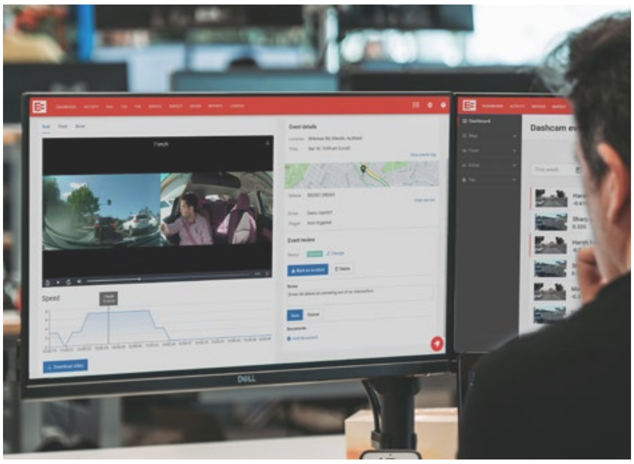
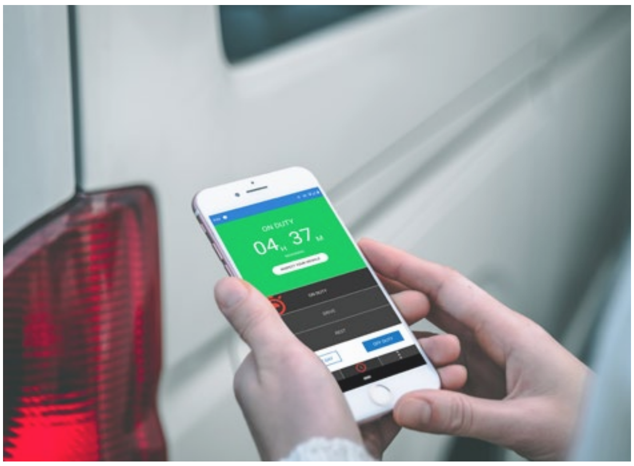
EROAD 2021 INTERIM REPORT





LETTER FROM THE CHAIRMAN AND CEO

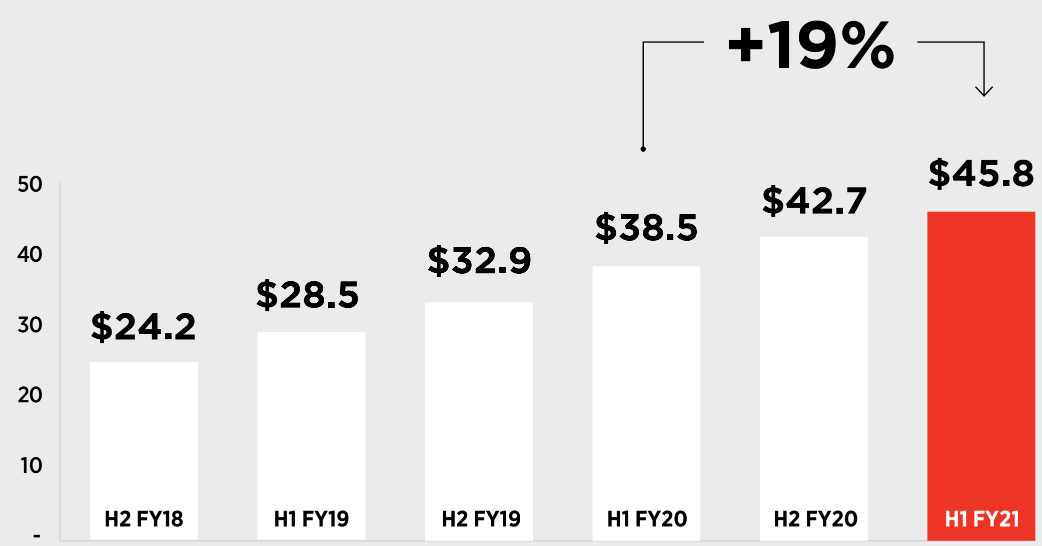
DEAR SHAREHOLDER

We are pleased to report our financial results for the six months ended 30 September 2020 (H1 FY21). During the period, we both grew and operated effectively despite COVID-19 restrictions, and we also accelerated our growth strategies.

We believe that the time to be bold is now. Accordingly, we are increasing investment in our platform and products to capture the significant growth opportunity for EROAD once market uncertainty recedes.

Our customers are looking for innovative telematic solutions to reduce cost and improve efficiency within their businesses and we plan to deliver these.

REVENUE

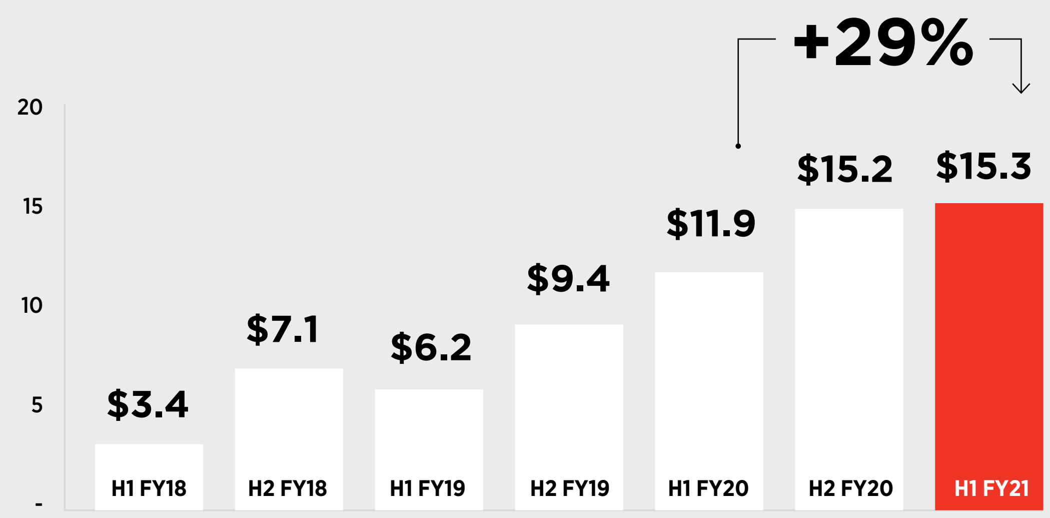


Revenue increased period on period by 19% from $38.5m to $45.8m, reflecting both the growth in contracted units from 108,414 to 122,193 as well as an increase in Average Monthly Revenue per Unit (ARPU) from $57.60 to $58.80. In the same period our asset retention rate remained steady at 95%. Our Annualised Monthly Recurring Revenue metric (AMRR) provides a forward view of revenue. This increased from $84.0m at 31 March 2020 to $84.8m as at 30 September 2020, reflecting the growth in both new units and SaaS Average Revenue per Unit, partly offset by foreign exchange translation impacts.

Operating expenditure increased from $26.6 million to $30.5 million period on period reflecting increased research and development operating expenditure and further ongoing spend on initiatives to deliver longer-term improvements in operating leverage. As a result, EBITDA increased by 29% to $15.3m.

We continue to see substantial and increased future growth opportunities and, for that reason, we accelerated our investment in research and development in this period. In the half year to 30 September 2020, a total of $9.3m was invested in research and development, representing 20% of revenue. Of this amount, $5.1m was capitalised and $4.2m of previously capitalised research and development was expensed and amortised.

EBITDA



New Zealand was the least impacted of our markets by COVID-19 restrictions, and we saw growth rates in this market return to pre COVID-19 levels relatively quickly once restrictions were lifted. New Zealand revenue increased by 13% period on period to $28.9m and EBITDA increased period on period by 14% to $18.5m. Since 31 March 2020 EROAD has added 4,160 units in New Zealand. This growth was driven predominantly from new customers across a range of industries with medium sized fleets, as well as further extension into the fleets of several larger existing customers.

Revenue for North America increased by $4.5m to $16.4m and EBITDA increased period on period from $3.2m to $5.9m.

North America's growth slowed, with EROAD adding only 1,292 units since 31 March 2020, reflecting the challenging macro-economic conditions. The launch of 'EROAD Go' and 'EROAD Clarity Dashcam' are considered critical steps in further expanding the North America addressable market and being able to win more medium and enterprise customers.

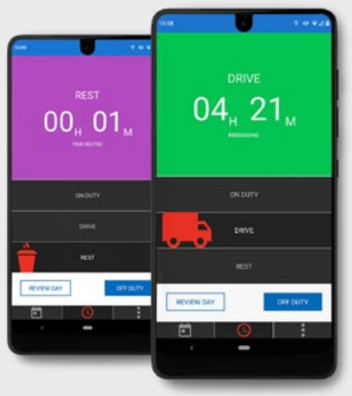
Growth in Australia was also heavily impacted by COVID-19 restrictions, particularly in Melbourne. 253 units were added by EROAD since 31 March 2020. Revenue for the Australian business was $0.8m, compared to H1 FY20 of $0.3m. EBITDA was $(0.4)m, as EROAD continued to invest into this new market to support future growth.

LAUNCHING INNOVATIVE PRODUCTS TO SOLVE OUR CUSTOMERS' PROBLEMS

EROAD believes that further growth in contracted unit numbers and ARPU, as well as retaining customers, will be achieved by continuing to launch innovative products into our markets.

During the period we launched our new 'EROAD Day Logbook' for New Zealand. This simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet. EROAD customers can then use the investigative tools on the web portal to examine the driver's workday, enabling easier compliance and reporting. Since the launch in Q1 FY21, EROAD has sold 1,373 'EROAD Day Logbook' subscriptions by 30 September 2020.

EROAD LOGBOOK VIDEO ▸



#1

EROAD's Electronic Logging Device (ELD) rating improved from #2 to #1 on ELD Ratings.[1]

In September 2020, 'EROAD Go', a mobile workflow application that connects with customers' transport management systems, was launched in North America. This product allows critical data to flow between the driver, dispatch, safety, compliance, accounts and back office, which allows real-time management of logistics, routing between deliverables and monitoring driver safety and compliance. This improves compliance, safety and accountability outcomes for the customer, in addition to improving cash-flow.

The launch of 'EROAD Go', together with the Q3 release of 'EROAD Clarity Dashcam', are considered critical steps in further expanding the North America addressable market and increasing EROAD's ability to win more medium and enterprise customers

EROAD GO VIDEO ▸

EROAD held virtual launch events for its 'EROAD Clarity Dashcam' during October 2020 in New Zealand and Australia. Attendees responsible for fleet management, road safety and asset management logged on to EROAD's interactive technology event and product launch. The 'EROAD Clarity Dashcam', which is fully integrated into EROAD's Ehubo product, is designed to help improve safety, enabling driver coaching and incident prevention and, in cases where an accident has happened, provides proof of facts. We anticipate strong demand for this product as our customers look to improve safety and reduce their insurance premiums by demonstrating their vehicle safety.

The introduction of the 'EROAD Clarity Dashcam' into EROAD's product offering from Q3 FY21 will allow EROAD to grow ARPU and retain customers across all markets.

EROAD CLARITY DASHCAM VIDEO ▸

[1] ELD ratings supplies ratings of 33 of the top tier ELD solution providers out of 313 that supply a solution that is self certified with the FMCSA

BOARD UPDATE

Both Michael Bushby and Candace Kinser retired from the EROAD Board in July this year. We would like to take this opportunity to thank them both for their contribution. As part of our succession planning, we have been fortunate to have Barry Einsig and Susan Paterson join the Board over the last two years. The Board continues to review its composition and skills and will update you all on any changes in due course.

IMPROVING CAPITAL STRUCTURE AND INVESTING FOR GROWTH

In a significant milestone for the company, EROAD was admitted onto the Australian Stock Exchange (ASX) on 16 September as a Foreign Exempt Listing. The Board determined that it was also the appropriate time to raise capital to accelerate the execution of our growth strategies, increase liquidity and to broaden our investor base. We thank EROAD shareholders for their strong support in successfully raising $53 million via the private placement ($42 million) and an oversubscribed share purchase plan ($11 million). These funds will be used to extend and increase the scalability of the platform to focus on winning medium and enterprise customers in North America and Australia, developing integration and data analytics capability further and increase sales and marketing activity.

H2 FY21 AND FY22 OUTLOOK

Looking ahead to the second half of the financial year, EROAD is anticipating a small increase in revenue compared to the first half. EBITDA is anticipated to be similar to the first half's figure (adjusted for one-off items) reflecting the acceleration of product development and increased sales and marketing costs associated with the launches of key products.

For FY22, EROAD anticipates that the percentage revenue growth in FY22 will strengthen, but not be at the level experienced in FY20. In New Zealand, EROAD expects similar growth to the last four years. In North America, EROAD is targeting an increased addressable market through improved product market fit, to deliver increased unit growth. In Australia, growth during the next 2 years will come predominantly from an Enterprise pipeline of 15-20,000 vehicles. As EROAD continues to accelerate new product delivery for future growth in FY23 and FY24, it anticipates spending 24-27% of revenue on R&D during FY22. However, the company anticipates EBITDA margin to be maintained but improving at the end of FY22, to provide further increased EBITDA margin.

Thank you for your continued support of EROAD and we look forward to updating you on our progress in May with the release of our FY21 financial results.

Graham Stuart
Chairman

Steven Newman
Chief Executive Officer

NON-GAAP MEASURES

EROAD has used non-GAAP measures when discussing financial performance in this report. 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, EBITDA margin, Free Cash Flow and Future Contracted Income (FCI). The definitions of these can be found on pages 37 of the H1 FY21 investor presentation.

All numbers relate to the six months ended 30 September 2020 (H1 FY21) and comparisons relate to the six months ended 30 September 2019 (H1 FY20), unless stated otherwise. All dollar amounts are in NZD.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue	2	45.8	38.5
Operating Expenses	3	(30.5)	(26.6)
Earnings before interest, taxation, depreciation and amortisation		**15.3**	**11.9**
Depreciation of Property, Plant and Equipment	8	(4.6)	(4.0)
Amortisation of Intangible Assets	9	(4.8)	(3.6)
Amortisation of Contract and Customer Acquisition Assets		(3.5)	(2.9)
Earnings/(loss) before interest and taxation		**2.4**	**1.4**
Finance income		0.2	-
Finance expense		(1.4)	(1.6)
Net financing costs		**(1.2)**	**(1.6)**
Profit/(Loss) before tax		**1.2**	**(0.2)**
Income tax (expense)/benefit	11	(0.2)	0.1
Profit/(Loss) from continuing operations		**1.0**	**(0.1)**
Profit/(Loss) after tax for the period attributable to the shareholders		**1.0**	**(0.1)**
Items that are or may be reclassified subsequently to profit or loss			
Other comprehensive income		(0.7)	(0.2)
Total comprehensive profit/(loss) for the period		**0.3**	**(0.3)**
Earnings/(Loss) per share - Basic (cents)		1.49	(0.16)
Earnings/(Loss) per share - Diluted (cents)		1.49	(0.16)

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 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
CURRENT ASSETS			
Cash and cash equivalents	7	49.0	3.4
Restricted bank accounts	7	9.2	14.0
Trade and other receivables		9.1	10.7
Contract fulfilment costs		3.1	3.2
Costs to obtain contracts		2.4	2.7
Total Current Assets		**72.8**	**34.0**
NON-CURRENT ASSETS			
Property, plant and equipment	8	34.8	37.4
Intangible assets	9	42.9	42.1
Contract fulfilment costs		2.4	2.7
Costs to obtain contracts		1.7	2.1
Deferred tax assets		7.5	7.5
Total Non-Current Assets		**89.3**	**91.8**
TOTAL ASSETS		**162.1**	**125.8**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AS AT 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
CURRENT LIABILITIES			
Borrowings	12	6.5	2.2
Trade payables and accruals		7.8	8.2
Payables to transport agencies	7	9.2	13.9
Current tax payable		0.4	-
Contract liabilities	10	4.4	3.6
Lease liabilities		1.0	1.0
Employee entitlements		2.3	1.8
Total Current Liabilities		**31.6**	**30.7**
NON-CURRENT LIABILITIES			
Borrowings	12	31.1	33.6
Contract liabilities	10	2.8	4.6
Lease liabilities		4.8	5.3
Deferred tax liabilities		-	0.3
Total Non-Current Liabilities		**38.7**	**43.8**
TOTAL LIABILITIES		**70.3**	**74.5**
NET ASSETS		**91.8**	**51.3**
EQUITY			
Share capital	6	120.7	80.7
Translation reserve		(3.6)	(2.9)
Accumulated losses		(25.3)	(26.5)
TOTAL SHAREHOLDERS' EQUITY		**91.8**	**51.3**

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

Chairman, 26 November 2020

Chair of the Finance, Risk and Audit Committee, 26 November 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	Share Capital Unaudited $M's	Retained Earnings Unaudited $M's	Translation Reserve Unaudited $M's	Total Unaudited $M's
BALANCE AS AT 1 APRIL 2019 (AUDITED)		80.6	(27.7)	(1.7)	51.2
Proft/(Loss) after tax for the period		-	(0.1)	-	(0.1)
Other comprehensive loss		-	-	(0.2)	(0.2)
Total comprehensive loss for the period, net of tax		**-**	**(0.1)**	**(0.2)**	**(0.3)**
Equity settled share-based payments		0.1	0.2	-	0.3
Share capital issued	6	-	-	-	-
Balance at 30 September 2019 (Unaudited)		**80.7**	**(27.6)**	**(1.9)**	**51.2**
BALANCE AS AT 1 APRIL 2020 (AUDITED)		80.7	(26.5)	(2.9)	51.3
Proft/(Loss) after tax for the period		-	1.0	-	1.0
Other comprehensive income		-	-	(0.7)	(0.7)
Total comprehensive Income/(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	40.0	-	-	40.0
Balance at 30 September 2020 (Unaudited)		**120.7**	**(25.3)**	**(3.6)**	**91.8**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Cash flows from operating activities			
Cash received from customers		46.3	37.6
Payments to suppliers and employees		(31.0)	(26.3)
Interest paid		(1.0)	(1.4)
Tax (paid)/received		-	-
Net cash inflow from operating activities		**14.3**	**9.9**
Cash flows from investing activities			
Payments for investment in property, plant & equipment		(1.7)	(6.3)
Payments for investment in intangible assets		(5.7)	(8.3)
Payments for investment in contract fulfilment assets		(1.6)	(1.8)
Payments for investment in customer acquisition assets		(0.7)	(2.1)
Net cash outflow from investing activities		**(9.7)**	**(18.5)**
Cash flows from financing activities			
Receipts from bank loans		1.8	18.3
Repayments of bank loans		-	(15.4)
Cash (outflow)/inflow from lease liability		(0.8)	(0.2)
Receipts from issue of equity		42.0	-
Payments for costs of raising equity		(2.0)	-
Net cash inflow from financing activities		**41.0**	**2.7**
Net increase/(decrease) in cash held		**45.6**	**(5.9)**
Cash at beginning of the financial period		**3.4**	**16.1**
Closing cash and cash equivalents		**49.0**	**10.2**

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 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Proft/(Loss) after tax for the six month period attributable to the shareholders		1.0	(0.1)
Add/(less) non-cash items			
Tax asset recognised		(0.3)	(0.1)
Depreciation and amortisation		12.9	10.5
Other non-cash expenses/(income)		(0.5)	(1.4)
		12.1	**9.0**
Add/(less) movements in other working capital items:			
Decrease/(increase) in trade and other receivables		1.6	(0.9)
Decrease/(increase) in current tax payables		0.4	-
Decrease/(increase) in contract liabilities		(1.0)	0.1
Increase /(decrease) in trade payables, interest payable and accruals		0.2	1.8
		1.2	**1.0**
Net cash from operating activities		**14.3**	**9.9**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

The condensed consolidated financial statements of EROAD Limited (EROAD), together with its subsidiaries (the "Group"), as at and for the six months ended 30 September 2020, have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34: "Interim Financial Reporting" (NZ IAS 34), and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and should be read in conjunction with the financial statements as at and for the year ended 31 March 2020. The Group is a profit oriented entity.

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. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013. The condensed consolidated financial statements comprise EROAD Limited and its subsidiaries (the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

The condensed consolidated financial statements for the Group are for the period ended 30 September 2020. The financial statements were authorised for issue by the directors on 25 November 2020 and are unaudited.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

Statement of compliance with NZ IFRS

The condensed consolidated financial statements comprise the following: condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and accounting policies and notes to the condensed consolidated financial statements contained on pages 11 to 30.

These condensed consolidated financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2020 ('last annual financial statements'). These 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 financial statement.

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 2020 of $49.0 million and bank borrowing facility of $66.0 million of which $27.7m was undrawn after including borrowing cost of $0.7 million. This provides sufficient headroom to help support the business for at least the next 12 months.
- The future contracted income of $140.0 million provides certainty of future revenue; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.

Presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars ($M's).The functional currency of EROAD Limited is New Zealand Dollars (NZD).

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 EROAD was designated an essential service in each of its three markets and remained operational under its communicable illness business continuity plan. 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 2020 (financial statements note 2). EROAD has not identified any material changes in this assessment, except for the following:

Doubtful debts - COVID-19 Provisions
EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers and provided for these based on a risk weighting. The criteria for the risk weightings includes:

- whether the customer is an essential service;
- which industry the customer belongs to, given EROAD's vehicular movement data has been analysed to assess the impact of COVID-19 lockdown by industry to determine the correlated impact on customers' revenue generating activity; and
- EROAD's understanding and experience with the customer.

EROAD has recorded additional estimated credit loss provisions to account for the estimated financial impact of any future defaults.

- Which industry the customer belongs to, and the impact of COVID-19 on that industry (using both payment analysis and the vehicular movement data that has been analysed to gain a view on the impact of COVID-19 on the customers' revenue generating activity);
- EROAD's understanding and experience with the customer; and
- Ensuring EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults.

The Group has recorded the following increase in expected credit loss to account for the impacts of the COVID-19 pandemic on the 30 September 2020 financial results:

Area	Recognition in Statement of Comprehensive Income	Amount ($M)
Doubtful Debts	**Operating Expenses**	**0.9**

Government Grants - COVID-19
On 25 March 2020, the US Government approved Coronavairus Aid, Relief, and Economic Security Act (CARES) to provide assistance to individuals, families and businesses affected by COVID-19. This included provision of loans under the Paycheck Protection Programme which can qualify for forgiveness subject to fulfilment of certain conditions. EROAD received funding under this programme during the reported period and has met the conditions for forgiveness. As a result, as at 30 September 2020, EROAD has recognised government grant revenue of $1.6m

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue from contracts with customers		
Software as a Service (SaaS) revenue	42.1	35.8
Transaction fee revenue	1.3	1.2
Other revenue	0.3	1.1
Other		
Grant revenue	2.1	0.4
Total Revenues	**45.8**	**38.5**

Set out above is the disaggregation of the Group's revenue from contracts with customers. 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	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Software as a Service (SaaS) revenue		
Not later than one year	67.9	62.5
Later than one year not later than five years	72.1	68.4
Total price allocated to remaining performance obligations	**140.0**	**130.9**

The Group reports the Non-GAAP measure, Future Contracted Income, the definition of Future Contracted Income includes 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, 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. There are no variable consideration terms within the contracts.

Refer note 10 for contract liabilities.

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. 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

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

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 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. As a result there is a financing component which the group recognise 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.

Capitalised contract fulfillment costs
The Group capitalises incremental costs of fulfilling customer contracts, typically distribution and installation costs. Contract fulfillment costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

Capitalised contract acquisition costs
The Group has applied a policy of capitalising only costs that are incremental in obtaining contracts with customers, typically sales commissions. Contract acquisition costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

NOTE 3 EXPENSES

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Personnel expenses - net of capitalised employee remuneration	5	15.3	13.0
Administrative and other operating expenses		9.8	9.4
SaaS platform costs		5.0	4.0
Directors fees		0.2	0.2
Assurance services - KPMG		0.1	-
Tax compliance and advisory services - KPMG		0.1	-
Total operating expenses		**30.5**	**26.6**

During the six months the costs expensed for Research and Development was $4.2m (30 September 2019: $3.2m).

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

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 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's
Revenue								
Software as a Service (SaaS) revenue	0.3	-	13.9	11.3	27.4	24.2	0.5	0.3
Transaction fee revenue	-	-	-	-	1.3	1.2	-	-
Other revenue [1]	11.1	8.8	2.5	0.6	0.2	0.2	0.3	-
	11.4	**8.8**	**16.4**	**11.9**	**28.9**	**25.6**	**0.8**	**0.3**
Earnings Before Interest, Taxation, Depreciation & Amortisation	(8.9)	(6.7)	5.9	3.2	18.5	16.2	(0.4)	(0.8)
Depreciation of Property, Plant & Equipment	(0.6)	(0.5)	(2.2)	(1.9)	(2.4)	(2.3)	-	-
Amortisation of Intangible Assets	(4.8)	(3.6)	-	-	-	-	-	-
Amortisation of Contract and Customer Acquisition Assets	-	-	(1.0)	(0.8)	(2.4)	(2.1)	(0.1)	-

[1] Revenue from Corporate & Development Markets includes R&D Grant Income of $0.5m (30 September 2019: $0.4m).

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue		
Total revenue for reportable segments	57.5	46.6
Elimination of inter-segment revenue	(11.7)	(8.1)
Consolidated Revenue	**45.8**	**38.5**
EBITDA		
Total EBITDA for reportable segments	15.1	11.9
Elimination of inter-segment EBITDA	0.2	-
Consolidated EBITDA	**15.3**	**11.9**
Depreciation		
Total depreciation for reportable segments	(5.2)	(4.7)
Elimination of inter-segment profit	0.6	0.7
Consolidated Depreciation	**(4.6)**	**(4.0)**

Geographic information
The geographic information below analyses the Group's revenue 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.

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue		
New Zealand	29.5	26.3
All foreign countries:		
USA	15.8	11.9
Australia	0.5	0.3
Total revenue	**45.8**	**38.5**

	Corporate & Development		North America		New Zealand		Australia	
	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's
Total assets	**100.5**	**79.2**	**26.1**	**23.5**	**37.2**	**42.3**	**2.7**	**2.7**

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Total assets		
Total assets for reportable segments	166.5	147.7
Elimination of inter-segment balances	(4.4)	(21.9)
Consolidated Total Assets	**162.1**	**125.8**

Allocation of Development Assets
Included within Total Assets are Development Assets of $34.0m as at 30 September 2020 (31 March 2020: $32.7m) which for the purpose of the segment note have been allocated to the Corporate & Development Market based on the ownership of intellectual property. The amortisation for these assets are also presented in the Corporate & Development segment. For impairment testing purposes management allocate the Development Assets to the cash generating units (CGUs) based on the specific CGU that the Development Asset relates to, or if the Development Asset is developed for use globally across all CGU's, the asset is allocated to CGU's based on the proportionate share of the Group's Contracted Units. At 30 September 2020 there was $24.4m (31 March 2020: $22.4m) of global Development Assets that have been allocated across CGU's based on the Contracted Units. The allocation of the Development Asset to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
North America	13.7	14.0
New Zealand	18.6	17.2
Australia	1.6	1.5
	33.9	**32.7**

Geographic information
The geographic information below analyses the Group's non-current assets by the Company's country of domicile and other countries. In presenting the following information segment assets were based on the geographic location of the assets.

	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Non-current assets		
New Zealand	68.0	66.3
All foreign countries:		
USA	13.3	17.2
Australia	0.7	0.9
Total non-current assets	**82.0**	**84.4**

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

NOTE 5 PERSONNEL EXPENSES

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019
	Unaudited $M's	Unaudited $M's
Salaries and wages - excluding capitalised commission costs	16.6	14.7
Annual leave	0.6	0.3
Performance bonus	0.5	0.4
Share-based payments	0.2	0.3
Salaries and wages capitalised to Development and Software Assets	(2.6)	(2.7)
	15.3	**13.0**

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 2020 (AUDITED)	**68,278,772**		**80.7**
Shares issued to employees	22,848	3.73	0.1
Shares issued in September 2020 equity placement	10,769,231	3.90	42.0
Costs of raising capital	-		(2.1)
AT 30 SEPTEMBER 2020 (UNAUDITED)	**79,070,851**		**120.7**

On 22 September 2020 EROAD issued an additional 10,769,231 shares at a price of $3.90 each.

At 30 September 2020 there was 79,070,851 authorised and issued ordinary shares (31 March 2020: 68,278,772). 900,690 (31 March 2019: 906,783) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

The calculation of both basic and diluted loss per share at 30 September 2020 was based on the profit/(loss) attributable to ordinary shareholders of $1.0m (30 September 2019: ($106)). The weighted number of ordinary shares on 30 September 2020 was 67,888,360 (30 September 2019: 67,318,877) for basic earnings per share and 68,158,834 for diluted earnings per share (30 Septemner 2019: 68,069,248).

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.
- *Accumulated losses* - 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 2020	31 MARCH 2020
	Unaudited $M's	Audited $M's
Cash and cash equivalents	49.0	3.4
Restricted bank accounts	9.2	14.0
	58.2	**17.4**

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. At 30 September 2020 the amount payable to transport agencies was $9.2m (31 March 2020: $13.9m).

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 2020 (AUDITED)								
Opening net book amount	6.0	25.0	0.2	1.7	0.4	0.3	0.3	33.9
Additions	-	10.8	0.1	0.3	0.1	0.1	0.2	11.6
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(1.0)	(6.7)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	(8.6)
Depreciation recovered	-	0.7	-	-	-	-	-	0.7
Effect of movement in exchange rates	0.1	(0.3)	-	-	-	-	-	(0.2)
Closing net book amount	**5.1**	**29.5**	**0.2**	**1.7**	**0.3**	**0.3**	**0.3**	**37.4**
Cost	7.1	51.2	0.7	2.9	1.1	1.2	3.1	67.3
Accumulated depreciation	(2.0)	(21.7)	(0.5)	(1.2)	(0.8)	(0.9)	(2.8)	(29.9)
Net book amount	**5.1**	**29.5**	**0.2**	**1.7**	**0.3**	**0.3**	**0.3**	**37.4**

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 2020 (UNAUDITED)								
Opening net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4
Additions	-	1.5	0.1	-	-	-	0.1	1.7
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(0.5)	(3.7)	-	(0.2)	-	(0.1)	(0.1)	(4.6)
Depreciation recovered	-	1.1	-	-	-	-	-	1.1
Effect of movement in exchange rates	-	(0.7)	-	(0.1)	-	-	-	(0.8)
Closing net book amount	**4.6**	**27.7**	**0.3**	**1.4**	**0.3**	**0.2**	**0.3**	**34.8**
Cost	6.9	52.1	0.8	2.7	1.1	1.2	3.1	67.9
Accumulated depreciation	(2.3)	(24.4)	(0.5)	(1.3)	(0.8)	(1.0)	(2.8)	(33.1)
Net book amount	**4.6**	**27.7**	**0.3**	**1.4**	**0.3**	**0.2**	**0.3**	**34.8**

Included in the Hardware Assets is equipment under construction of $8.3m (31 March 2020: $8.6m).

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.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

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:

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

The above rates reflect the estimated useful lives of the respected categories. 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 2020 (AUDITED)			
Opening net book amount	29.8	3.3	33.1
Additions	9.6	6.9	16.5
Disposals	-	-	-
Amortisation charge	(6.7)	(0.8)	(7.5)
Closing net book amount	**32.7**	**9.4**	**42.1**
Cost	55.9	13.9	69.8
Accumulated amortisation	(23.2)	(4.5)	(27.7)
Net book amount	**32.7**	**9.4**	**42.1**

GROUP	Development $M's	Software $M's	Total $M's
SIX MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)			
Opening net book amount	32.7	9.4	42.1
Additions	5.1	0.5	5.6
Disposals	-	-	-
Amortisation charge	(3.8)	(1.0)	(4.8)
Closing net book amount	**34.0**	**8.9**	**42.9**
Cost	61.1	14.3	75.4
Accumulated amortisation	(27.1)	(5.4)	(32.5)
Net book amount	**34.0**	**8.9**	**42.9**

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 sell of the assets 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 is 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 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Opening balance	8.2	10.0
Amounts deferred/(repaid) during the period	2.0	4.5
Amount recognised in the statement of comprehensive income	(3.0)	(6.3)
	7.2	**8.2**
Current	4.4	3.6
Non-current	2.8	4.6

NOTE 11 INCOME TAX EXPENSE

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019
	Unaudited $M's	Unaudited $M's
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**1.2**	**(0.2)**
Income tax using the Company's domestic tax rate of 28%	0.3	(0.1)
Reduction in tax rate	-	-
Non-deductible expense	(0.1)	-
Temporary differences		
Losses and timing differences not recognised	-	-
Effect of different tax rates	-	-
Income tax expense/(benefit)	**0.2**	**(0.1)**
(b) Current tax expense/(benefit)		
Current year	0.4	-
	0.4	**-**
(c) Deferred tax expense/(benefit)		
Current year	(0.2)	(0.1)
	(0.2)	**(0.1)**

At 30 September 2020 there were no imputation credits available to shareholders (30 September 2019: 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 2020	31 MARCH 2020
	Unaudited $M's	Audited $M's
Current borrowings		
Term Loans	5.2	2.5
Capex Facilities	2.0	-
Capitalised borrowing costs	(0.7)	(0.3)
	6.5	**2.2**
Non-current borrowings		
Term Loans	31.1	33.6
Capex Facilities	-	-
	31.1	**33.6**

Terms and debt repayment schedule

GROUP			30 SEPT 2020	30 SEPT 2020	31 MARCH 2020	31 MARCH 2020
	Nominal Interest	Year of Maturity	Unaudited Face Value $M's	Unaudited Carrying amount $M's	Audited Face Value $M's	Audited Carrying amount $M's
Term Loans	3.86%	2023	36.3	36.3	36.1	36.1
Capex Facilities	3.84%	2020	2.0	2.0	-	-
Capitalised borrowing costs	0.00%	2020	-	(0.7)	-	(0.3)
			38.3	**37.6**	**36.1**	**35.8**

On 26 March 2020, in order to support funding requirements in connection with the Group's growth and to manage the related working capital requirements, the Company entered into a new syndicated three-year debt facility with the Bank of New Zealand (BNZ) and China Construction Bank (CCB). On 2 September 2020, to provide further diversity Kiwibank joined the syndicate increasing the total available facility. At 30 September 2020, EROAD had the following facilities in place:

$18.0M (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.

$25.0M 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 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.

NOTE 12 BORROWINGS *(CONTINUED)*

$5.0M 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 2020.

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).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 13 RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported at 31 March 2020.

NOTE 14 CAPITAL COMMITMENTS

As at 30 September 2020 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to $0.6m (31 March 2020: $1.2m).

NOTE 15 CONTINGENT LIABILITIES

At 30 September 2020, EROAD has no contingent liabilities. At 31 March 2020 EROAD had applied to a tax department before balance date to retroactively amend rules applied to potential liabilities. EROAD has subsequently received a decision and recognised an accrual for the estimated cost.

NOTE 16 NET TANGIBLE ASSETS PER SHARE

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019	31 MARCH 2020
	Unaudited $000's	Unaudited $000's	Audited $000's
Net assets (equity)	91.8	51.3	51.3
Less intangibles	**(42.9)**	**37.8**	**(42.1)**
Total net tangible assets	48.9	13.5	9.2
Net tangible assets per share ($)	**0.62**	**0.20**	**0.13**

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

On the 9th of October 2020 EROAD issued 2,820,489 shares under a share purchase plan announced on NZX on 17th September 2020 with an issue price of $3.90 (31 March 2020: Nil except as disclosed in note 2 (g) of the annual report related to impacts of Covid-19).

KPMG

Independent Review Report

To the shareholders of EROAD Limited

Report on the condensed consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements on pages 11 to 30 do not:

i. present fairly in all material respects the Group's financial position as at 30 September 2020 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

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

— the condensed consolidated statement of financial position as at 30 September 2020;

— 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 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 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 financial statements

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

- the preparation and fair presentation of the condensed consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of a condensed consolidated 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 financial statements

Our responsibility is to express a conclusion on the condensed 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 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 financial statements.

This description forms part of our Independent Review Report.

KPMG

KPMG
Auckland

26 November 2020

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DIRECTORY

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MANAGING YOUR SHAREHOLDING ONLINE

Changes in address and investment portfolios can be viewed and updated online: www.computershare.co.nz/investorcentre.

You will need your CSN and FIN numbers to access this service.

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