



EROAD (NZX: ERD ASX: ERD) FY23 RECONCILIATION OF GAAP AND NON-GAAP MEASURES

2023

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

- EBITDA is a non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA).

EBITDA		
(\$m)	31-Mar-2023	31-Mar-2022
Total comprehensive loss for the period	(0.3)	(9.9)
Add back:		
Items that are or may be reclassified subsequent to profit or loss	(2.7)	0.3
Income tax benefit	(2.1)	(0.8)
Net financing costs	6.8	3.2
Depreciation of property, plant and equipment	17.2	10.4
Amortisation of intangible assets	17.9	11.0
Amortisation of contract and customer acquisition assets	8.4	6.8
Earnings before interest, taxation, depreciation, and amortisation (EBITDA)	45.2	21.0

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

- Free cash flow is a non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows. For the purposes of this presentation, payments for the acquisition of Coretex have been excluded

Free cash flow

(\$m)	31-Mar-2023	31-Mar-2022, restated
Cash flows from operating activities		
Cash received from customers	165.2	109.4
Payments to suppliers and employees	(128.9)	(92.2)
Payments for contract fulfilment assets	(7.6)	(5.7)
Interest received	0.3	0.1
Interest paid	(4.9)	(2.9)
Income taxes paid	-	(0.1)
Net cash inflow from operating activities	24.1	8.6
Payments for investment in property, plant and equipment	(27.5)	(28.4)
Payments for investment in intangible assets	(28.2)	(24.9)
Payments for investment in costs to obtain contracts	(2.9)	(3.2)
Payments for investment in subsidiary (including contingent consideration), net of cash acquired	(8.5)	(72.4)
Net cash outflow from investing activities	(67.1)	(128.9)
Add back:		
Coretex acquisition payments	8.5	72.4
Free cash flow	(34.5)	(47.9)

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

- Free cash flow to the firm is a non-GAAP measure representing operating cash flow and investing cash flow net of interest paid and received. For the purposes of this presentation, payments for the acquisition of Coretex have been excluded

Free cash flow to the firm

(\$m)	31-Mar-2023	31-Mar-2022, restated
Cash flows from operating activities		
Cash received from customers	165.2	109.4
Payments to suppliers and employees	(128.9)	(92.2)
Payments for contract fulfilment assets	(7.6)	(5.7)
Interest received	0.3	0.1
Interest paid	(4.9)	(2.9)
Income taxes paid	-	(0.1)
Net cash inflow from operating activities	24.1	8.6
Payments for investment in property, plant and equipment	(27.5)	(28.4)
Payments for investment in intangible assets	(28.2)	(24.9)
Payments for investment in costs to obtain contracts	(2.9)	(3.2)
Payments for investment in subsidiary (including contingent consideration), net of cash acquired	(8.5)	(72.4)
Net cash outflow from investing activities	(67.1)	(128.9)
(Deduct) / Add back:		
Interest received	(0.3)	(0.1)
Interest paid	4.9	2.9
Coretex acquisition payments	8.5	72.4
Free cash flow to the firm	(29.9)	(45.1)

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

- FY23 EBIT is normalised for;
 - a one-off acquisition accounting adjustment of \$9.6m relating to the Coretex merger, and
 - non-recurring integration costs of \$3.4m relating to the Coretex merger
- FY22 EBIT is normalised for a
 - one-off acquisition accounting adjustment of \$1.3m relating to the Coretex merger,
 - non-recurring integration costs of \$4.0m relating to the Coretex merger,
 - non-recurring due diligence costs of \$2.0m relating to the Coretex merger, and
 - non-recurring transaction costs of \$1.6m relating to the Coretex merger.

Normalised EBIT

(\$m)	31-Mar-2023	31-Mar-2022
Revenue	174.9	114.9
Operating expenses	(129.7)	(93.9)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	45.2	21.0
Depreciation of property, plant, and equipment	(17.2)	(10.4)
Amortisation of intangible assets	(17.9)	(11.0)
Amortisation of contract and customer acquisition assets	(8.4)	(6.8)
Earnings/(loss) before interest and taxation (EBIT)	1.7	(7.2)
Deduct:		
Acquisition accounting revenue	(9.6)	(1.3)
Add back:		
Integration costs	3.4	4.0
Due diligence costs	-	2.0
Transaction costs	-	1.6
Normalised EBIT	(4.5)	(0.9)

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

- FY23 revenue is normalised for a one-off acquisition accounting adjustment of \$9.6m relating to the Coretex merger.
- FY22 revenue is normalised for a one-off acquisition accounting adjustment of \$1.3m relating to the Coretex merger.

Normalised revenue		
(\$m)	31-Mar-2023	31-Mar-2022
Revenue	174.9	114.9
Deduct:		
Acquisition accounting revenue	(9.6)	(1.3)
Normalised revenue	165.3	113.6

EROAD acknowledges the Indigenous Nations, First Peoples, Tangata Whenua and Custodians of the lands and waterways on which our offices reside in New Zealand, Australia and the United States of America. We express gratitude and appreciation to these peoples for sharing their culture and traditions and stewarding these lands. We recognise and pay respect to their elders, past, present and emerging.

ASX & NZX: ERD
investors@eroad.com | eroadglobal.com/investors



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