rather than bought and installed on individual computers.
- **SAAS REVENUE** Software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services and provision of software services.
- **TOTAL CONTRACTED UNITS** represents total units subject to a customer contract and includes both Units on Depot and Units pending instalment.
- **UNIT** is a communication device fitted in-cab or on a trailer. Where there is more than one unit fitted in-cab or on a trailer, it is counted as one unit.

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EROAD

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EROAD

**Safer
and more
sustainable
roads**

**2022 INTERIM
REPORT**



EROAD
Clarity Solo[®]



CORETEX



EROAD

Asset Tracker

POWERED BY



Significant progress accelerating growth strategies in continued challenging macro-economic conditions

\$48.0m

REVENUE

up \$2.2m from H1 FY21 (which included non-recurring revenue of \$1.6m)

\$12.6m

REPORTED EBITDA

includes \$2.0m of transaction and integration costs

\$92.9m

AMRR

compared to \$88.4m at FY21 and FCI increased \$7.2m from FY21 to \$149.1m

6,500

CONTRACTED UNITS

added since FY21 despite COVID-19

\$57.64

MONTHLY SAAS ARPU

reflecting a \$0.66c improvement from FY21 from selling additional products and services, offset by \$1.23c FX impact

94.1%

ASSET RETENTION RATE

(H1 FY21: 95.3%)

PHILIPS CONNECT AND SEEING MACHINES

strategic partnerships expanding addressable markets

28%

REVENUE SPENT ON R&D

accelerating our technology roadmap

TRANSFORMATIONAL ACQUISITION OF CORETEX

to accelerate key growth metrics by two years

OVER 10%

REDUCTION IN SPEEDING FREQUENCY

by 31% of vehicles once they installed Clarity Dashcam

538

CUSTOMERS RENEWED THEIR EROAD PLAN

(representing 16,481 units) reflecting the quality of EROAD's product and service offering

> 99.9%

INDUSTRY LEADING UPTIME

demonstrating the integrity and reliability of EROAD's infrastructure

TOITŪ CARBONREDUCE

PROGRAMME OF WORK UNDERWAY

to benchmark EROAD's GHG emissions. Led by our ESG Steering Group which meets regularly to discuss and advance EROAD's sustainability goals

COVID-19

SUPPORTED CUSTOMERS

during lock-downs in New Zealand and Australia

ROAD TO SUSTAINABILITY

INAUGURAL REPORT

findings help EROAD's sustainability efforts within the industry



Focusing on what is important to our stakeholders

CONTINUED PROGRESS AGAINST OUR MATERIALITY MATRIX MEASURES

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Letter from the Chair and CEO

We are pleased to present our report for the half year to 30 September 2021.

As we have outlined previously, EROAD is focused on building its business in North America and Australia, and is transitioning to the next phase of growth.

Our operating cash flow and two capital raises over the last 12 months have allowed us to accelerate investment for organic growth, develop strategic partnerships and undertake the transformational acquisition of Coretex.

Our financial results for the six months ended 30 September 2021 (H1 FY22) reflect both the continued investment in our growth strategies as well as the resilience of our business in continuing challenging macro-economic conditions.



Financial result reflects both continued investment in our growth strategies as well as the resilience of our business model in continued challenging macro-economic conditions

Revenue increased \$2.2m to \$48.0m reflecting growth in units, dashcams and additional add-on subscriptions sold to our customers. This was partly offset by a reduction in other revenue from H1 FY21. The prior period included income from the forgiveness of a North American COVID-19 government support loan (\$1.6m).

Over the period, contracted units grew by 5% reflecting continued good growth in both New Zealand and Australia. This is partly offset by a reduction in units in North America due the loss of an enterprise customer (1,751 units) which aligned its technology with that of its acquirer. We also continued to see increased momentum selling add-on hardware or SaaS subscription products with over 296 customers adding a product or service to their existing plan, representing 7,341 Dashcam Clarity, Inspect, Logbook or Book-it subscriptions added.

Our Asset Retention Rate remained high at 94.1%, reflecting the quality of EROAD's service and product offering. In addition, 538 customers renewed their EROAD plan (representing some 16,481 contracted units). Our Annualised Monthly Recurring Revenue metric, which provides a forward view of sustainable revenue, increased to \$92.9m from \$88.4m at 31 March 2021. We also saw an increase in Future Contracted Income from \$140.0m to \$149.1 reflecting a considerable number of renewals that occurred during the period including the continuing 3G to 4G roll-out in North America (nearly 80% of North America units now on 4G technology).

Operating expenditure increased from \$30.5m in the prior comparable period to \$35.4m. This is due to \$2.0m of transaction and integration costs relating to the Coretex acquisition, increased employee costs related to new hires and the increased competition for talent, as well as an increased level of annual leave accrued due to the COVID-19 lock-downs in the period.

Accordingly, reported EBITDA reduced from \$15.3m to \$12.6m, representing an EBITDA margin of 26%. For H1 FY22, once transaction and integration costs are excluded, normalised EBITDA is \$14.6m, an increase from normalised EBITDA for H1 FY21 of \$13.7m once the one-off COVID-19 government support loan in North America of \$1.6m is excluded. EROAD's normalised EBITDA margin is 30%.

As anticipated, research and development spend increased from \$9.3m to \$13.3m, representing 28% of revenue. As we move ahead with our growth strategies, research and development is focused on opening up our addressable market for Enterprise customers.



Read more about our financial results in our [investor presentation](#)

EROAD CLARITY DASHCAM



3,087

UNITS
ADDED

EROAD CLARITY SOLO



Oct 2021

PRODUCT
LAUNCHED

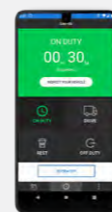
PHILLIPS CONNECT



666

SOLUTIONS
SOLD

EROAD DAY LOGBOOK



966

DRIVERS SUBSCRIPTIONS
ADDED

EROAD INSPECT



1,665

DRIVERS SUBSCRIPTIONS
ADDED

EROAD WHERE



2,650

TAGS
SOLD

Successful delivery of our growth strategy, as we build towards becoming a bigger player in North America and Australia

We are in a transitional period, as we move into the next phase of growth and become a bigger player in North America and Australia. To prepare to take advantage of these increasing growth opportunities we are accelerating investment in our platforms and products. We have previously stated our choice to grow through organic growth, strategic partnerships and acquisitions and we have successfully delivered on this growth strategy in H1 FY22.

EROAD continues to extend its platform and launch new products to enable it to organically grow its contracted units, Average Revenue per Unit (ARPU) and retain customers. Since the end of March 2021, we have launched 11 new products or enhancements to do just that. With low video telematics penetration across all our markets, we are focused on expanding and improving our video telematics portfolio. In October 2021, we expanded our video telematics offering with the launch of EROAD Clarity Solo Dashcam. Solo dashcam is an integrated dashcam and telematics device as such it expands our addressable market into a wider range of fleets (e.g. US LCVs), without the need to also install an EHUBO, and it can also be installed alongside another telematics providers. Accordingly, EROAD expects this launch to accelerate sales of dashcams.

Since 31 March 2021, we have released a series of enhancements and new products including EROAD Analyst, EROAD Book-it, EROAD Messaging and EROAD Where Mini Tags, further increasing the range of products and services we offer our customers.

Accessing additional product solutions through strategic partnerships with quality technology providers enables EROAD to fill product gaps concurrently with its continuing organic investment. Our strategic partnership with Philips Connect, that commenced in June 2021, has resulted in sales of 666 Philips Connect solutions in H1 FY22. These Philips Connect solutions help customers locate assets, give their own customers a live view into their trailers, containers, and chassis as well as increase customers' productivity. This solution also increases the addressable market of North American medium and enterprise fleets and provides up-sell opportunities to EROAD once a Philips Connect solution is sold. We entered into a second strategic partnership with Seeing Machines in August 2021, an industry leader in vision-based monitoring technology. By integrating this technology into the EROAD platform, we are able to target our dashcam sales to mixed fleets that have biometric requirements (e.g. Hazemat).

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The transformational acquisition of Coretex



In July 2021, we entered into a conditional agreement to acquire Coretex, a telematics vertical specialist provider delivering enterprise grade solutions. The acquisition is transformational for EROAD and we expect it to accelerate our key growth metrics by two years, enabling us to capture significant growth opportunity in North America and Australia (particularly with respect to Coretex's focus on the Enterprise customer base). The acquisition also accelerates growth by adding new strategic customer verticals, broadening our product offering and customer base and positions EROAD to become a bigger player in the North America and Australian markets.

Combining EROAD's expertise in broadly adopted regulatory telematics solutions with Coretex's extensive vertical telematic expertise, products, and customer base is a great fit. Coretex has a strong focus on working through the needs of enterprise customers within the frame of the supply chain. Whether it is temperature control, service verification, contamination detection, location or fuel performance, Coretex takes an end to end approach by industry vertical.

INTEGRATING CORETEX SUCCESSFULLY TO MAXIMISE THE DEAL BENEFITS

The Coretex acquisition substantially increases our scale in North America and Australia and provides the ability to improve our competitive advantage, drive revenue synergies and accelerate growth. A well planned and executed integration is critical to maximising the synergies for any major acquisition and both companies have been busy over the last few months putting together a detailed plan to do just that.

The acquisition received 100% shareholder approval in July, Overseas Investment Office approval in October and NZ Commerce Commission approval on 17 November and is expected to complete with effect from 1 December 2021. It is anticipated that the two businesses will be largely integrated in approximately 12-18 months. Our initial focus will be on North America and promotion of Coretex 360 platform and CoreHub hardware solution as EROAD's next generation product within weeks of completion to enable sales momentum to begin back in that market.

EROAD expects the majority of investment to occur this and next financial year, with revenue benefits commencing from FY23.

STRENGTHENING EROAD FURTHER WITH CORETEX'S CAPABILITY

Selwyn Pellett, CEO of Coretex, will join EROAD's Board as an Executive Director and be an advisor during the integration period. Selwyn has worked in the technology sector in New Zealand for over 20 years and brings a wealth of experience in particular telematics and network security. The Board intend to appoint an additional director from North America by the end of FY22 with a particular focus on digital product marketing and SaaS technology.

Akinyemi Koyi ("AK") will join the Executive Team in a new role as Chief Innovation Officer. He has been at the helm of Coretex's technology development for over seven years as their CTO & COO and brings a strong blend of strategic planning, technical skill and industry knowledge. This role enables EROAD to continue accelerating strategic development of the business. AK will lead cross functional teams focussed on keeping EROAD at the forefront of delivering technological innovation to solve business problems for our customers. Tracey Herman, Coretex's CFO, will move into a senior commercial and finance role in the combined business.

Both the EROAD and Coretex teams are excited about two New Zealand based technology companies coming together. Together we will have a wider set of talent and solutions that will deliver benefits to our customers quicker instead of working in silo of each other. Our products and services complement one another and so provide better solutions for existing and prospective customers. Accordingly, it made sense to unite them.

OVER **10%**
REDUCTION IN SPEEDING FREQUENCY

by 31% of vehicles once they installed Clarity Dashcam

OVER **90%**
REDUCTION IN FATIGUE RELATED DRIVING EVENTS

with in-cab alerts by Seeing Machines

Coretex products

LOOK TO OPTIMISE SAFETY AND FUEL CONSUMPTION, REDUCE WASTAGE AND CONTAMINATION



Improving sustainability for us and our customers

EROAD has always aspired to create safer and more sustainable roads. We believe the use of our products and services leads to positive outcomes for our customers and the wider community. The significant progress we have made towards our growth strategy increases our ability to make a positive difference.

In October, we released Road to Sustainability, our inaugural sustainability sentiment survey for New Zealand and Australia. This gave us the opportunity to identify where we can best help our customers adapt to new government regulations and also help drive further change within the transportation industry. We intend to use this report as a launchpad to bring sustainability to the forefront of the conversation when discussing transport carbon footprint emissions. This will help us further our sustainability efforts within the transport industry.



Read our [Road to Sustainability Report](#)

EROAD also recently announced that it has partnered with FUSO in New Zealand's first zero emissions truck trial. The 100% electric FUSO eCarter vehicles will be trialled over the next year by Mainfreight, Bidfood, Toll Global Express, Owens Transport and Vector OnGas as part of the Auckland Inner City Zero Emissions Area trial. The fleet of FUSO eCarters have EROAD's Ehubo 2.0 installed, with full access to the MyEROAD platform. Providing the fleet managers with real-time GPS tracking, driver behaviour alerts and performance reporting.

In addition to the impact our products and services have and will continue to have, EROAD is keen to do its bit. In our last annual report we made good progress moving towards reporting against the GRI Standards sustainability reporting framework and completed a materiality assessment. Over the next twelve months, EROAD is looking to use this initial work to build a base and, once the Coretex integration is well in motion, set measurable objectives to measure, report and drive improvements in our sustainability efforts.

EROAD's ESG Steering Group meets regularly to discuss and advance our sustainability goals. The ESG Steering Group considers environmental matters (such as reducing our carbon emissions), social factors (including diversity and inclusion goals), and governance matters (such as new legislative requirements including the TCFD and the Global Reporting Initiative standards).

EROAD's Global Market Development team continues to build its strength in ESG, including the appointment of a Regulatory Development Manager in Australia. The team plays a critical role in continuing to build our strengths in ESG, including by being a member of, actively working with, the International Road Federation on a Taskforce for Climate Impact Mitigation.

In New Zealand, we are working with Toitu to complete the carbon reduce programme. In line with this, our product team is considering what further support our products and services can offer EV fleets, and how we can better support our customers through their own sustainability initiatives. This includes supporting the New Zealand Government's goal of the public sector becoming carbon neutral by 2025.

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FY22 outlook

As previously announced in EROAD's Q2 operating update on 21 October 2021, with continued challenging macro-economic conditions (particularly in North America) and the Coretex acquisition expected to complete 1 December 2021, we now expect stand-alone FY22 revenue growth to be between 10% and 13% and continue to expect normalised EBITDA margin (prior to integration and transaction costs) to be at or around the levels delivered in FY21.

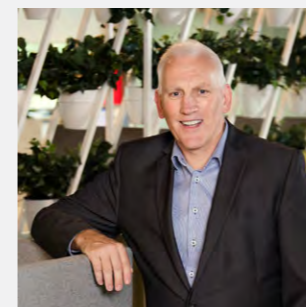
While good growth is still being experienced in both Australia and New Zealand, some anticipated growth has been deferred to either later in FY22 or into early FY23 due to COVID-19 lockdown restrictions delaying piloting activity, installation roll-outs and lengthening sales lead-times. North America continues to experience ongoing impacts of COVID-19 and its associated economic challenges, in particular significant driver shortages and supply chain issues impacting mid-market customers. As a result, growth to date has been below EROAD's expectations.

With the easing of COVID-19 restrictions and their impacts, the launch of EROAD's next generation Android platform and hardware, the release of Clarity Solo in October, and the completion of the Coretex acquisition, we do expect increased sales momentum in FY23.

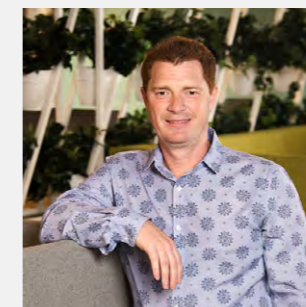
The Coretex acquisition is expected to complete with effect from 1 December, therefore it is now appropriate for EROAD to withdraw its FY22 stand-alone guidance as it is no longer relevant for the combined entities.

Thank you for your continued support of EROAD. We look forward to updating you at the FY22 financial results as we continue expand our capability, improve customer experience, and expand our reach into new customer verticals.

Graham Stuart
Chairman



Steven Newman
Chief Executive Officer



NON-GAAP MEASURES

EROAD has used non-GAAP measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. Non-GAAP measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS.

The non-GAAP measures EROAD have used are Adjusted EBITDA, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, Normalised EBITDA, Normalised Revenue, EBITDA margin, Normalised EBITDA margin, Free Cash Flow and Future Contracted Income (FCI)

The definitions of these can be found on pages 41 of the investor presentation. All numbers relate to the 6 months ended 30 September 2021 (H1 FY22) and comparisons relate to the 6 months ended 30 September 2020 (H1 FY21), unless stated otherwise. All dollar amounts are in NZD.

This report covers the six months ended 30 September 2021 and is dated 26 November 2021. This report has been approved by the Board and is signed on behalf of EROAD Limited by Graham Stuart, Chairman and Steven Newman, Managing Director and Chief Executive Officer.

Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

GROUP	Notes	30 SEPTEMBER 2021	30 SEPTEMBER 2020
		Unaudited \$M's	Unaudited \$M's
Revenue	2	48.0	45.8
Operating Expenses	3	(35.4)	(30.5)
Earnings before interest, taxation, depreciation and amortisation		12.6	15.3
Depreciation of Property, Plant and Equipment	8	(5.0)	(4.6)
Amortisation of Intangible Assets	9	(4.8)	(4.8)
Amortisation of Contract and Customer Acquisition Assets		(3.3)	(3.5)
Earnings before interest and taxation		(0.5)	2.4
Finance income		0.4	0.2
Finance expense		(1.5)	(1.4)
Net financing costs		(1.1)	(1.2)
(Loss)/Profit before tax		(1.6)	1.2
Income tax expense	11	(1.3)	(0.2)
(Loss)/Profit from continuing operations		(2.9)	1.0
(Loss)/Profit after tax for the period attributable to the shareholders		(2.9)	1.0
Items that are or may be reclassified subsequently to profit or loss			
Other comprehensive income/(loss)		0.4	(0.7)
Total comprehensive (loss)/profit for the period		(2.5)	0.3
(Loss)/Earnings per share - Basic (cents)		(3.34)	1.49
(Loss)/Earnings per share - Diluted (cents)		(3.34)	1.49

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2021

GROUP	Notes	30 SEPTEMBER 2021	31 MARCH 2021
		Unaudited \$M's	Audited \$M's
CURRENT ASSETS			
Cash and cash equivalents	7	119.3	57.1
Restricted bank accounts	7	13.5	10.5
Trade and other receivables		12.7	8.2
Contract fulfilment costs		3.2	3.0
Costs to obtain contracts		2.1	2.5
Total Current Assets		150.8	81.3
NON-CURRENT ASSETS			
Property, plant and equipment	8	40.2	34.7
Intangible assets	9	52.4	45.3
Contract fulfilment costs		3.0	2.4
Costs to obtain contracts		1.7	1.0
Deferred tax assets		6.1	7.3
Total Non-Current Assets		103.4	90.7
TOTAL ASSETS		254.2	172.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
 AS AT 30 SEPTEMBER 2021

GROUP	Notes	30 SEPTEMBER 2021	31 MARCH 2021
		Unaudited \$M's	Audited \$M's
CURRENT LIABILITIES			
Borrowings	12	6.6	6.4
Trade payables and accruals		10.4	7.8
Payables to transport agencies	7	13.4	10.5
Contract liabilities	10	4.0	3.9
Lease liabilities		1.1	1.0
Employee entitlements		3.0	2.3
Total Current Liabilities		38.5	31.9
NON-CURRENT LIABILITIES			
Borrowings	12	26.1	28.6
Contract liabilities	10	3.1	2.7
Lease liabilities		3.8	4.2
Interest rate swap		0.1	-
Total Non-Current Liabilities		33.1	35.5
TOTAL LIABILITIES		71.6	67.4
NET ASSETS		182.6	104.6
EQUITY			
Share capital	6	212.8	131.7
Translation reserve		(3.0)	(3.4)
Retained Earnings		(27.2)	(23.7)
TOTAL SHAREHOLDERS' EQUITY		182.6	104.6

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Chairman, 26 November 2021



Chair of the Finance, Risk and Audit Committee, 26 November 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

GROUP	Notes	Share Capital \$M's	Retained Earnings \$M's	"Translation Reserve" \$M's	Total \$M's
BALANCE AS AT 31 MARCH 2020 (AUDITED)		80.7	(26.5)	(2.9)	51.3
Profit after tax for the period		-	1.0	-	1.0
Other comprehensive income		-	-	(0.7)	(0.7)
Total comprehensive loss for the period, net of tax		-	1.0	(0.7)	0.3
Equity settled share-based payments		-	0.2	-	0.2
Share capital issued	6	40	-	-	40.0
Balance at 30 September 2020 (Unaudited)		120.7	(25.3)	(3.6)	91.8
BALANCE AS AT 31 MARCH 2021 (AUDITED)		131.7	(23.7)	(3.4)	104.6
Loss after tax for the period		-	(2.9)	-	(2.9)
Other comprehensive income		-	-	0.4	0.4
Total comprehensive Loss for the period, net of tax		-	(2.9)	0.4	(2.5)
Equity settled share-based payments		0.8	(0.6)	-	0.2
Share capital issued	6	80.3	-	-	80.3
Balance at 30 September 2021 (Unaudited)		212.8	(27.2)	(3.0)	182.6

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

GROUP	Notes	30 SEPTEMBER 2021 Unaudited \$M's	30 SEPTEMBER 2020 Unaudited \$M's
Cash flows from operating activities			
Cash received from customers		43.9	46.3
Payments to suppliers and employees		(32.9)	(31.0)
Interest received		0.1	-
Interest paid		(1.3)	(1.0)
Net cash inflow from operating activities		9.8	14.3
Cash flows from investing activities			
Payments for investment in property, plant & equipment		(9.5)	(1.7)
Payments for investment in intangible assets		(11.8)	(5.7)
Payments for investment in contract fulfilment assets		(2.6)	(1.6)
Payments for investment in customer acquisition assets		(1.7)	(0.7)
Net cash outflow from investing activities		(25.6)	(9.7)
Cash flows from financing activities			
Receipts from bank loans		0.1	1.8
Repayments of bank loans		(2.5)	-
Payment of lease liability		(0.8)	(0.8)
Receipts from issue of equity		84.7	42.0
Payments for costs of raising equity		(3.5)	(2.0)
Net cash inflow from financing activities		78.0	41.0
Net increase/(decrease) in cash held		62.2	45.6
Cash at beginning of the financial period		57.1	3.4
Closing cash and cash equivalents		119.3	49.0

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

RECONCILIATION OF OPERATING CASH FLOWS WITH REPORTED LOSS AFTER TAX FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

GROUP	Notes	30 SEPTEMBER 2021	30 SEPTEMBER 2020
		Unaudited \$M's	Unaudited \$M's
(Loss)/Profit after tax for the six month period attributable to the shareholders		(2.9)	1.0
Add/(less) non-cash items			
Tax asset recognised		1.2	(0.3)
Depreciation and amortisation		13.1	12.9
Other non-cash expenses/(income)		(0.8)	(0.5)
		13.5	12.1
Add/(less) movements in other working capital items:			
(Increase)/decrease in trade and other receivables		(4.5)	1.6
Increase in current tax payables		-	0.4
Increase/(decrease) in contract liabilities		0.5	(1.0)
Increase in trade payables, interest payable and accruals		3.2	0.2
		(0.8)	1.2
Net cash from operating activities		9.8	14.3

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

The consolidated interim financial statements presented for the six months ended 30 September 2021 are for EROAD Limited (EROAD), and its subsidiaries (collectively referred to as the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

EROAD Limited (the "Company") is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) Main Board and Australian Stock Exchange (ASX). The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). NZ GAAP in this instance being New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. These consolidated interim financial statements also comply with the New Zealand equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34: Interim Financial Reporting (IAS 34) and are prepared in accordance with the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The consolidated interim financial statements for the six months ended 30 September 2021 are unaudited and have been the subject of review by the auditor, pursuant to NZ SRE 2410 (Revised): Review of Financial Statements Performed by the Independent Auditor of the Entity as issued by the External Reporting Board.

These consolidated interim financial statements have been prepared using the same accounting policies as, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2021 ('last annual financial statements'). These consolidated interim financial statements do not include all of the information required for a complete set of NZ IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group's financial position and performance since the last annual financial statements.

These financial statements were authorised for issue by the directors on 26 November 2021.

Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair value.

Going concern

The directors have considered the ability of the Group to continue to operate as a going concern for at least the next 12 months from the date the financial statements are authorised for issue. It is the conclusion of the directors that the Group will continue to operate as a going concern and the financial statements have been prepared on that basis.

In reaching their conclusion the directors have considered the following factors:

- Cash reserves at 30 September 2021 of \$119.0 million and bank borrowing facility of \$61.1 million of which \$28.0 million was undrawn after including borrowing cost of \$0.4 million. This provides sufficient headroom to help support the business for at least the next 12 months.
- The future contracted income of \$149.1 million provides certainty of future revenue; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.
- The cash reserves are sufficient even after the completion of the planned acquisition of Cortex Limited. Refer to the Note 17 for further details.

Presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's presentation currency, and all values are rounded to million dollars to one decimal place (\$M's) except where stated. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of EROAD Limited is New Zealand dollars.

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Following this, in each of EROAD's markets of New Zealand, the United States and Australia, lockdowns of varying severity were introduced. These lockdowns continued in these markets from late March and while some lockdown restrictions have eased in each of the markets, a range of preventive measures still remain such that each of the markets has yet to return to the level of economic trading conditions prevalent prior to the COVID-19 crisis.

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

Following the lockdowns being initiated in 2020, EROAD was designated an essential service in each of its three markets and remained operational under its communicable illness business continuity plan. EROAD continues to be considered an essential service in the current period. Despite this designation, EROAD still experienced a loss in customer demand for new or replacement units and services, aside from those customers who themselves were designated as essential services. Accordingly, each of EROAD's markets were impacted differently due to the differences in lockdown conditions, as well as the differing proportion of essential services customers in its total customer base.

A detailed assessment of the impact of COVID-19 on the EROAD statement of financial position was set out in the annual report dated 31 March 2021 (financial statements note 2).

Doubtful debts - COVID-19 Provisions

To ensure EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers.

The assessment considered the following aspects:

- the risk level associated with the industry the customer is operating in, including whether this is an essential service;
- historical loss rates for each risk category; and
- macro economic conditions in the relevant market including COVID-19 responses and lock-down activity.

The impact of the assessment is a \$0.1m reduction in the doubtful debt provision since 31 March 2021.

Government Grants - COVID-19

As at 30 September 2021 no Covid-19 related grants were received (31 March 2021 \$1.6million).

Adoption of new and revised accounting standards, interpretations and agenda decisions

IFRIC - Configuration or Customisation Costs in a Cloud Computing Arrangement

The Group has capitalised as intangible assets the costs incurred in configuring and customising certain suppliers' application software in cloud computing arrangements. The Group considered that it would benefit from the implementation costs incurred in relation to the cloud-based software over a number of years and has been amortising the capitalised costs over the years for which it believed the benefit would be derived. In April 2021, the International Financial Reporting Interpretations Committee ("IFRIC") issued an agenda decision in relation to the accounting treatment for configuration and customisation costs in a cloud computing arrangement. The IFRIC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred unless they meet certain criteria where they can be treated as a prepayment and expensed over the term of the cloud computing arrangement. The Group has commenced a review of these capitalised costs to determine whether they may need to be expensed or reclassified as prepayments in line with the agenda decision. At the time of finalising the 30 September 2021 interim financial statements, the Group's review was still in progress due to limited time available from the IFRIC agenda decision to the reporting date and the complexity of the various arrangements. The initial review of the Group's cloud computing arrangements has identified intangible assets requiring re-assessment with a total cost and net book value of approximately \$16.0 million and \$8.8 million, respectively. While the final financial impact of the revised accounting policy is still being quantified, it may be material for financial reporting purposes. The Group expects to implement the updated accounting policy in the second half of the year with the full impact of the change in accounting policy, including any retrospective restatement, reflected in the consolidated financial statements for the year ending 31 March 2022. The change in accounting policy may decrease intangible assets and its associated amortisation, increase operating expenses, and reclassify costs incurred from an investing to an operating cash flow. Prepayments may also be recognised as a result.

NOTE 2 REVENUE

GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Unaudited \$M's	Unaudited \$M's
Revenue from contracts with customers		
Software as a Service (SaaS) revenue	45.2	42.1
Transaction fee revenue	1.4	1.3
Other revenue	0.7	0.3
Other income		
Grant revenue	0.7	2.1
Total Revenues	48.0	45.8

Set out above is the disaggregation of the Group's revenue. The disaggregation reflects the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Specifically, software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services and provision of software services. Transaction fee revenue relates to the collection of Road User Charges (RUC) fees.

Transaction price allocated to the remaining performance obligations

The below table represents the revenue allocated to performance obligations that are unsatisfied or partially unsatisfied at the period end. The revenue amounts yet to be recognised under non-cancellable contract agreements at 30 September are expected to be recognised by EROAD based on the time bands disclosed below.

GROUP	2022	2021
	\$M's	\$M's
Software as a Service (SaaS) revenue		
Not later than one year	70.2	67.9
Later than one year not later than five years	78.9	72.1
Total price allocated to remaining performance obligations	149.1	140.0

The Group reports the Non-GAAP measure, Future Contracted Income. The definition of Future Contracted Income has been amended to include all future hardware and SaaS cash inflows relating to income under non-cancellable long-term agreements. The disclosure above aligns with the Future Contracted Income reported by the Group.

Software as a service revenue

The Group has determined EROAD's customers do not have the right to direct the use of EROAD's asset (Ehubo) as EROAD continues to have the right and ability to change how the asset operates during the customer's contract period. These contracts are therefore accounted for as service contracts. The Group generates revenue through the sale of hardware assets, rental of hardware assets, installation of hardware assets and provision of software services as part of contracts with customers as part of a bundled package. These hardware units enable customers to access the software platform offered by the Group. The transaction involving hardware and accessories do not convey a distinct good or service. The sale does not transfer control to the customer as the Group provides a significant service of integrating the software service to produce a combined output. The sale of the hardware, accessories and software service are referred to as Software as a Service (SaaS) revenue, which is recognised on a straight line basis over the contract period to reflect the fulfilment of the performance obligations as they arise. There are no variable consideration terms within the contracts.

A contract liability is recognised where consideration is received in advance of the completion of associated performance obligations. The contract liability is derecognised over time. As a result there is a financing component which the Group recognises as a finance cost when consideration is received in advance.

The Group offers installation services as part of a number of promises to transfer goods and services within each contract. Installation services do not convey a distinct good or service and therefore are not a separate performance obligation as the installation is a set-up activity that does not provide the customer a direct benefit other than access to the software services.

NOTE 2 REVENUE (CONTINUED)

As a result, the installation service is considered as part of the single performance obligation; referred to as Software as a Service (SaaS) revenue, which includes the software service and hardware sale or rental for which the customer simultaneously receives and consumes the benefit of the service. Where installation revenue is received in advance of satisfying the performance obligation a contract liability is recognised. The contract liability is derecognised over time evenly over the period of the contract as the customer derives the benefit evenly from the services provided over the contract period. The majority of contracts are for 3 years and can be for a term of up to 5 years. As a result there is a financing component which the group recognises as a finance cost when consideration is received in advance.

Transaction fees

The Group acts as an agent for transport authorities in the market that it operates in. Where fees are collected on their behalf, the Group charges a commission. The revenue recognised is the net amount of the commission fee earned by the Group.

Grant income

Government grants are recognised at fair value in the statement of comprehensive income over the same periods as the costs for which the grants are intended to compensate. No unfulfilled conditions or contingencies exist related to the government grants.

NOTE 3 EXPENSES

GROUP		30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Notes	Unaudited \$M's	Unaudited \$M's
Personnel expenses - net of capitalised employee remuneration	5	17.7	15.3
Administrative and other operating expenses		11.7	9.8
SaaS platform costs		5.6	5.0
Directors fees		0.3	0.2
Auditor's remuneration - KPMG		0.0	0.0
Other assurance services - KPMG		0.0	0.1
Tax compliance and advisory services - KPMG		0.1	0.1
Total operating expenses		35.4	30.5

During the six months the costs expended for Research and Development was \$2.8m (30 September 2020: \$4.2m).

NOTE 4 SEGMENTAL NOTE

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

The Group has four segments as described below, which are the Group's strategic divisions. The strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the Group's CEO (the chief operating decision maker) reviews internal management reports. The following summary describes the operations in each of the Group's segments.

EROAD reports selected financial information segmented by geographic location for operating companies and corporate and development costs.

- *Corporate & Development:* Corporate head office costs and R&D activities for development of new and existing products and services
- *North America:* Operating companies serving customers in North America
- *Australia:* Operating companies serving customers in Australia
- *New Zealand:* Operating companies serving customers in New Zealand

Inter-segment pricing is determined on an arm's length basis.

Reportable segment information

Information related to each reportable segment is set out below. Segment result represents Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA), which is the measure reported to the chief operating decision maker.

	Corporate & Development		North America		New Zealand		Australia	
	30 SEPT 2021	30 SEPT 2020	30 SEPT 2021	30 SEPT 2020	30 SEPT 2021	30 SEPT 2020	30 SEPT 2021	30 SEPT 2020
	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's	Unaudited \$M's
Revenue								
Software as a Service (SaaS) revenue	0.2	0.3	13.4	13.9	30.8	27.4	0.8	0.5
Transaction fee revenue	-	-	-	-	1.4	1.3	-	-
Other revenue ¹	14.4	11.1	0.6	2.5	0.6	0.2	-	0.3
	14.6	11.4	14.0	16.4	32.8	28.9	0.8	0.8
Earnings Before Interest, Taxation, Depreciation & Amortisation	(11.9)	(8.9)	2.9	5.9	22.0	18.5	(0.6)	(0.4)
Total assets	173.6	100.5	26.8	26.1	52.5	37.2	4.0	2.7
Depreciation of Property, Plant & Equipment	(0.6)	(0.6)	(2.1)	(2.2)	(2.5)	(2.4)	(0.1)	-
Amortisation of Intangible Assets	(4.8)	(4.8)	-	-	-	-	-	-
Amortisation of Contract and Customer Acquisition Assets	-	-	(0.8)	(1.0)	(2.4)	(2.4)	(0.1)	(0.1)

¹ Revenue from Corporate & Development Markets includes R&D Grant Income of \$0.7m (30 September 2020: \$0.5m).

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NOTE 4 SEGMENTAL NOTE (CONTINUED)

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Unaudited \$M's	Unaudited \$M's
Revenue		
Total revenue for reportable segments	62.2	57.5
Elimination of inter-segment revenue	(14.2)	(11.7)
Consolidated Revenue	48.0	45.8
EBITDA		
Total EBITDA for reportable segments	12.4	15.1
Elimination of inter-segment EBITDA	0.2	0.2
Consolidated EBITDA	12.6	15.3
Depreciation		
Total depreciation for reportable segments	(5.3)	(5.2)
Elimination of inter-segment profit	0.3	0.6
Consolidated Depreciation	(5.0)	(4.6)
GROUP	30 SEPTEMBER 2021	31 MARCH 2021
	Unaudited \$M's	Audited \$M's
Total assets		
Total assets for reportable segments	256.9	173.7
Elimination of inter-segment balances	(2.7)	(1.7)
Consolidated Total Assets	254.2	172.0
Geographic information		
The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.		
GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Unaudited \$M's	Unaudited \$M's
Revenue		
New Zealand	33.7	29.5
All foreign countries:		
USA	13.5	15.8
Australia	0.8	0.5
Total revenue	48.0	45.8

NOTE 4 SEGMENTAL NOTE (CONTINUED)

GROUP	30 SEPTEMBER 2021	31 MARCH 2021
	Unaudited \$M's	Audited \$M's
Non-current assets		
New Zealand	83.4	70.9
All foreign countries:		
USA	12.2	12.5
Australia	1.7	1.0
Total non-current assets	97.3	84.4

Non-current assets exclude financial instruments and deferred tax assets.

NOTE 5 PERSONNEL EXPENSES

GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Unaudited \$M's	Unaudited \$M's
Salaries and wages - excluding capitalised commission costs	21.2	16.6
Annual leave	0.7	0.6
Performance bonus	0.6	0.5
Share-based payments	0.5	0.2
Salaries and wages capitalised to Development and Software Assets	(5.3)	(2.6)
	17.7	15.3

NOTE 6 PAID UP CAPITAL

All issued shares are fully paid up and have equal voting rights and share equally in dividends and surplus on winding up.

GROUP	Number of ordinary shares	Issue price \$	Issued Capital \$
AT 31 MARCH 2021 (AUDITED)	81,896,340		131.7
Shares issued to employees	-	-	0.8
Shares issued in August 2021 equity placement	15,125,447	5.54	83.8
Costs of raising capital	-	-	(3.5)
AT 30 SEPTEMBER 2021 (UNAUDITED)	97,021,787		212.8

On 4 August 2021 EROAD issued additional 15,125,447 shares at a price of \$5.54 each.

At 30 September 2021 there was 97,021,787 authorised and issued ordinary shares (31 March 2021: 81,896,340). 662,306 (31 March 2021: 732,741) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

NOTE 6 PAID UP CAPITAL (CONTINUED)

The calculation of both basic and diluted loss per share at 30 September 2021 was based on the (loss)/profit attributable to ordinary shareholders of (\$2.9m) (30 September 2020: \$1.0m). The weighted number of ordinary shares on 30 September 2021 was 85,835,006 (30 September 2020: 67,888,360) for basic earnings per share and also 85,835,006 for diluted earnings per share (30 September 2020: 68,158,834).

Other components of equity include:

- *Translation reserve* - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries into New Zealand Dollars.
- *Retained earnings* - includes all current and prior period retained profits and share-based employee remuneration.

NOTE 7 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

GROUP	30 SEPTEMBER 2021		31 MARCH 2021
	Unaudited \$M's		Audited \$M's
Cash and cash equivalents	119.3		57.1
Restricted bank accounts	13.5		10.5
	132.8		67.6

Cash and cash equivalents exclude restricted bank accounts. Restricted bank accounts are presented separately from cash and cash equivalents on the face of the Statement of Financial Position and movements in restricted bank accounts are excluded from the Statement of Cash Flows. The restricted bank accounts relate to Road Users tax collected from clients due for payment to the appropriate government agency.

Payables to transport agencies	(13.5)	(10.5)
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NOTE 8 PROPERTY, PLANT AND EQUIPMENT

GROUP	Right of Use Assets	Hardware Assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
YEAR ENDED 31 MARCH 2021 (AUDITED)								
Opening net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4
Additions	-	4.4	-	-	0.2	0.2	0.3	5.1
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(0.9)	(7.8)	-	(0.4)	(0.1)	(0.2)	(0.2)	(9.6)
Depreciation recovered	-	2.1	-	-	-	-	-	2.1
Effect of movement in exchange rates	(0.1)	(0.2)	-	-	-	-	-	(0.3)
Closing net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7
Cost	6.8	51.3	0.7	2.9	1.3	1.4	3.4	67.8
Accumulated depreciation	(2.7)	(23.3)	(0.5)	(1.6)	(0.9)	(1.1)	(3.0)	(33.1)
Net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7

GROUP	Right of Use Assets	Hardware Assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
SIX MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)								
Opening net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7
Additions	0.1	8.9	-	-	-	0.1	0.4	9.5
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
Depreciation charge	(0.5)	(4.0)	-	(0.1)	(0.1)	(0.1)	(0.2)	(5.0)
Depreciation recovered	-	1.5	-	-	0.1	-	-	1.6
Effect of movement in exchange rates	-	(0.5)	-	-	-	-	-	(0.5)
Closing net book amount	3.7	33.9	0.2	1.2	0.3	0.3	0.6	40.2
Cost	6.9	60.3	0.8	2.8	1.2	1.5	3.8	77.3
Accumulated depreciation	(3.2)	(26.4)	(0.6)	(1.6)	(0.9)	(1.2)	(3.2)	(37.1)
Net book amount	3.7	33.9	0.2	1.2	0.3	0.3	0.6	40.2

Included in the Hardware Assets is equipment under construction of \$11.3m (31 March 2021: \$6.8m).

Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

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NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense in the period they are incurred.

Depreciation

Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The following rates have been used on a straight line basis:

Leasehold improvements	3 to 9 years
Hardware assets	3 to 6 years
Plant and equipment	3 to 11 years
Computer/Office equipment	1 to 3 years
Motor vehicles	3 to 5 years
Right of use assets	3 to 9 years

The above rates reflect the estimated useful lives of the respected categories. Consideration was given to how long assets can be deployed and any expected network changes. Leasehold improvements are depreciated over the contracted lease term.

NOTE 9 INTANGIBLE ASSETS

GROUP	Development \$M's	Software \$M's	Total \$M's
YEAR ENDED 31 MARCH 2021 (AUDITED)			
Opening net book amount	32.7	9.4	42.1
Additions	12.2	0.9	13.1
Disposals	-	-	-
Amortisation charge	(8.0)	(1.9)	(9.9)
Closing net book amount	36.9	8.4	45.3
Cost	68.2	14.7	82.9
Accumulated amortisation	(31.3)	(6.3)	(37.6)
Net book amount	36.9	8.4	45.3

GROUP	Development \$M's	Software \$M's	Total \$M's
SIX MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)			
Opening net book amount	36.9	8.4	45.3
Additions	10.6	1.3	11.9
Disposals	-	-	-
Amortisation charge	(3.9)	(0.9)	(4.8)
Closing net book amount	43.6	8.8	52.4
Cost	78.8	16.0	94.8
Accumulated amortisation	(35.2)	(7.2)	(42.4)
Net book amount	43.6	8.8	52.4

NOTE 9 INTANGIBLE ASSETS (CONTINUED)

The useful lives of the Group's Intangible Assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired. Where an indicator of impairment exists the Group makes a formal assessment of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to dispose of the assets and its value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of comprehensive income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangibles assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is only capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income when incurred.

Amortisation

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful life of intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Patents	10-20 years
Development Hardware & Platform	7-15 years
Development Products	5-10 years
Software	5-7 years

NOTE 10 CONTRACT LIABILITIES

The Group enters into contracts with customers for the provision of software services over a contracted period. As stated in the accounting policies, this revenue is recognised over time as the customer simultaneously receives and consumes the benefit of the service. The Group has determined that the benefit of the services provided is consumed evenly over the period of the contract, and thus the performance obligations are satisfied evenly over the period. Where the Group receives a portion of the transaction price of a contract in advance, this is recognised as a contract liability and released over the contract period as the Group satisfies its performance obligations.

GROUP	30 SEPTEMBER 2021 Unaudited \$M's	31 MARCH 2021 Audited \$M's
Opening balance	6.6	8.2
Amounts deferred during the period	3.0	4.1
Amount recognised in the statement of comprehensive income	(2.5)	(5.7)
	7.1	6.6
Current	4.0	3.9
Non-current	3.1	2.7

NOTE 11 INCOME TAX EXPENSE

GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020
	Unaudited \$M's	Unaudited \$M's
(a) Reconciliation of effective tax rate		
(Loss)/Profit before income tax	(1.6)	1.2
Income tax using the Company's domestic tax rate of 28%	(0.4)	0.3
Non-deductible expense/(non-assessable income)	0.8	(0.1)
Losses and timing differences not recognised	0.7	-
Effect of different tax rates	0.2	-
Income tax expense/(benefit)	1.2	0.2
(b) Current tax expense/(benefit)		
Current year	-	0.4
	-	0.4
(c) Deferred tax expense		
Current year	1.2	(0.2)
	1.2	(0.2)

At 30 September 2021 there were no imputation credits available to shareholders (31 March 2021: Nil)
Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 12 BORROWINGS

GROUP	30 SEPTEMBER 2021	31 MARCH 2021
	Unaudited \$M's	Audited \$M's
Current borrowings		
Term Loans	5.0	5.0
Capital Expenditure facility	2.0	2.0
Capitalised borrowing costs	(0.4)	(0.6)
	6.6	6.4
Non-current borrowings		
Term Loans	26.1	28.6
	26.1	28.6

Terms and debt repayment schedule

GROUP	Nominal Interest	Year of Maturity	30 SEPT 2021	30 SEPT 2021	31 MARCH 2021	31 MARCH 2021
			Unaudited Face Value \$M's	Unaudited Carrying amount \$M's	Audited Face Value \$M's	Audited Carrying amount \$M's
Term Loans	4.20%	2023	31.1	31.1	33.6	33.6
Capital Expenditure facility	3.90%	2023	2.0	2.0	2.0	2.0
Capitalised borrowing costs	-	2023	-	(0.4)	-	(0.6)
			33.1	32.7	35.6	35.0

The Group has a syndicated debt facility with the Bank of New Zealand (BNZ), Kiwibank Limited and China Construction Bank (CCB).
At 30 September 2021, EROAD had the following facilities in place:

\$13m (NZD) Term Loan Facility A – to refinance existing debt. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. Principal payments of \$1.25m are to be made quarterly commencing from December 2020 with the full outstanding balance payable on termination date.

\$18.1m (NZD) Term Loan Facility B – used to refinance existing debt and general corporate purposes. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility full repayment on the termination date.

\$25m Capital Expenditure Facility – to fund growth capital expenditure requirements. The Capital Expenditure Facility has a 36 month term from the March 2020 refinance date, with the facility having a maturity date in March 2023. Drawings can be made on the facility in NZD or USD. The loan is a current liability as it has a roll over feature at the end of each interest period. The interest rate is variable with reference the to base rate (BKBM bid rate for NZD drawings and US LIBOR for USD drawings) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. Interest payments are made on the last day of the determined interest period. In addition, a Commitment Fee of 45% of the per annum margin (1.58%) is payable on the undrawn balance of the facility quarterly in arrears. The full outstanding balance is payable on termination date.

\$5m Overdraft Facilities – for general working capital purposes. This is an on demand facility with the interest rate based on the Market Connect Overdraft Prime Rate plus a margin of 1.5%.

EROAD's operating covenants to support the above facilities include Debt Service Cover Ratio, Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 30 September 2021.

NOTE 12 BORROWINGS (CONTINUED)

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Australia Pty Limited and EROAD Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate) in respect of the obligations of EROAD Limited, and a General Security Agreements granted by EROAD Limited, EROAD Inc and EROAD Australia Pty Limited in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

NOTE 13 RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported at 31 March 2021.

NOTE 14 CAPITAL COMMITMENTS

As at 30 September 2021 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to \$6.8m (31 March 2021: \$5.1m).

NOTE 15 CONTINGENT LIABILITIES

At 30 September 2021 there were no contingent liabilities (31 March 2021: nil).

NOTE 16 NET TANGIBLE ASSETS PER SHARE

GROUP	30 SEPTEMBER 2021	30 SEPTEMBER 2020	31 MARCH 2021
	Unaudited \$000's	Unaudited \$000's	Audited \$000's
Net assets (equity)	182.6	91.8	104.6
Less intangibles	(52.4)	(42.9)	(45.3)
Total net tangible assets	130.2	48.9	59.3
Net tangible assets per share (\$)	1.34	0.62	0.72

The non-GAAP measure above is disclosed to comply with NZX Debt Market Listing Rule 2.3(f).

NOTE 17 EVENTS SUBSEQUENT TO BALANCE DATE

As announced on the NZX and ASX on 14 July 2021, the Group entered into a conditional agreement to acquire all of the shares of Coretex Limited. On 30 July 2021 the Group's shareholders approved the transaction and the Group received approval from regulatory authorities to proceed with the acquisition on 17 November 2021. Management anticipates that the acquisition will be completed on 1 December 2021.



Independent Review Report

To the shareholders of EROAD Limited

Report on the condensed consolidated interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements on pages 17 to 36 do not:

- present fairly in all material respects the Group's financial position as at 30 September 2021 and its financial performance and cash flows for the 6 month period ended on that date; and
- comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated interim financial statements which comprise:

- the condensed consolidated statement of financial position as at 30 September 2021;
- the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of EROAD Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Group in relation to tax compliance, tax due diligence and tax advisory and other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as reviewer of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the condensed consolidated interim financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed consolidated interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these condensed consolidated interim financial statements.

This description forms part of our Independent Review Report.



KPMG
Auckland
26 November 2021

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China Construction Bank
National Australian Bank
Wells Fargo

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EROAD

www.eroadglobal.com/investors



26 November 2021

Results for announcement to the market		
Name of issuer	EROAD Limited	
Reporting Period	6 months to 30 September 2021	
Previous Reporting Period	6 months to 30 September 2020	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$47,987	5%
Total Revenue	\$47,987	5%
Net profit/(loss) from continuing operations	(\$2,863)	-382%
Total net profit/(loss)	(\$2,863)	-382%
Interim/Final Dividend		
Amount per Quoted Equity Security	No dividend declared	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$1.27933612	\$0.52416240 (incl deferred tax as intangible)
A brief explanation of any of the figures above necessary to enable the figures to be understood	For commentary on the result, please refer to the Annual Report for the year ended 31 March 2021.	
Authority for this announcement		
Name of person authorised to make this announcement	Alex Ball	
Contact person for this announcement	Alex Ball	
Contact phone number	+64 29 772 5631	
Contact email address	alex.ball@eroad.com	
Date of release through MAP	26 November 2021	

Audited financial statements for the half year ended 30 September 2021 accompany this announcement.

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