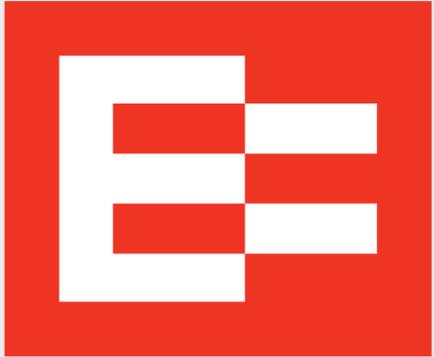


**EROAD**

# FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2020 (H1 FY21)



## IMPORTANT INFORMATION

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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 are not subject to audit or review. Definitions can be found in the Glossary on page 37 of this presentation.



# AGENDA

**HIGHLIGHTS**

**4-5**

**OPERATING  
UPDATE**

**6-11**

**FINANCIAL  
UPDATE**

**12-24**

**GROWTH  
OPPORTUNITIES**

**25-33**

**H2 FY21 AND  
FY22 OUTLOOK**

**34**

**CONTINUE  
TO GROW  
DESPITE  
DIFFICULT  
MACRO-  
ECONOMIC  
CONDITIONS**

**↑ 19 %**  
**IN REVENUE**

reflecting continued growth in units  
and ARPU

(H1 FY21: \$45.8m • H1 FY20: \$38.5m)

**↑ \$ 3.4 m**  
**EBITDA**

which includes a non-recurring  
items (+\$0.8m) and COVID-19  
debtor provision (-\$0.9m)

(H1 FY21: \$15.3m • H1 FY20: \$11.9m)

**↑ \$ 3.9 m**  
**OPERATING  
EXPENDITURE**

reflecting accelerated R&D and  
spend-to-save initiatives

(H1 FY21: \$30.5m • H1 FY20: 26.6m)

**\$ 1.2 m**

**PROFIT BEFORE TAX**

reflecting growth in EBITDA  
and increased depreciation  
and amortisation

(H1 FY20: Loss of \$0.2m)

**\$ 9.3 m**

**SPENT ON R&D**

representing 20% of revenue

(H1 FY20: \$8.2m)

**\$ 84.8 m**

**AMRR**

reflecting unit sales, FX impacts and  
timing of renewals

(H2 FY20: \$84.0m H1 FY20: \$75.8m)

# ACCELERATING GROWTH STRATEGIES

↑ **13%**

## CONTRACTED UNIT GROWTH

on H1 FY20 and 5% growth since  
year-end, despite COVID-19  
operating restrictions

**95.3%**

## ASSET RETENTION RATE

reflecting quality of service  
and product offering

(H2 FY20: 95.2% H1 FY20: 94.9%)

**\$ 58.80**

## MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)

with customers subscribing  
to additional SaaS services  
and FX impacts

(H1 FY20: \$57.60)

**5**

## KEY RELEASES OF SAAS PRODUCTS

adding to our customer  
value proposition

**\$ 53<sup>m</sup><sup>1</sup>**

## CAPITAL RAISED TO ACCELERATE GROWTH STRATEGIES

**ASX**

## LISTED ON 16 SEPTEMBER

to increase liquidity and broaden  
investor base

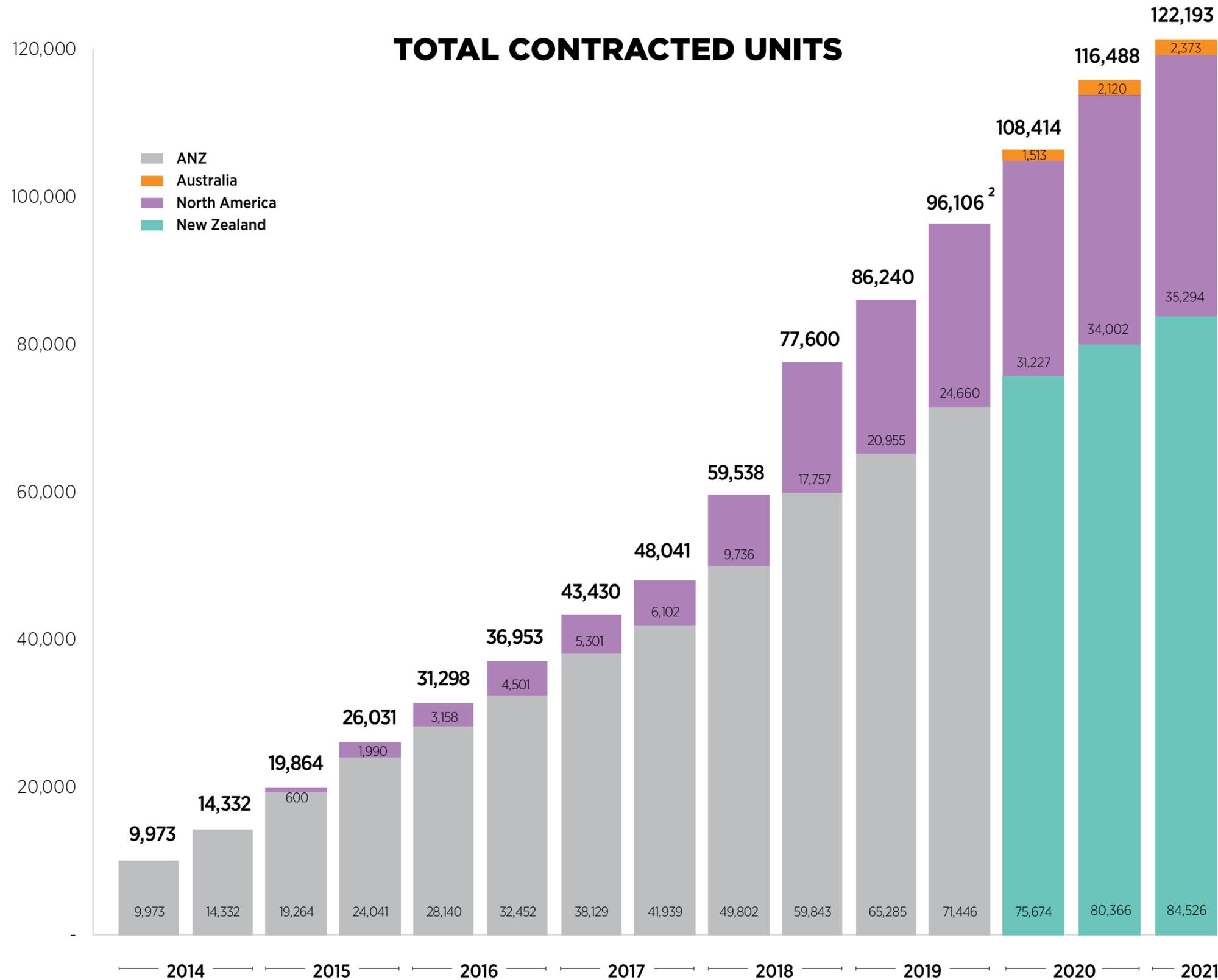
<sup>1</sup> \$40m raised (net of \$2m transaction costs) via placement. A further \$11m was raised via share purchase plan which completed after period end.

# OPERATIONAL UPDATE

**Steven Newman**  
Chief Executive Officer



## TOTAL CONTRACTED UNITS

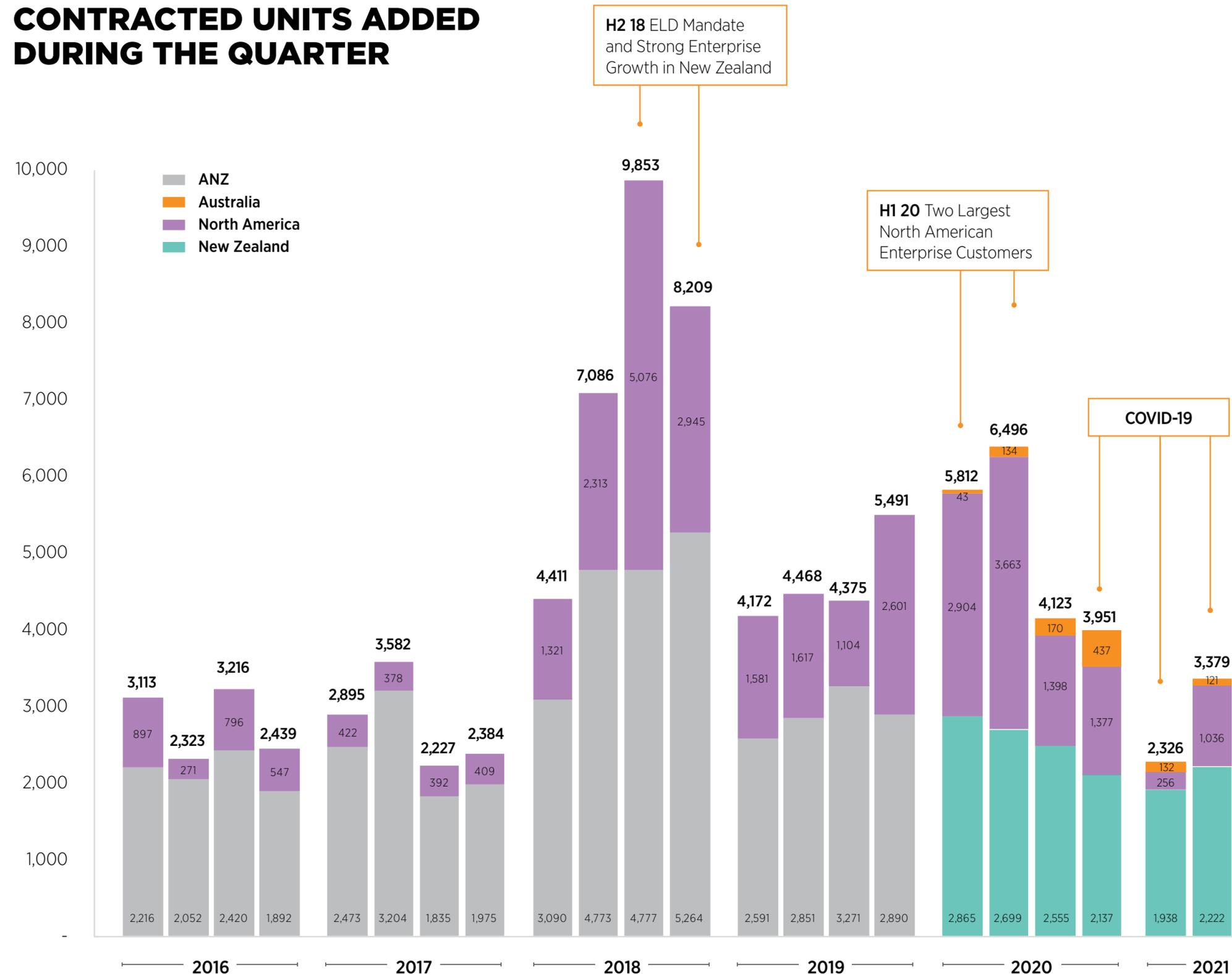


## 5% GROWTH SINCE FY2020, DESPITE COVID-19

- Contracted units continued to grow
- However, slower growth rates across all markets, reflecting longer sales lead times
- Continue to progress strong pipeline of Enterprise opportunities in Australia and North America

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

## CONTRACTED UNITS ADDED DURING THE QUARTER



## H1 GROWTH IMPACTED BY COVID-19

- Growth in New Zealand quickly returned close to pre COVID-19 levels once operating restrictions lifted
- Growth in North America significantly impacted by COVID-19 in Q1. New product launches will help improve SMB run-rates and Enterprise opportunities
- Growth in Australia significantly impacted by COVID-19 trading conditions and specifically for Victoria due to state-wide lockdown

# NEW ZEALAND REMAINS A SIGNIFICANT GROWTH OPPORTUNITY

↑ 5%

**GROWTH IN UNITS  
SINCE H2 FY20**

(H1 FY21: 84,526 H2 FY20: 80,366)

95.7%

**ASSET  
RETENTION RATE**

(H1 FY20: 95.2%)

\$ 55.36

**NZ MONTHLY  
SAAS ARPU**

(H1 FY20: \$54.15)

\$ 18.5<sub>m</sub>

**EBITDA**

(H1 FY20: \$16.2m)

## CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- Initial lockdown sales limited to essential services. Run-rates returned close to normal following removal of restrictions. Regional lockdown in August slightly tempered recovery
- Increase in aged debtors leading to increased doubtful debtor provisioning

## CONTINUED EXECUTION OF STRATEGY

- Asset Retention Rate of 95.7%
- Renewed 4,142 contracted units. 1,300 of these were Ehubo1, of which 31% upgraded to Ehubo2
- Increased contracted units by 4,160, of which 30% were new customers across a range of industries
- Launched 'EROAD Day Logbook' in Q1 FY21. Strong take-up with 1,373 subscriptions sold by 30 September 2020<sup>3</sup>
- Continued progress in broadening range of customers' assets traced with 3,200 EROAD Where tags sold in H1 FY21

## GROWTH OPPORTUNITY

- Going forward expect similar growth to the last 4 years (added 9,000+ connected vehicles p.a)

<sup>3</sup> Restated from 1,070 as previously disclosed in the Q2 Operational Update on 28 October 2020

# NORTH AMERICA IS NOW AN ESTABLISHED MARKET

↑ 4%

**GROWTH IN UNITS  
SINCE H2 FY20**

(H1 FY21: 35,294 H2 FY20: 34,002)

94.3%

**ASSET  
RETENTION RATE**

(H1 FY20: 94.2%)

\$ 67.30

**NZ MONTHLY  
SAAS ARPU<sup>5</sup>**

(H1 FY20: \$64.87)

\$ 5.9<sub>m</sub>

**EBITDA**

(H1 FY20: \$3.2m)

## CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- COVID-19 restrictions for the whole of H1 FY21
- Initially growth reduced very significantly. Growth run-rates now back toward pre COVID levels as remote selling capability has increased and customers have become used to purchasing remotely
- Increase in aged debtors leading to increased doubtful debtor provisioning

## CONTINUED EXECUTION OF STRATEGY

- Added 236 contracted units in Q1 FY21 and 1,026 units in Q2 FY21
- ELD rating improved from #2 to #1 /33 on ELD Ratings<sup>4</sup>
- Launched 'EROAD Go' and 'EROAD Go+' workflow logistics management late September

## GROWTH OPPORTUNITY

- Targeting ~2.62 million vehicles. Launch of our 'EROAD Go' and 'EROAD Clarity Dashcam' will increase addressable market

<sup>4</sup> 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

<sup>5</sup> Weaker USD v NZD contributed - \$1.61 of the increase from H1 FY20

## BUILDING THE BRAND IN AUSTRALIA

253

UNITS SINCE H2 FY20

(H1 FY21: 2,373 H2 FY20: 2,120)

\$(0.4)<sub>m</sub>

EBITDA

(H1 FY20: \$(0.8)m)

15-20<sub>k</sub>

SHORT-MEDIUM TERM  
ENTERPRISE PIPELINE

300

NZ CUSTOMERS HAVE  
TRANS-TASMAN  
FLEETS FOR EROAD  
TO TARGET

### CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- COVID-19 restrictions in place in some states for most of H1 FY21
- Growth has continued but at low levels that have not seen significant improvement on FY20 monthly run-rate
- Growth was further impacted by severe lockdown in Victoria for Q2 FY21

### CONTINUED EXECUTION OF STRATEGY

- During H1 FY20 only added 253 units
- Had expected some contracts finalised by year-end, now delayed due to COVID-19
- Will continue to invest in Enterprise marketing and sales team over the next 12 months

### GROWTH OPPORTUNITY

- Expect a significant proportion of our ~300 Trans-Tasman fleets to convert their Australia side of the fleet
- Short-medium term enterprise pipeline of some 15-20k connected vehicles

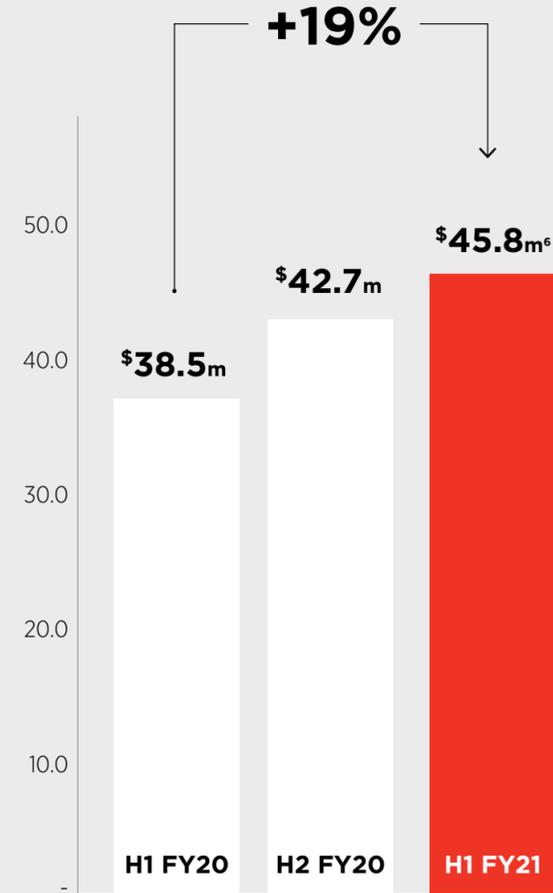
# FINANCIAL UPDATE

Alex Ball

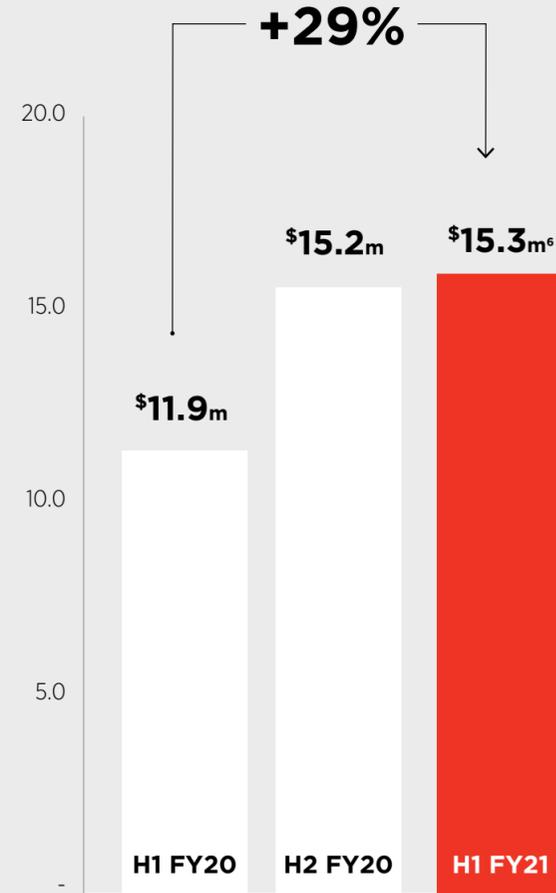
Chief Financial Officer



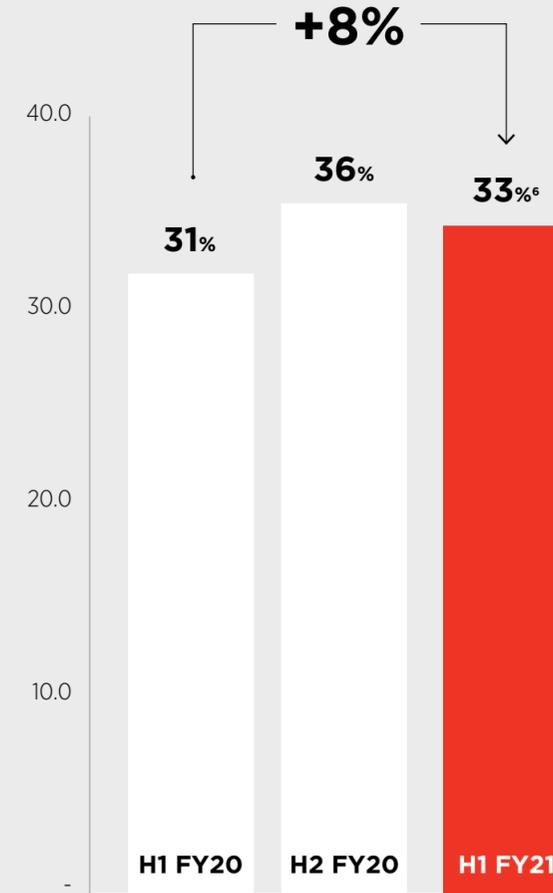
## REVENUE



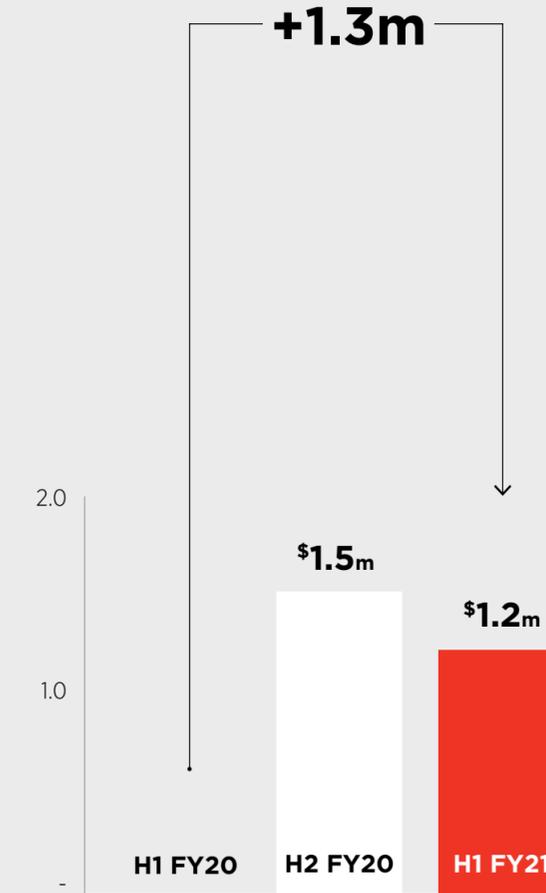
## EBITDA



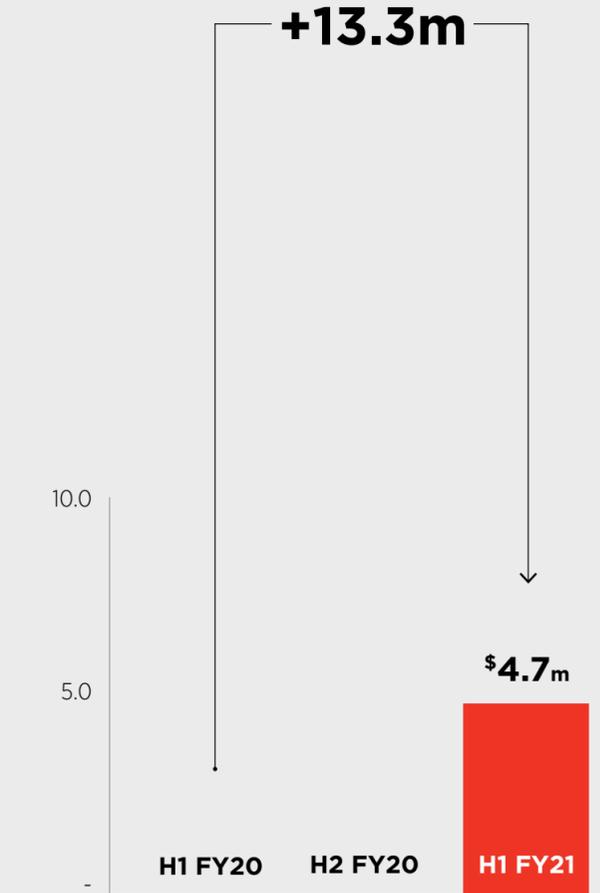
## EBITDA MARGIN



## PROFIT/(LOSS) BEFORE TAX



## FREE CASH FLOWS



# EROAD DELIVERS GROWTH IN CHALLENGING MACRO-ECONOMIC CONDITIONS

<sup>6</sup> Includes one-off non-recurring items as outlined in detail on slide 14

# STATEMENT OF INCOME (NZ\$m)

YEAR ENDED	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
Revenue	45.8	42.7	38.5	7.3
Expenses	(30.5)	(27.5)	(26.6)	(3.9)
<b>Earnings before interest, taxation, depreciation and amortisation</b>	<b>15.3</b>	<b>15.2</b>	<b>11.9</b>	<b>3.4</b>
Depreciation of Property, Plant & Equipment	(4.6)	(4.6)	(4.0)	(0.6)
Amortisation of Intangible Assets	(4.8)	(3.9)	(3.6)	(1.2)
Amortisation of Contract and Customer Acquisition Assets	(3.5)	(3.6)	(2.9)	(0.6)
<b>Earnings before interest and taxation</b>	<b>2.4</b>	<b>3.1</b>	<b>1.4</b>	<b>1.0</b>
<b>Net Financing Costs</b>	<b>(1.2)</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>0.4</b>
<b>Profit/(loss) before tax</b>	<b>1.2</b>	<b>1.5</b>	<b>(0.2)</b>	<b>1.2</b>
Income tax (expense) benefit	(0.2)	(0.5)	0.1	(0.2)
<b>Profit/(loss) after tax for the year attributable to the shareholders</b>	<b>1.0</b>	<b>1.1</b>	<b>(0.1)</b>	<b>1.2</b>
Other comprehensive income	(0.7)	(1.1)	(0.2)	(0.5)
<b>Total comprehensive income/(loss) for the year</b>	<b>0.3</b>	<b>-</b>	<b>(0.3)</b>	<b>0.6</b>

- Revenue increased 19% on H1FY20 to \$45.8m, reflecting growth in contracted units and ARPU. Revenue in H1 FY21 also benefited from the forgiveness of a COVID-19 government support loan in North America of \$USD1.0m (NZD revenue increase of \$1.6m).
- Operating expenditure increased by \$3.9 million reflecting accelerated R&D operating expenditure and ongoing spend on company-wide initiatives to deliver further longer-term improvements in operating leverage.
- Operating expenditure also included a non-recurring increase in the doubtful debt provision of \$0.9m, relating to the impact of COVID-19, and a one-off adjustment for superannuation costs in North America of \$0.8m.
- Profit before tax was \$1.2m (H1 FY20: \$(0.2)m). The increase in EBITDA was partly offset by an increase in depreciation and amortisation charge of \$2.4m, reflecting our growing customer base (and related assets), the increase in our R&D programme and significant investment in new generation and business systems during FY20.

# EBITDA FLAT ON H2 FY20 DESPITE ACCELERATING GROWTH STRATEGIES

(\$m)	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
New Zealand	18.5	18.7	16.2	2.3
Australia	(0.4)	(0.5)	(0.8)	0.4
North America	5.9	4.3	3.2	2.7
Corporate & Development	(8.9)	(7.3)	(6.7)	(2.2)
<b>Elimination of inter-segment EBITDA</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EBITDA</b>	<b>15.3</b>	<b>15.2</b>	<b>11.9</b>	<b>3.4</b>
<b>EBITDA Margin</b>	<b>33%</b>	<b>36%</b>	<b>31%</b>	<b>8%</b>

## NEW ZEALAND

Continued growth into existing customer fleets, attracting new customers and high asset retention resulted in a 14% increase in EBITDA on H1 FY20 for the NZ business to \$18.5m.

## NORTH AMERICA

The North American EBITDA result of \$5.9m is 84% ahead of the same time last year (H1 FY20 \$3.2m) as a result of ongoing market growth and recognition of the government loan forgiveness as grant income. (\$1.6m). Excluding the grant EBITDA grew 34% on H1 FY20.

## AUSTRALIA

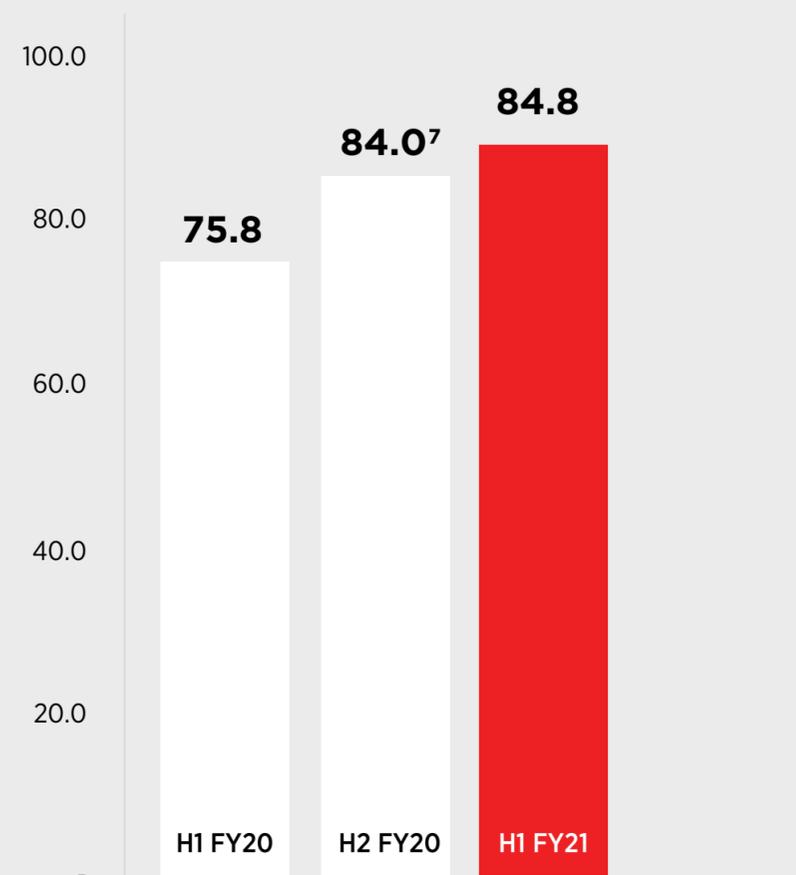
Continuing revenue growth (up 51% from H1 FY20) and reduced spending as a result of COVID-19 (for example less marketing investment) has produced the EBITDA result of \$(0.4)m.

## CORPORATE

The Corporate segment's EBITDA was \$(8.9)m from \$(6.7)m in H1 FY20 reflecting the combination of continuing accelerated investment in R&D activities.

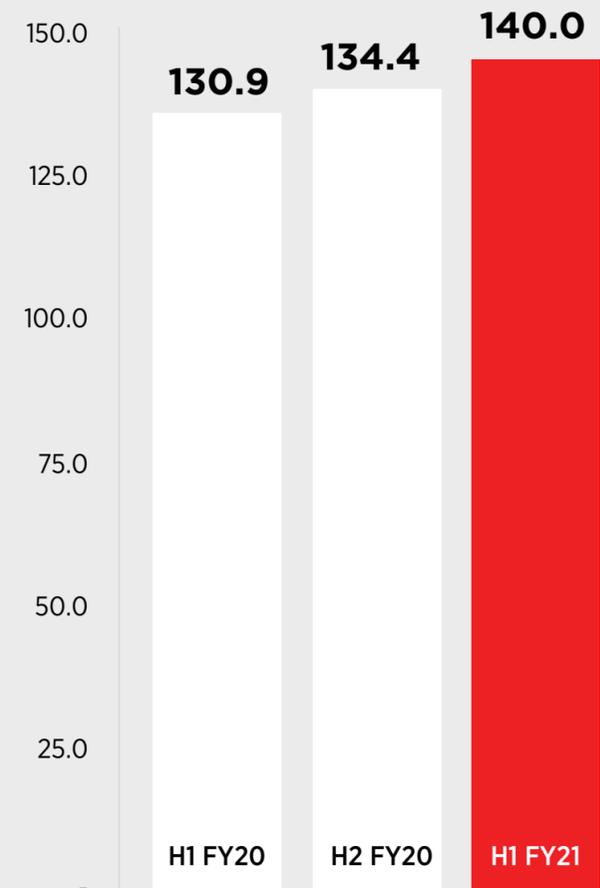
# MONITORING PERFORMANCE LEADING GROWTH INDICATORS

## ANNUALISED MONTHLY RECURRING REVENUE (\$m)



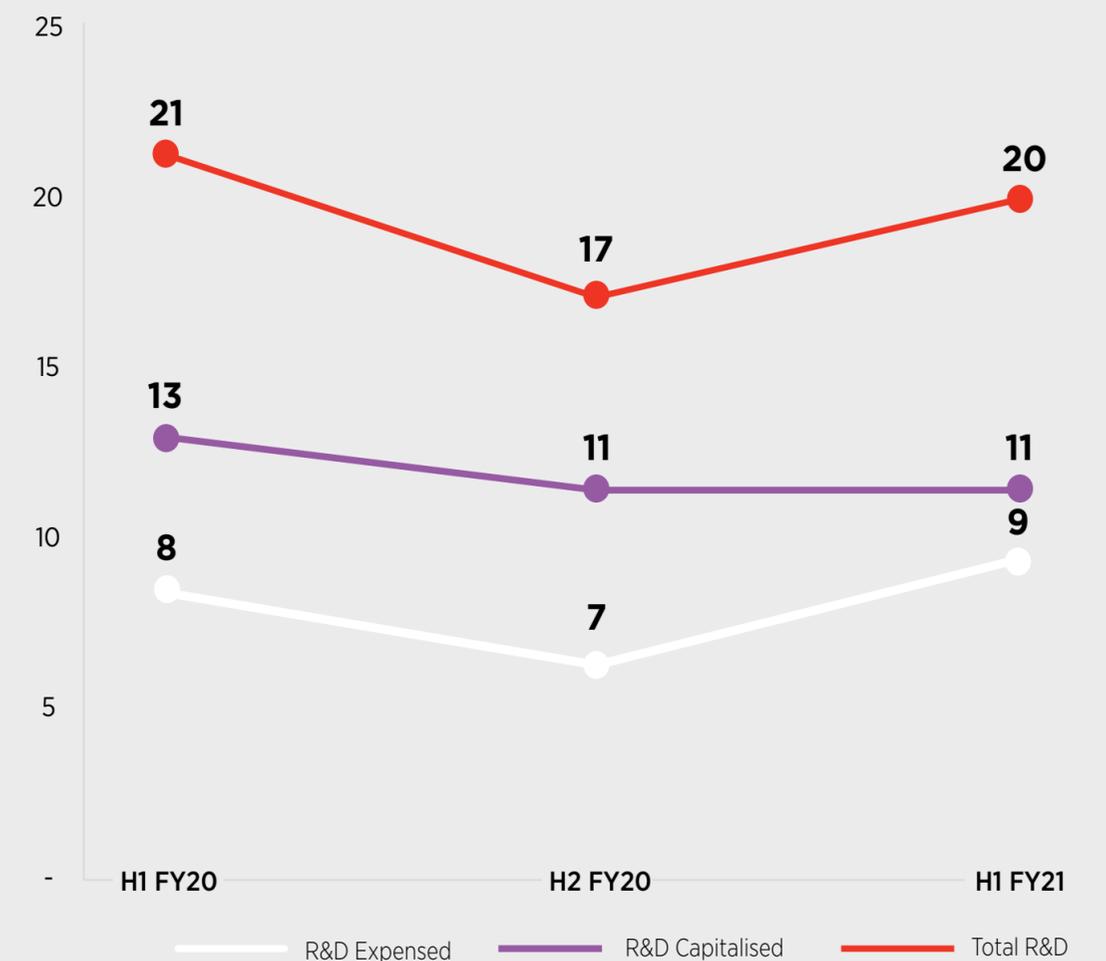
**AMRR** increase reflects growth in recurring revenues from new units and SaaS ARPU, partly offset by an FX impact of \$2.8m in H1 FY21.

## FUTURE CONTRACTED INCOME (\$m)



**FCI** increased with new incremental contracted units added and renewals, partially offset by recognition of revenues for new and existing contracts.

## RESEARCH AND DEVELOPMENT AS % OF REVENUE



**R&D as % of Revenue** has been in the range of 18-22% in recent years. For the next two years expect to spend 24-27% as investment for growth accelerates.

<sup>7</sup> Restated by \$2m from \$86m due to SaaS revenue washup of \$0.17 included in full in March which related in part to earlier periods

# MONITORING PERFORMANCE ENTERPRISE VALUE FROM EXISTING CUSTOMER BASE

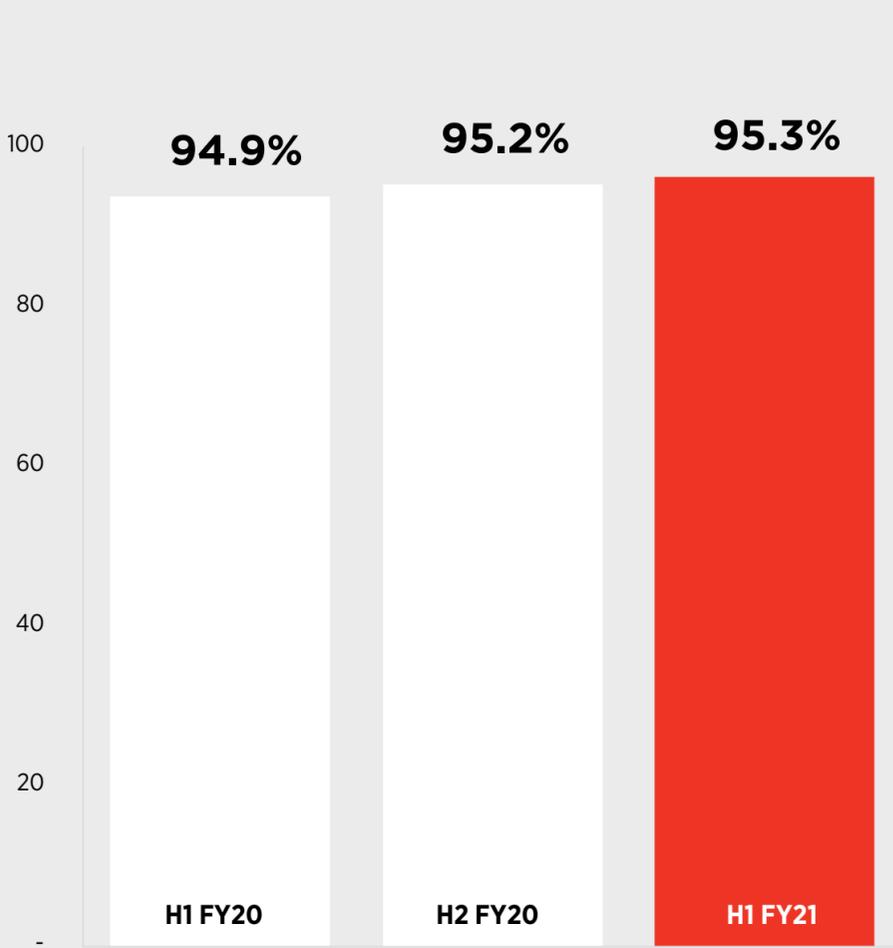
## ARPU



Monthly SaaS ARPU has been trending upwards over past 12 months.

- Plan and hardware upgrades
- Above average pricing for new sales, including NA enterprise accounts
- Weaker USD vs NZD contributed 0.46 of the growth from H1 FY20
- Stronger USD vs NZD reduced ARPU growth (0.07) from H2 FY20

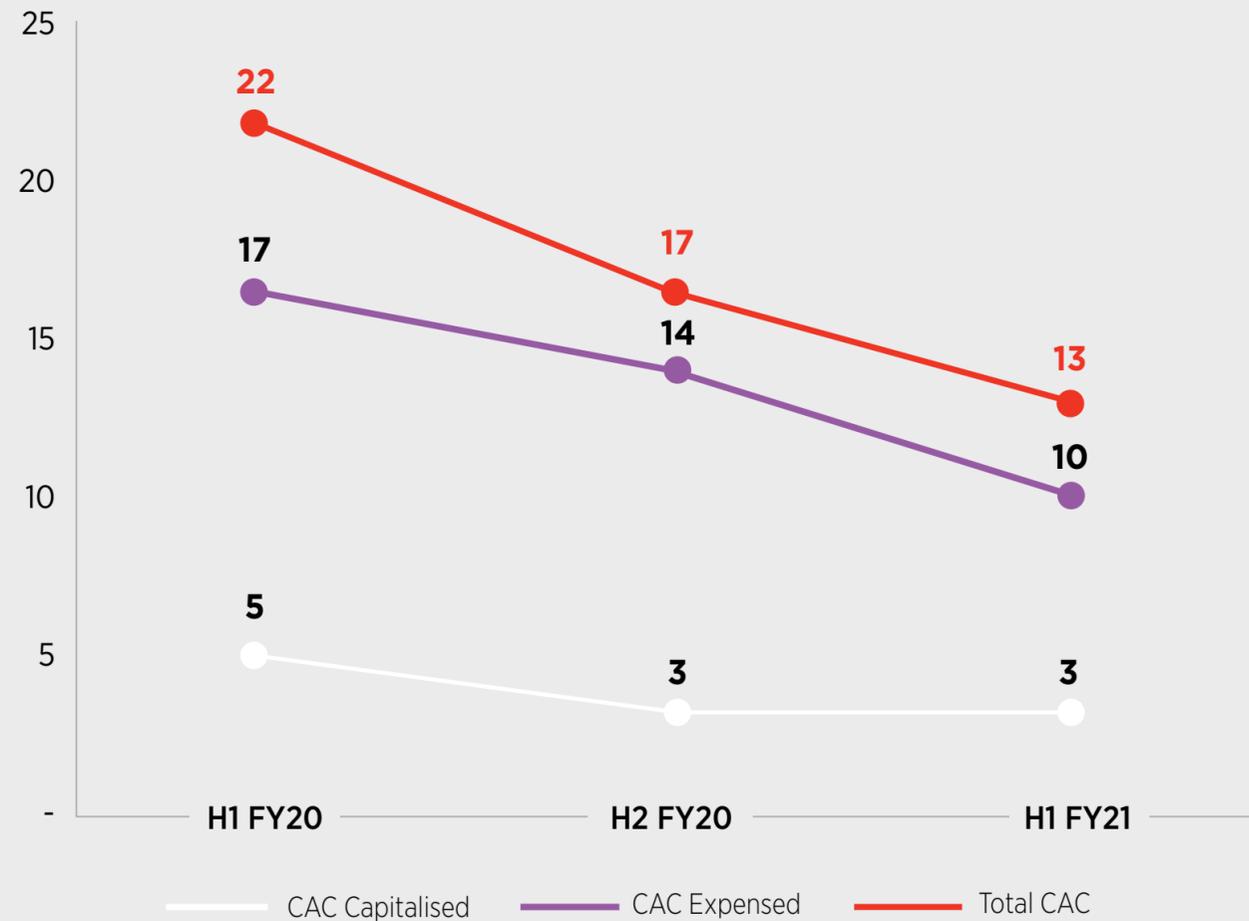
## ASSET RETENTION RATE



Asset Retention Rate has remained stable and continues to be a focus through renewal programmes in key markets.

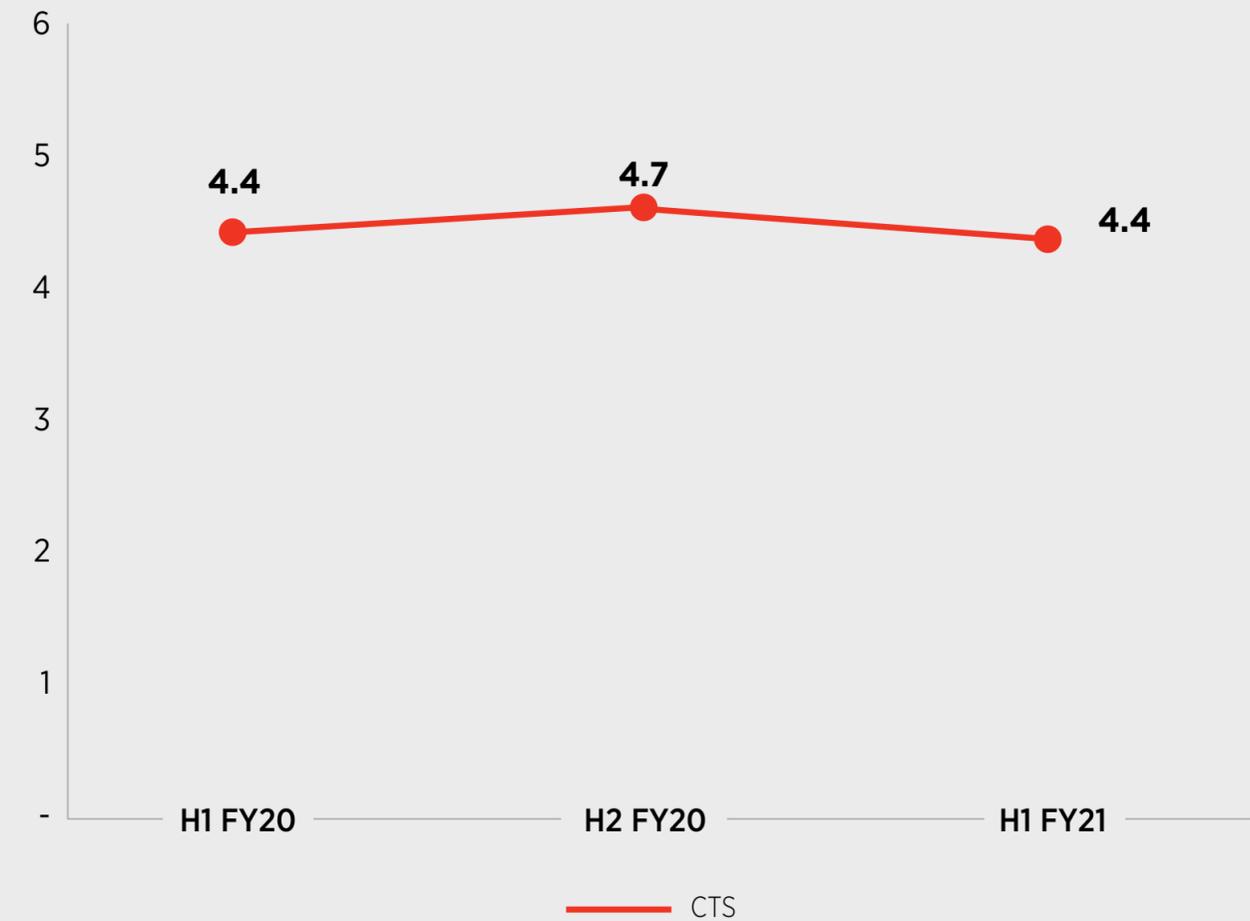
# MONITORING PERFORMANCE PROFITABILITY

## COST TO ACQUIRE CUSTOMERS AS % OF REVENUE



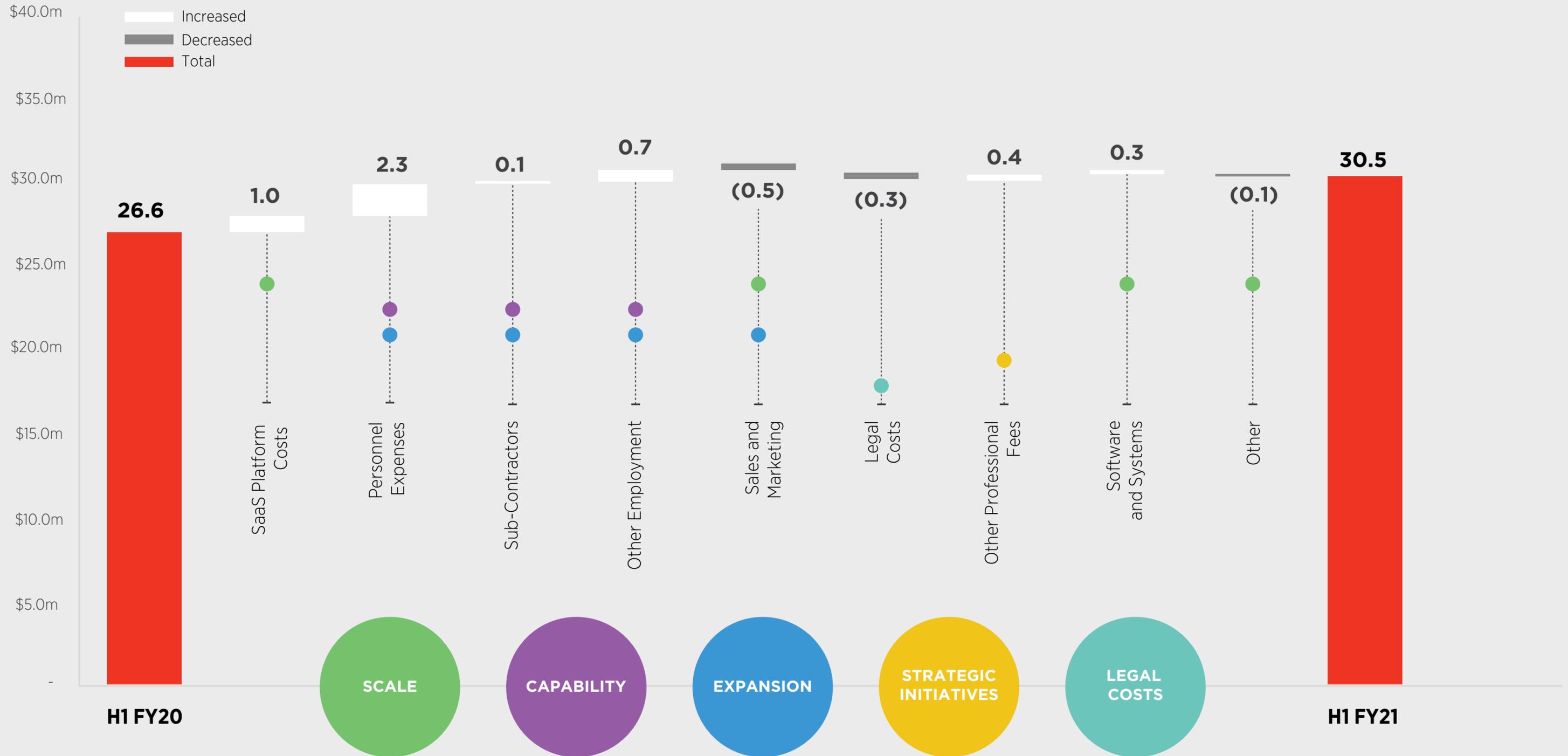
**CAC as a % of revenue** would be expected to trend downwards over time as revenue grows, reductions will be partly offset by investment in CAC ahead of revenues in Australia.

## COST TO SERVICE AND SUPPORT AS % OF REVENUE

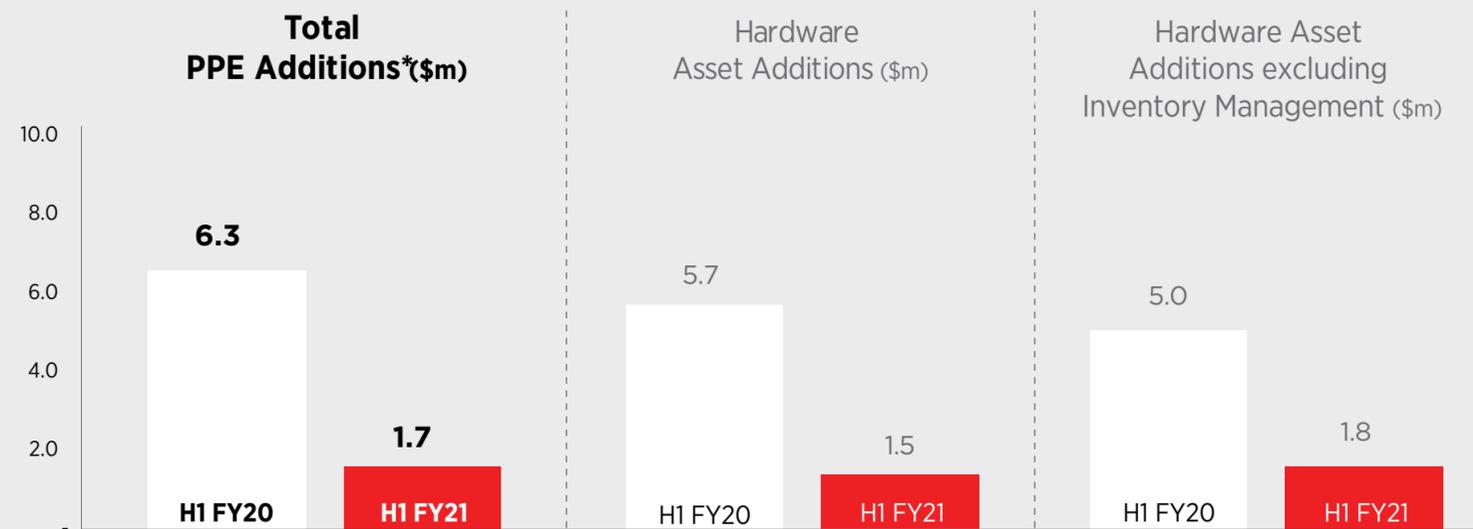


**CTS** has remained within 4-5% of revenue range. CTS will improve over time as scale and leverage increases.

# OPERATING EXPENSES

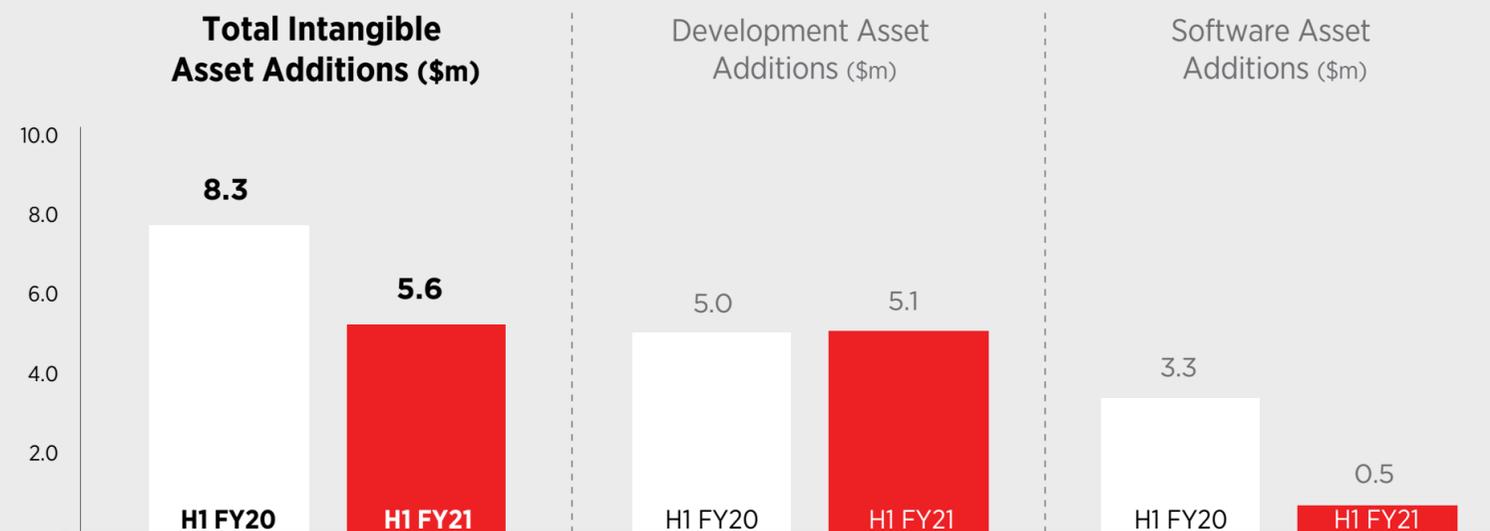


## ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT



\*Excluding Additions to Right of Use Assets

## ADDITIONS TO INTANGIBLE ASSETS



## PROPERTY PLANT & EQUIPMENT

- PPE spend is \$4.6m lower than H1 FY20 due to lower new unit volumes.

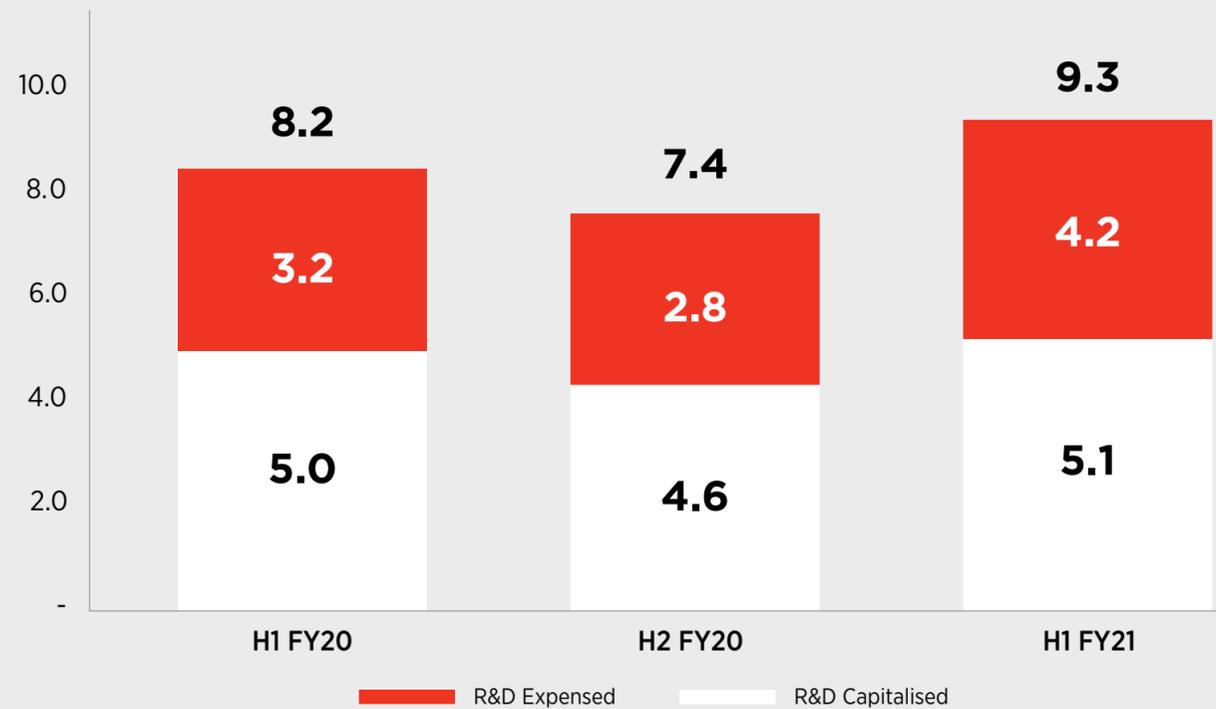
## INTANGIBLE ASSETS

- R&D spend of \$9.3m is within the signalled range of 18-22% of revenues, \$5.1m of which was capitalised as Development Assets, an increase of \$0.1m on H1 FY20
- Software additions are \$2.8m lower given the investment in new generation business systems and processes during the prior period.

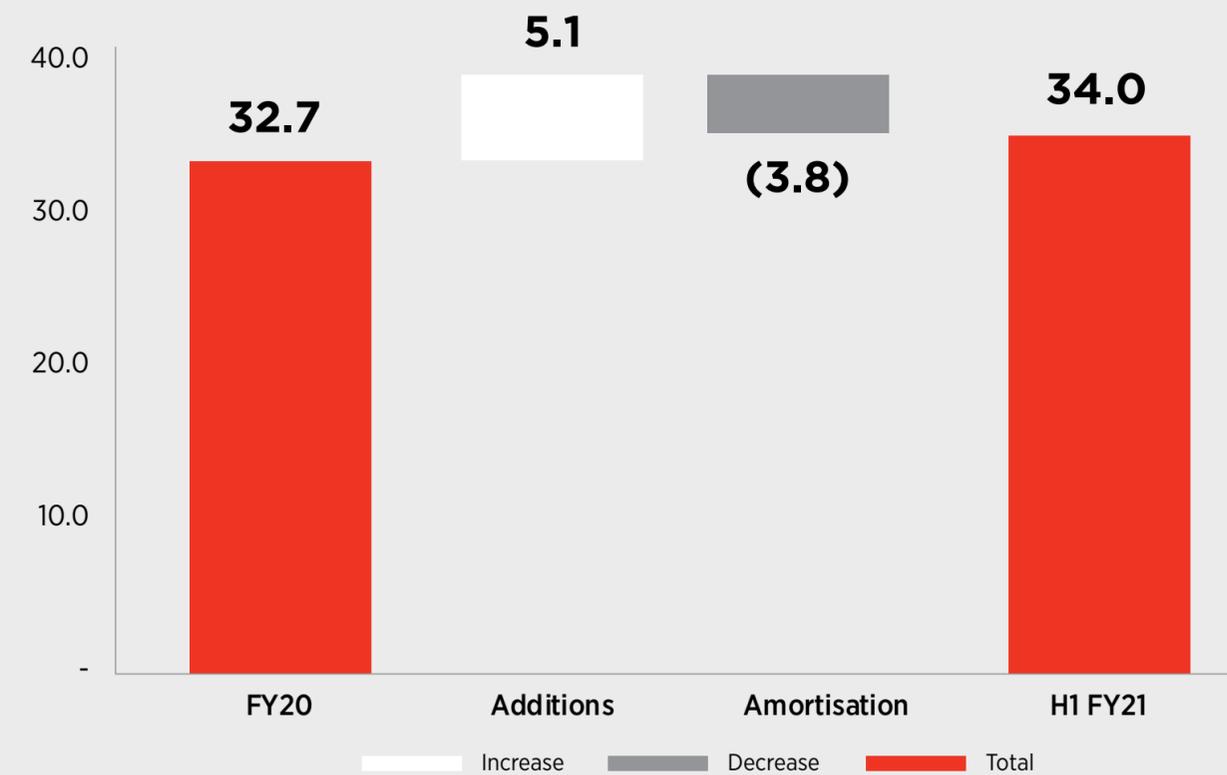
# CONTINUED INVESTMENT IN R&D

CRITICAL TO DELIVERING RELIABILITY, SCALABILITY, QUALITY AND GROWTH

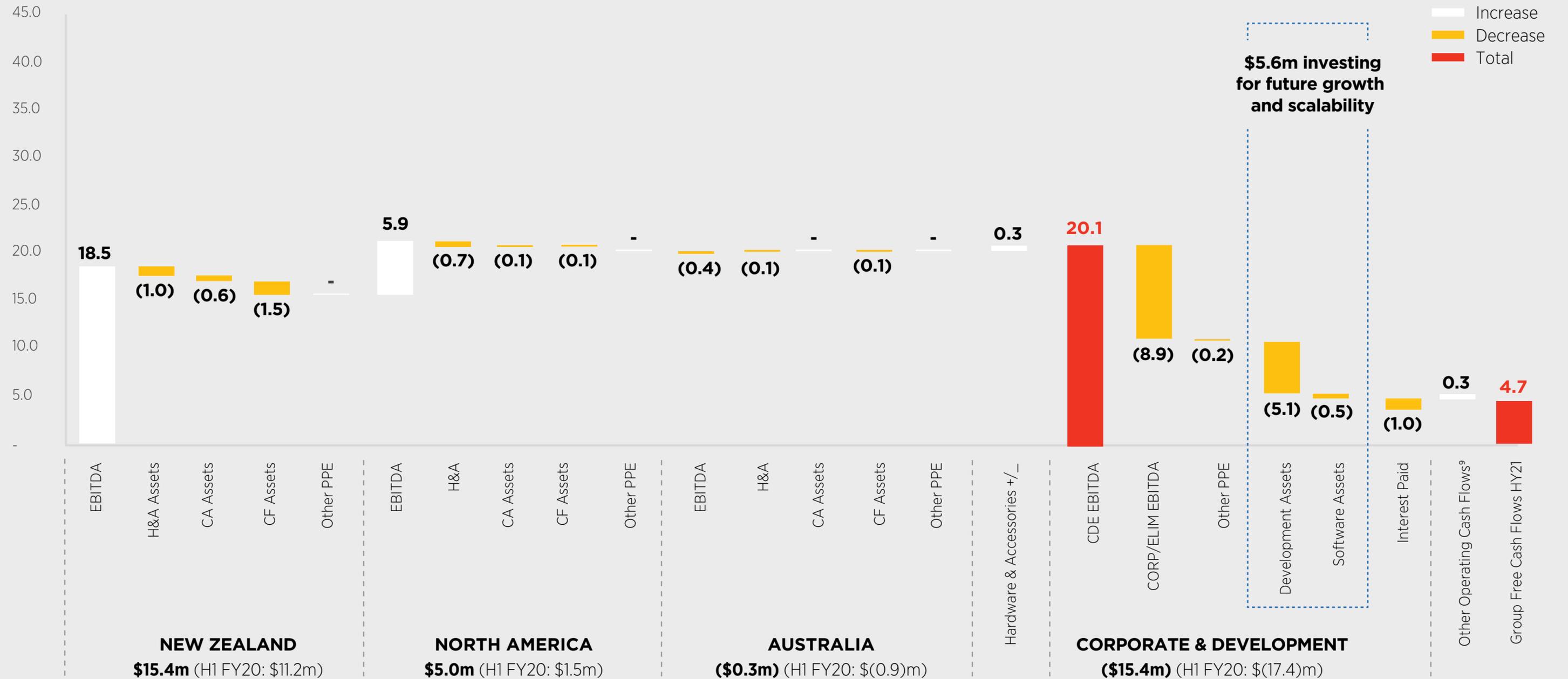
## RESEARCH AND DEVELOPMENT (\$m)



## MOVEMENT IN DEVELOPMENT ASSETS (\$m)



# FREE CASH FLOW ANALYSIS BY SEGMENT<sup>8</sup>



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

<sup>8</sup> Group Free Cash Flows (FCF) for the purpose of this analysis refers to Operating Cash Flows Less Investing Cash Flows.

<sup>9</sup> This FCF by market analysis provides an indicative view of FCF. Note that this does not represent actual FCF by market: Hardware & Accessories under Construction (inventories held) are presented in total and Other Operating Cash Flows (non-cash and working capital movements) are presented in total and not allocated to specific segments. These amounts relate to all operating segments.

# CASH FLOW STATEMENT (NZ\$m)

YEAR ENDED	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
<b>Cash flows from operating activities</b>				
Other operating cash flows	15.3	14.5	11.3	4.0
Interest paid	(1.0)	(1.3)	(1.4)	0.4
<b>Net cash inflow from operating activities</b>	<b>14.3</b>	<b>13.2</b>	<b>9.9</b>	<b>4.4</b>
<b>Cash flows from investing activities</b>				
Property, Plant and Equipment (including hardware assets)	(1.7)	(5.3)	(6.3)	4.6
Intangible Assets	(5.7)	(8.2)	(8.3)	2.6
Contract Fulfillment and Customer Acquisition Assets	(2.3)	(3.9)	(3.9)	1.6
<b>Net cash outflow from investing activities</b>	<b>(9.7)</b>	<b>(17.4)</b>	<b>(18.5)</b>	<b>8.8</b>
<b>Cash flows from financing activities</b>				
Bank loans	1.8	(17.1)	18.3	(16.5)
Issue of Equity	42.0	-	-	42.0
Cost of raising capital	(2.0)	-	-	(2.0)
Other financings cash flows	(0.8)	14.5	(15.6)	14.8
<b>Net cash inflow/(outflow) from financing activities</b>	<b>41.0</b>	<b>(2.6)</b>	<b>2.7</b>	<b>38.3</b>
Net increase/(decrease) in cash held	45.6	(6.8)	(5.9)	51.5
Cash at beginning of the financial period	3.4	10.2	16.1	(12.7)
<b>Closing cash and cash equivalents</b>	<b>49.0</b>	<b>3.4</b>	<b>10.2</b>	<b>38.8</b>

- For H1 FY21, EROAD was Free Cash Flow positive
- Investing cash flows fell from \$18.5m to \$9.7m reflecting the investment in business systems and processes in H1 FY20 and the lower spend on hardware units due to lower growth in H1 FY21
- Financing cash flows grew as result of \$42m raised via placement. A further \$11m was raised via share purchase plan which completed after period end.

# BALANCE SHEET (NZ\$m)

AS AT PERIOD END	H1 FY21	FY20	Movement
Cash	49.0	3.4	45.6
Restricted Bank Account	9.2	14.0	(4.8)
Costs to Acquire and Contract Fulfilment Costs	5.5	5.9	(0.4)
Other	9.1	10.7	(1.6)
<b>Total Current Assets</b>	<b>72.8</b>	<b>34.0</b>	<b>38.8</b>
Property, Plant and Equipment	34.8	37.4	(2.6)
Intangible Assets	42.9	42.1	0.8
Costs to Acquire and Contract Fulfilment Costs	4.1	4.8	(0.7)
Other	7.5	7.5	-
<b>Total Non-Current Assets</b>	<b>89.3</b>	<b>91.8</b>	<b>(2.5)</b>
<b>TOTAL ASSETS</b>	<b>162.1</b>	<b>125.8</b>	<b>37.3</b>
Payables to Transport Agencies	9.2	13.9	(4.7)
Contract Liabilities	7.2	8.2	(1.0)
Borrowings	37.6	35.8	1.8
Other Liabilities	16.3	16.6	(0.3)
<b>Total Liabilities</b>	<b>70.3</b>	<b>74.5</b>	<b>(4.2)</b>
<b>NET ASSETS</b>	<b>91.8</b>	<b>51.3</b>	<b>40.5</b>

- Cash has increased by \$45.6m as a result of the placement during September and the free cash positive result for H1 FY21 of \$4.7m
- PPE has reduced as depreciation of hardware assets has exceeded the value of new hardware assets capitalised from growth in the period
- The decrease in other assets within current assets category is primarily as a result of the increase in our doubtful debt provision (\$0.9m) reflecting uncertainty due to the current economic conditions
- Contract Fulfilment and Customer Acquisition Assets decreased by \$0.4m due to subdued growth during the 6 months as a result of COVID-19 lockdowns
- Intangibles increase relates to the ongoing capitalisation of R&D development

# GROWTH OPPORTUNITY AND OUTLOOK

Steven Newman  
Chief Executive Officer



# GLOBAL TREND FOR TELEMATICS

- Transportation and logistics companies face significant change and increasingly require telematics solutions that give visibility, data and insights to manage vehicles
- As the cost to track reduces, companies want to track and manage all their mobile and remote assets, beyond trucks, trailers and cars
- During recessions, adoption of telematics continues to increase as businesses look to reduce fleet related costs and improve supply chain
- Government supported/mandated regulatory telematics solutions are forecasted to be a significant growth driver forcing telematics adoption over the next five+ years
- Many global enterprise businesses want a global solution but which also addresses their localised needs
- Continued growth in customers ESG reporting requirements will drive demand for low-cost telematics solutions
- Declining transportation revenues due to a changing vehicle fleet (increasing fuel efficient and electric vehicles) and continued growth in road congestion will accelerate moves to road pricing globally



# TRENDS WITHIN OUR MARKETS

## NEW ZEALAND

- Health and Safety remain driver of telematics adoption
- Many enterprise businesses are requiring sub-contractors to use their technology solutions to manage Health and Safety obligations
- Video telematics is seen as an important added service to improve Health and Safety outcomes

## NORTH AMERICA

- Almost 100% adoption of telematics in interstate vehicles over 10,000 pounds, following the Federal 2017-19 ELD mandate
- Expect many Small to Medium Businesses to upgrade to more than an ELD only solution when their 36-month contracts are renewed
- Expect a significant number of vehicles to upgrade, following AT&T & 3G network shutdown in Feb 2022
- Many insurers requiring video telematics operators to get acceptable premiums
- 2020-2021 National mileage-based user fee truck pilot of the Eastern Transportation Coalition went live on October 1st 2020

## AUSTRALIA

- Chain of Responsibility obligations were expanded in October 2018.
- Expect further significant regulatory change over next 5 years with Electronic Work Diary (EWD), National ERUC pilot and from the review of the Heavy Vehicle National Law
- Video telematics is seen as an important added service to improve Health and Safety outcomes
- Increasingly, enterprise businesses operating across Australia and New Zealand see it as one market, requiring one solution

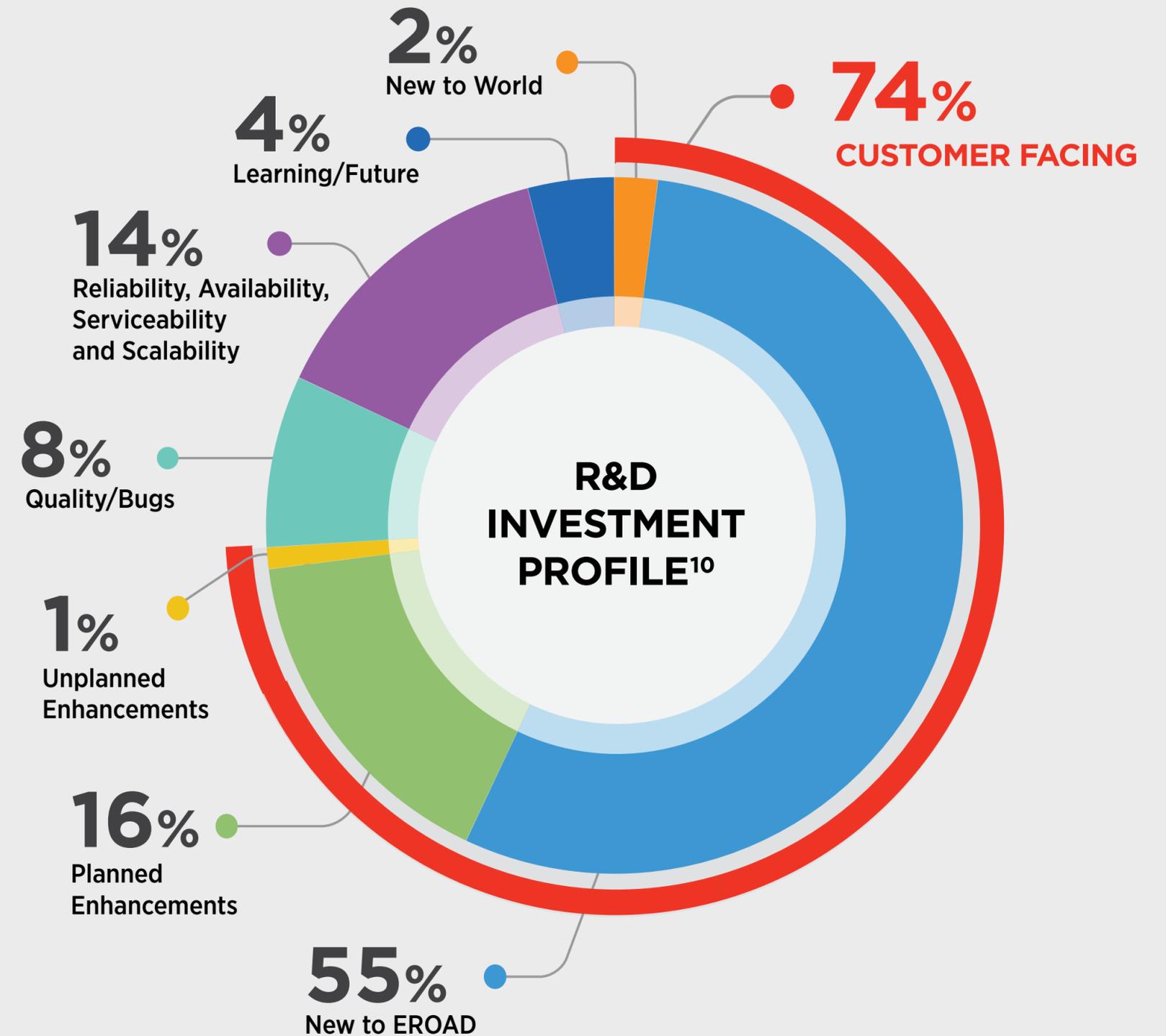
# NOW IS THE TIME TO BE BOLD

- Extending the platform to focus on winning medium and enterprise customers in North America and Australia
- Increasing scalability of the platform to enable EROAD to target larger enterprise fleets
- Developing Integration & Data Analytics capability to provide customers innovative solutions enabling greater insights, benchmarking and targeted action
- Increased, focused and effective sales and marketing is critical to maximise the return on investment from investing in these products and capability



# 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 five key launches in H1 FY21 as a result of previous R&D investment
- In recent years spent 18-22% of revenue on R&D. For the next two years EROAD expects to spend 24-27% of revenue as it accelerates its investment for growth
- Focused on product development that opens up the addressable market for enterprise customers



<sup>10</sup> For the six months ended 30 September 2020.

# EROAD DAY LOGBOOK

## WHAT IS THE PRODUCT

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

## LAUNCH

- Q1 FY21 in New Zealand

## BENEFIT TO CUSTOMERS

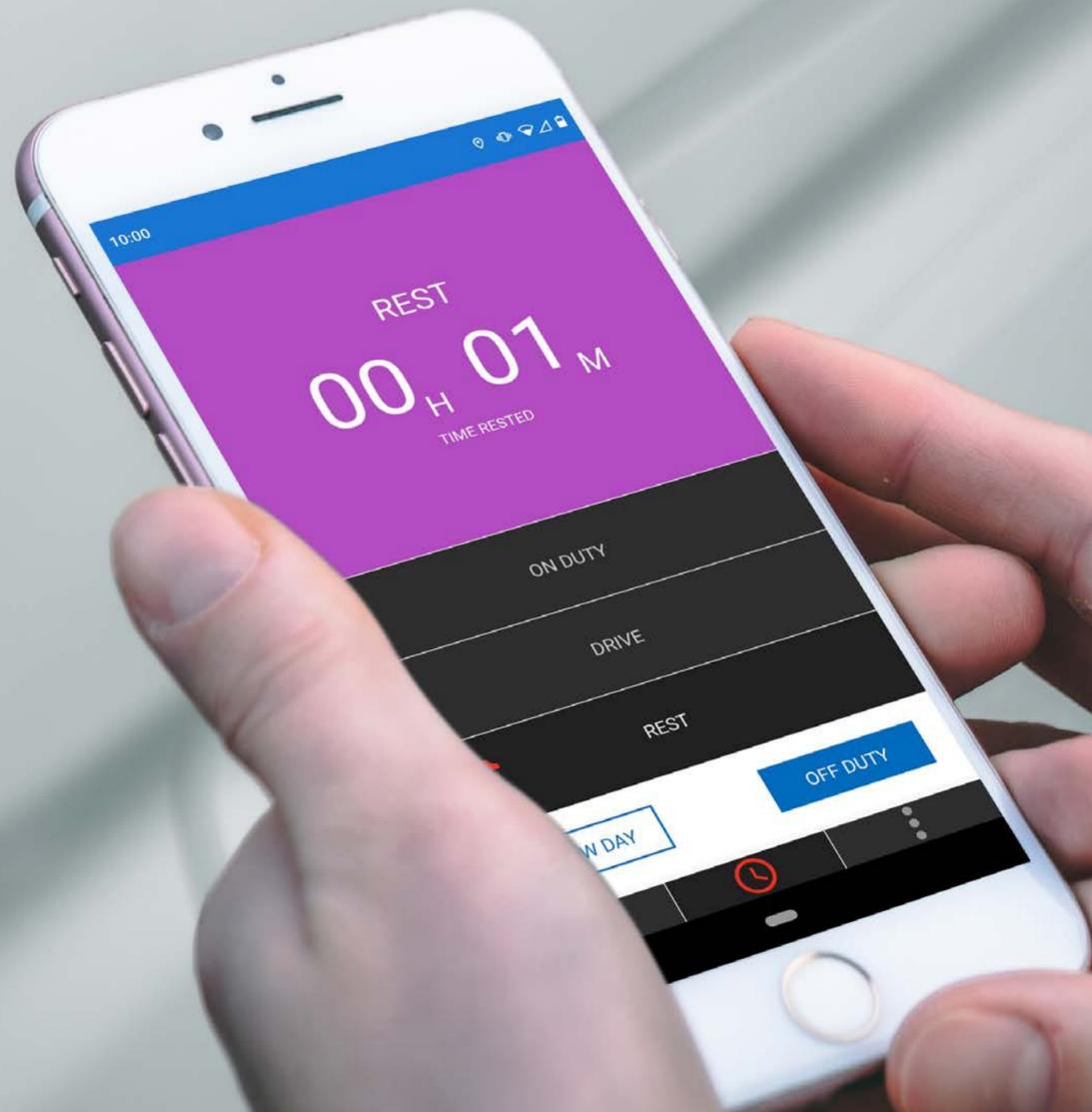
- Reduce the administrative burden of managing driver compliance. 'EROAD Day Logbook' removes paper from the cab, simplifies record keeping and provides investigative tools to examine the driver's workday. Establishing compliance confidence with an efficient workflow to manage driver violations and keeps record of actions to resolve them.

## BENEFIT TO EROAD

- It provides a further opportunity to grow ARPU and aids in customer retention.

## UPTAKE

- Sold 1,373 'EROAD Day Logbook' subscriptions from launch to 30 September





**EROAD GO VIDEO:**  
<https://vimeo.com/460661683>

# EROAD GO

## WHAT IS THE PRODUCT

- A workflow application that connects with the transport management system

## LAUNCH

- Q2 FY21 in North America

## BENEFIT TO CUSTOMERS

- Improve communications between dispatch and the driver, tracking proof of delivery and integrate into customer transportation management systems (generally required for fleet sizes over 100 trucks)

## BENEFIT TO EROAD

- Opens up addressable market

# EROAD CLARITY DASHCAM

## WHAT IS THE PRODUCT

- Dual facing dashcam. Integration of dashcam, and the Ehubo data into myEROAD web platform means the driver statistics, vehicle maintenance, and now video footage can all be found in MyEROAD Replay.

## LAUNCH

- Held interactive technology launch event in October with almost 200 attendees. Limited customer trial in Q3, with full ramp up in Q4 across all three markets

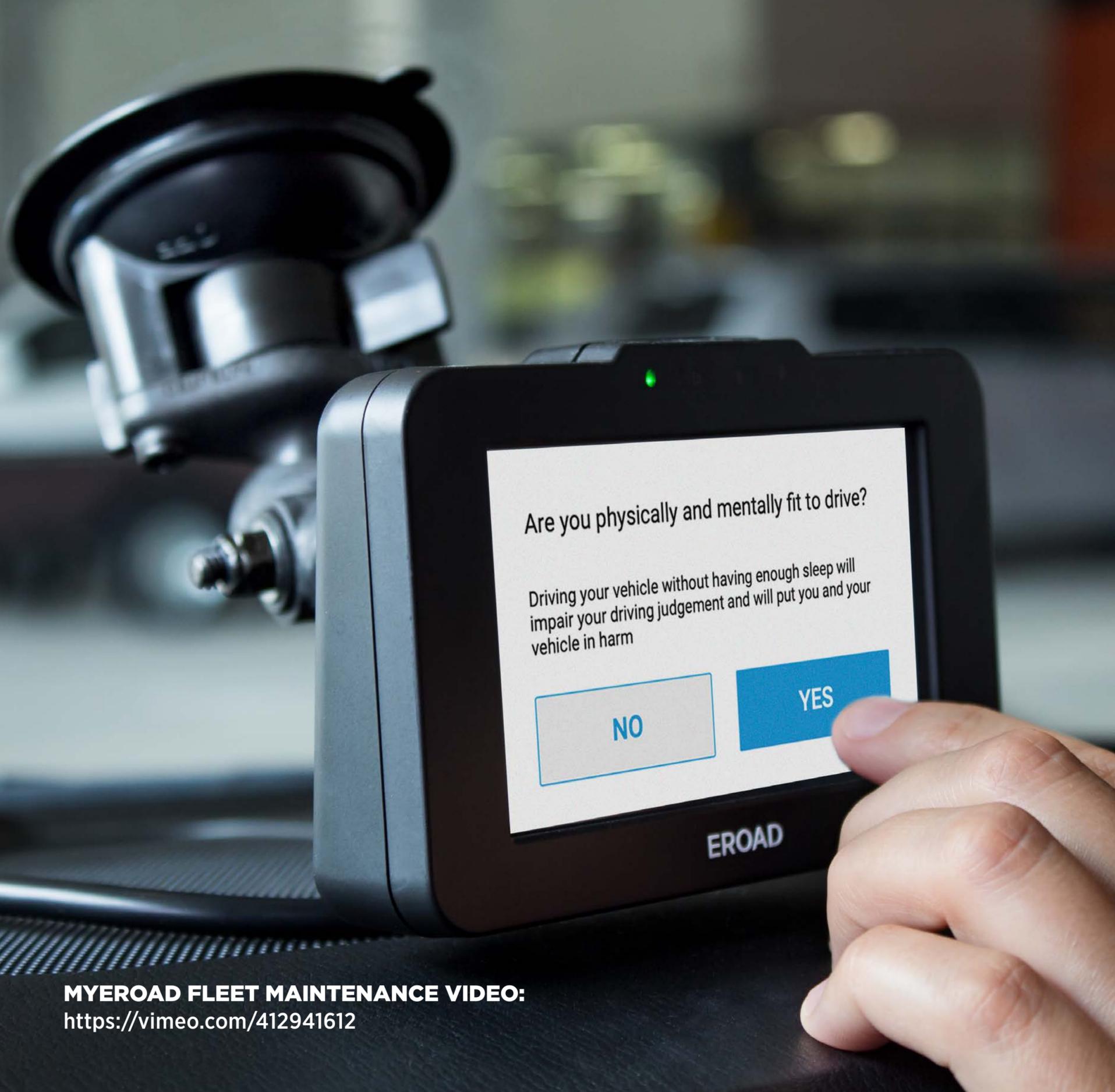
## BENEFIT TO CUSTOMERS

- Lower insurance premiums in North America and further helps meet Health & Safety obligations in NZ and AU

## BENEFIT TO EROAD

- Further opens up addressable market in North America across all segments, opportunity to grow ARPU and retention tool in all markets

**EROAD CLARITY DASHCAM VIDEO:**  
<https://vimeo.com/479033131>



**MYEROAD FLEET MAINTENANCE VIDEO:**  
<https://vimeo.com/412941612>

# MYEROAD FLEET MAINTENANCE

## WHAT IS THE PRODUCT

- Simplifies vehicle maintenance with automated service scheduling based on time lapsed, distance travelled or engine hours, plus a full service-history archive.

## LAUNCH

- Q2/Q3 and Q4 in FY21 in New Zealand and Australia

## BENEFIT TO CUSTOMERS

- Intends to allow fleets to be proactive about maintenance and optimise costs. Brings together the whole ecosystem around vehicle servicing.

## BENEFIT TO EROAD

- Mainly retention tool

# H2 FY21 AND FY22 OUTLOOK

## H2 FY21

- EROAD anticipates 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 in the second half of FY21.

## FOR FY22

- EROAD remains confident and ambitious about the company's future growth prospects.
- 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 4 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 15-20k 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.



# QUESTIONS & ANSWERS

53013

# RECONCILIATION OF PROFIT TO MOVEMENT IN CASH (NZ\$m)

YEAR ENDED	H1 FY21	H1 FY20
<b>Profit/(Loss) after tax for the year attributable to the shareholders</b>	<b>1.0</b>	<b>(0.1)</b>
<b>Add/(less) non-cash items</b>		
Tax asset recognised	(0.3)	(0.1)
Depreciation and amortisation	12.9	10.5
Other non-cash expenses/(income)	(0.5)	(1.4)
<b>Add/(less) movements in other working capital items:</b>		
Decrease/(increase) in trade and other receivables	1.6	(0.9)
Increase/(decrease) in current tax receivables	0.4	-
Increase/(decrease) in contract liabilities	(1.0)	0.1
Increase / (decrease) in trade payables, interest payable and accruals	0.2	1.8
<b>Net Cash from operating activities</b>	<b>14.3</b>	<b>9.9</b>

# GLOSSARY

- **ANNUALISED MONTHLY RECURRING REVENUE (AMRR)**  
Annualised monthly recurring revenues (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)**  
Costs to Acquire Customers (CAC) is non-GAAP measure of costs to acquire customers. Total CAC represents all costs 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 3 Expenses of the Financial Statements.
- **EBITDA**  
Is a non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Condensed Consolidated Statement of Comprehensive Income in Financial Statements.
- **EBITDA MARGIN**  
Is a non-GAAP measure representing EBITDA divided by Revenue.
- **EHUBO1 AND EHUBO2 (GEN1 AND GEN2)**  
EROAD's first and second generation electronic distance recorder which replaces mechanical hubodometers. 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.
- **FREE CASH FLOWS**  
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 2 of Financial Statements.
- **HEAVY VEHICLE**  
A truck, or a truck and trailer, weighing over:3.5 tonnes in New Zealand (required to pay RUC); 12 tonnes in Oregon (required to pay for WMT), for non WMT purposes means Class 3+, 10,000 pounds or greater; or 4.5 tonnes in Australia.
- **MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)**  
Monthly Software as Service (SaaS) Average Revenue Per Unit is a non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the Financial Statements, by the total of the TCU balances at the end of each month during the year.
- **RECURRING REVENUE**  
The Software as a Service (SaaS) revenues EROAD recognises on a recurring monthly basis in accordance with the groups revenue recognition policy.
- **ROAD USER CHARGES (RUC)**  
Charges payable under the New Zealand Road User Charges Act 2012 in respect of the distance travelled by a RUC vehicle on a road. In New Zealand, RUC is payable for heavy vehicles and all vehicles powered by a fuel not taxed at source. The charges go towards the cost of repairing roads.

# WHO IS EROAD?



# EROAD'S PURPOSE IS SAFER, MORE PRODUCTIVE ROADS

## SAFER

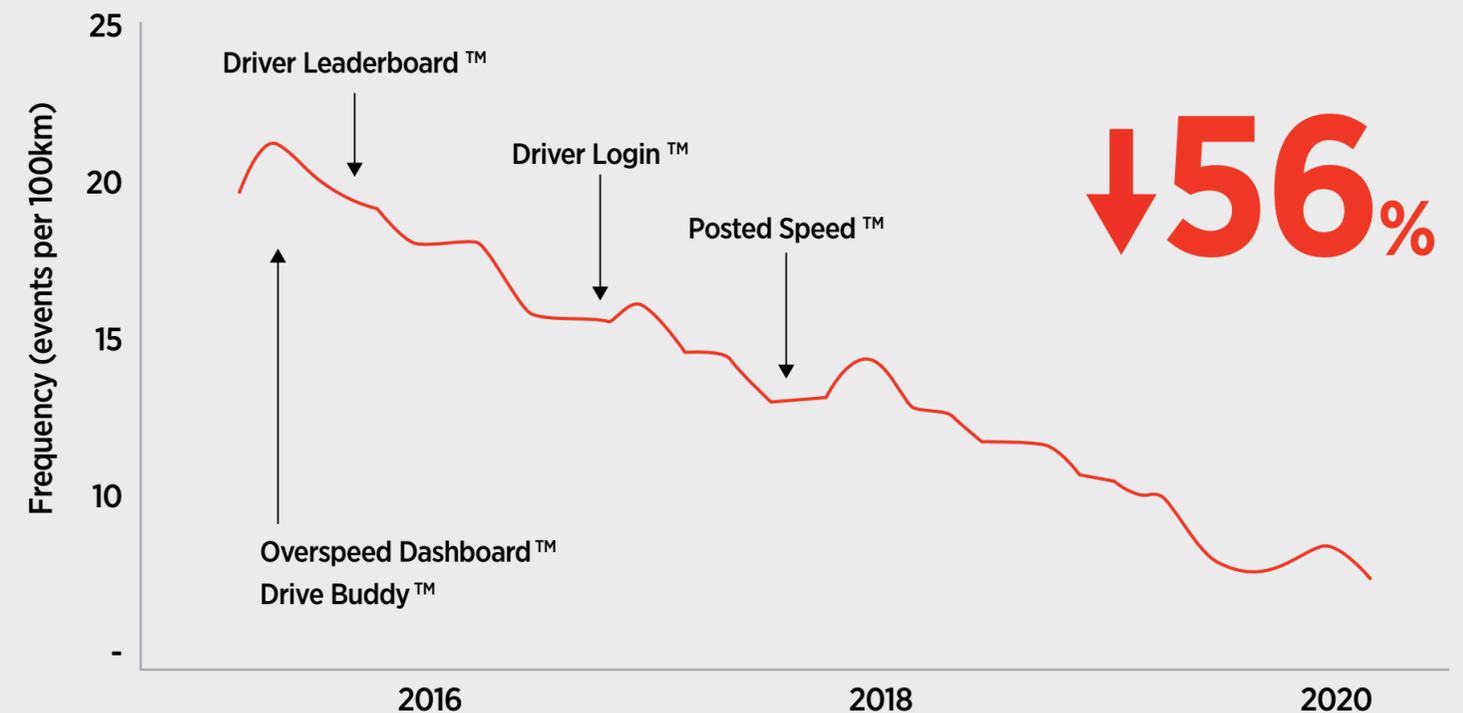
- EROAD solutions have had a direct impact on reducing speed by customers, a significant contributor to accidents and serious injuries
- Vehicle service and maintenance monitoring helps our customers ensure their vehicles are safe
- Our driver management services improve driving behaviour

## IMPROVED PRODUCTIVITY

- Provide tools to help our customers achieve greater fuel efficiency and therefore reduce emissions
- EROAD solutions reduce compliance costs and improve fleet productivity
- Road network usage analytics informs infrastructure planning

## EROAD CUSTOMERS REDUCED FREQUENCY OF SPEEDING BY 56% SINCE 2015

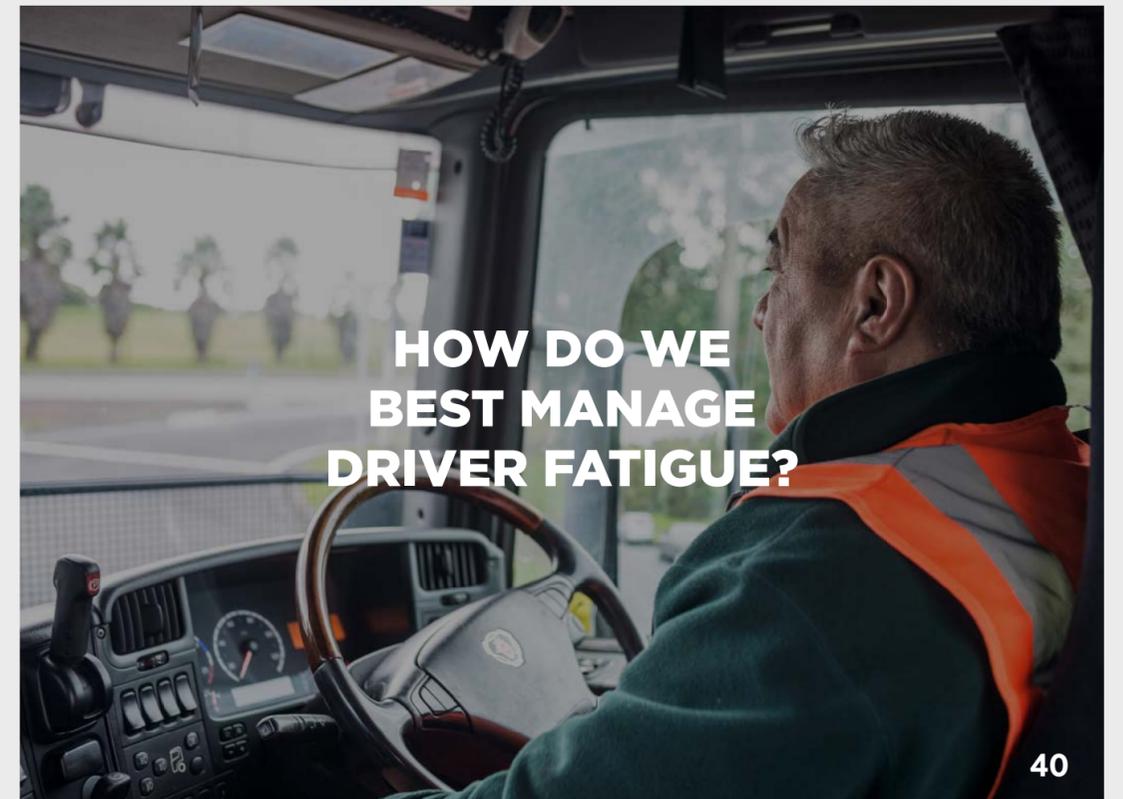
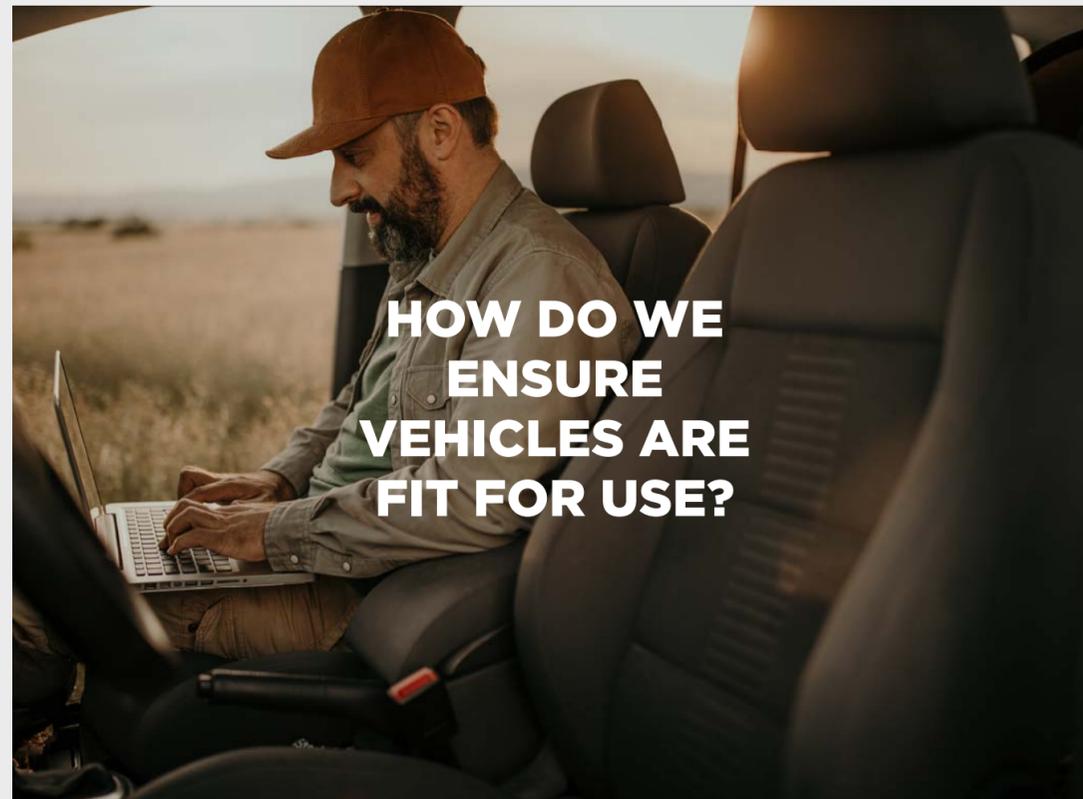
(8.3B KILOMETERS TRAVELLED)



*The above graph shows the reduction in over speed events over time as product enhancements have been added.*

# REGULATORY TELEMATICS

EVERY COUNTRY  
IS LOOKING TO  
SOLVE THE SAME  
TRANSPORTATION ISSUES



# TO DO GREAT REGULATORY TELEMATICS YOU NEED A GREAT PLATFORM



## SECURE, RELIABLE, ACCURATE

Highly reliable network, paired with advanced ping rates – ensuring visibility for every trip



## SIMPLIFIED COMPLIANCE

Easy to adopt and use



## INDUSTRY-LEADING SERVICE UPTIME

Platform available therefore reducing business delays for customers



## PROACTIVE CUSTOMER SERVICE

Responsive, knowledgeable and friendly customer service team

### DASHCAM

(Launch Q4 FY21)



### EHUBO2

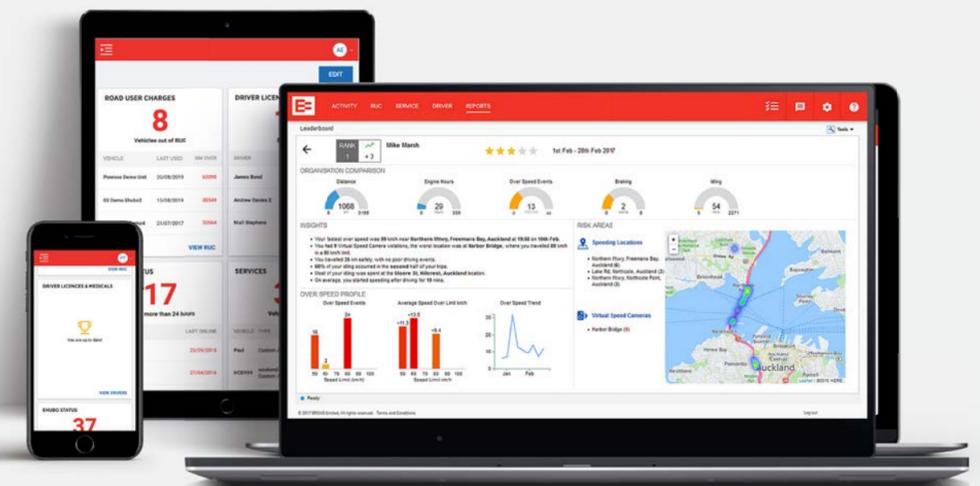


### IN-VEHICLE HARDWARE

### DRIVER'S LOGBOOK



### MyEROAD

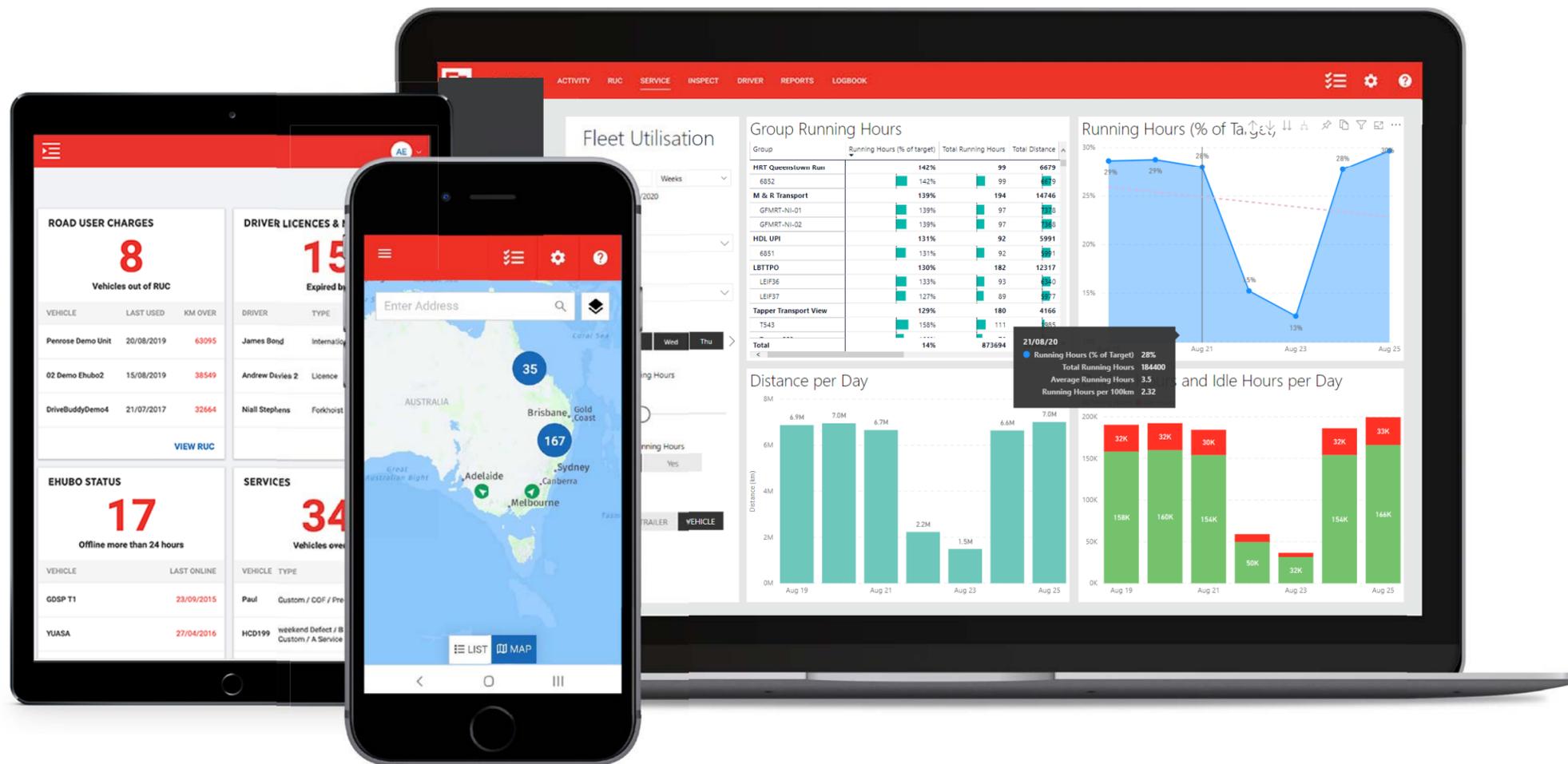


<sup>11</sup> 12 months ended 13 November 2020

# PLATFORM OVERVIEW

## MyEROAD

USED BY DISPATCH OPERATORS, FLEET MANAGERS, SAFETY OFFICERS AND OPERATIONS



MyEROAD provides customers with a range of real time reports and analytical reports for managing their fleets and drivers efficiently and safely.

MyEROAD integrates into back office – logistics and business insights.

MyEROAD platform provides fleet operators with the following tools and services:

### REGULATORY COMPLIANCE

Software varies across jurisdictions in line with differing legislative requirements for compliance

### DRIVER MANAGEMENT & ROAD SAFETY

Monitor driver fatigue and behaviour

### FLEET MANAGEMENT

Maps, tracking and utilisation analytics.

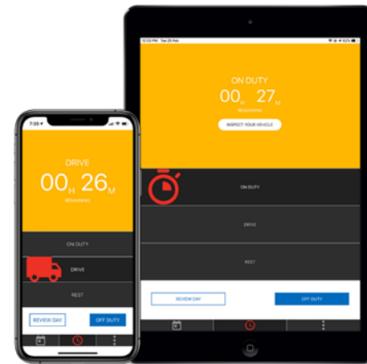
# PLATFORM OVERVIEW

## EHUBO

### IN CAB DRIVER INTERFACE

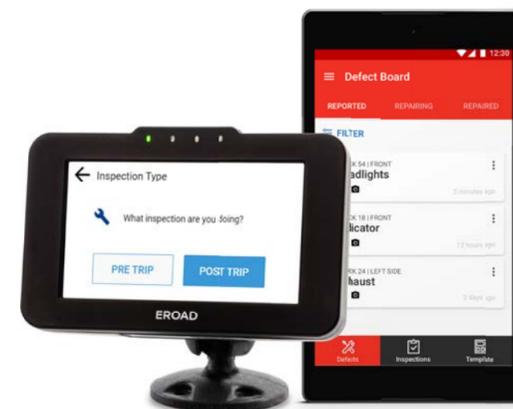


## LOGBOOK



- A unified in-Cab Driver Experience
- Compliance as easy as cruise control
- Ongoing driver coaching & gamification

## INSPECT



Allows drivers to carry out pre and post trip vehicle inspections – and record any defects to be fixed, or maintenance to be completed.

- EROAD's main hardware product is a dashboard mounted device (Ehubo) connected to a cloud based data and analytics platform (MyEROAD)
- Ehubo is a regulatory approved device that uses GPS and other onboard sensors to measure time, distance, location, and other vehicle operational data
- The Ehubo continually transmits data via secure cellular networks to MyEROAD

# WHY OUR CUSTOMERS CHOOSE US

PROACTIVE  
CUSTOMER SERVICE

~95%  
ASSET RETENTION RATE

DIFFERENTIATED  
SOLUTIONS

RELIABLE  
AND ACCURATE

99.99%<sup>12</sup>  
UPTIME

#1/33<sup>13</sup> ON ELD RATINGS

EASY  
TO USE

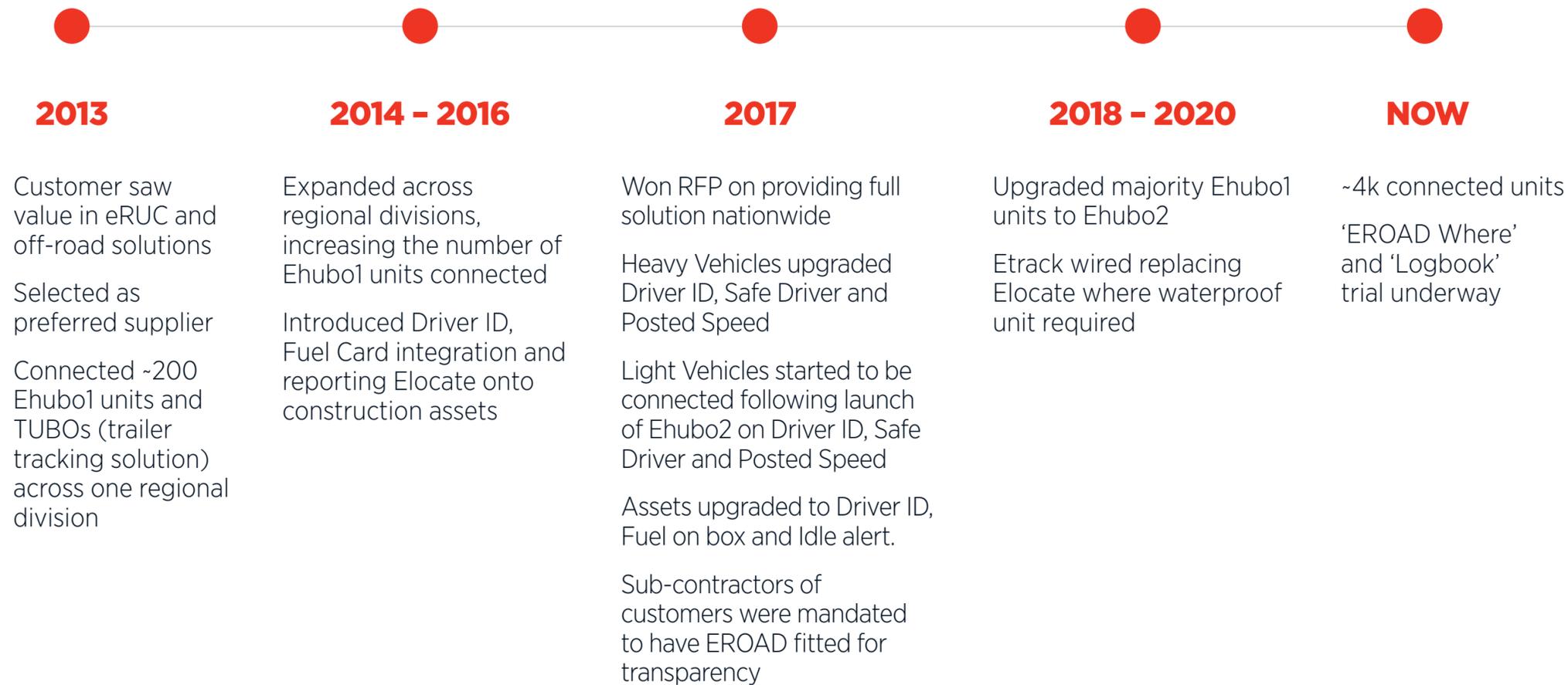
“EROAD is one of the most dependable, durable, and accurate systems in the business. It’s easy to use, affordably priced, and has been independently tested for ELD mandate compliance by the PIT Group research firm.”

<sup>12</sup> For the 12 months ended 13 November 2020

<sup>13</sup> 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

# BUILDING OUR CUSTOMERS' TELEMATICS JOURNEY, TOGETHER

EXAMPLE OF A LARGE CUSTOMER'S EROAD JOURNEY



A COMPELLING ROI CASE

RUC SAVINGS OF

~\$ **24.67** PER MONTH PER HEAVY VEHICLE

FUEL SAVINGS OF APPROX.

~\$ **114,000** PER ANNUM

REDUCTION IN OVERSPEED EVENTS

~ **92%** PER 100KM SINCE EROAD INSTALLATION OF EHUBO2

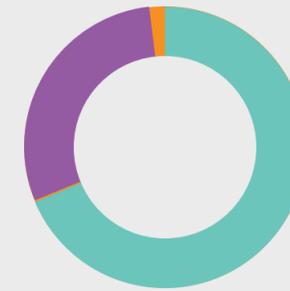
SAVING

~ **6** FTE WITH ERUC

# EROAD CUSTOMERS

- Customer base is diverse across region, business size and industry
- EROAD markets and sells its products in New Zealand, North America and Australia
  - Market leader in New Zealand, with a broad customer base of both heavy and light vehicle fleets across most industries
  - Established presence in North America, concentrated in heavy transport across targeted industries and regions
  - Growing presence in Australia as EROAD builds its brand and leverages Trans Tasman opportunities
- Our strategy is focused on increasing enterprise customers in North America and Australia

**CONTRACTED UNITS**  
*by region*



**69%**  
New Zealand

**29%**  
North America

**2%**  
Australia

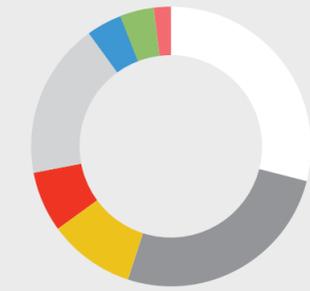
**CONTRACTED UNITS**  
*by business size*



**57%**  
Small to Medium

**43%**  
Enterprise<sup>15</sup>

**CONTRACTED UNITS**  
*by industry<sup>14</sup>*



**30%**  
Construction & Civil Engineering

**25%**  
Freight & Road Transport

**9%**  
Agriculture/Forestry

**8%**  
Services & Trade

**4%**  
Wholesale distribution

**4%**  
Government

**2%**  
Utilities

**18%**  
Other

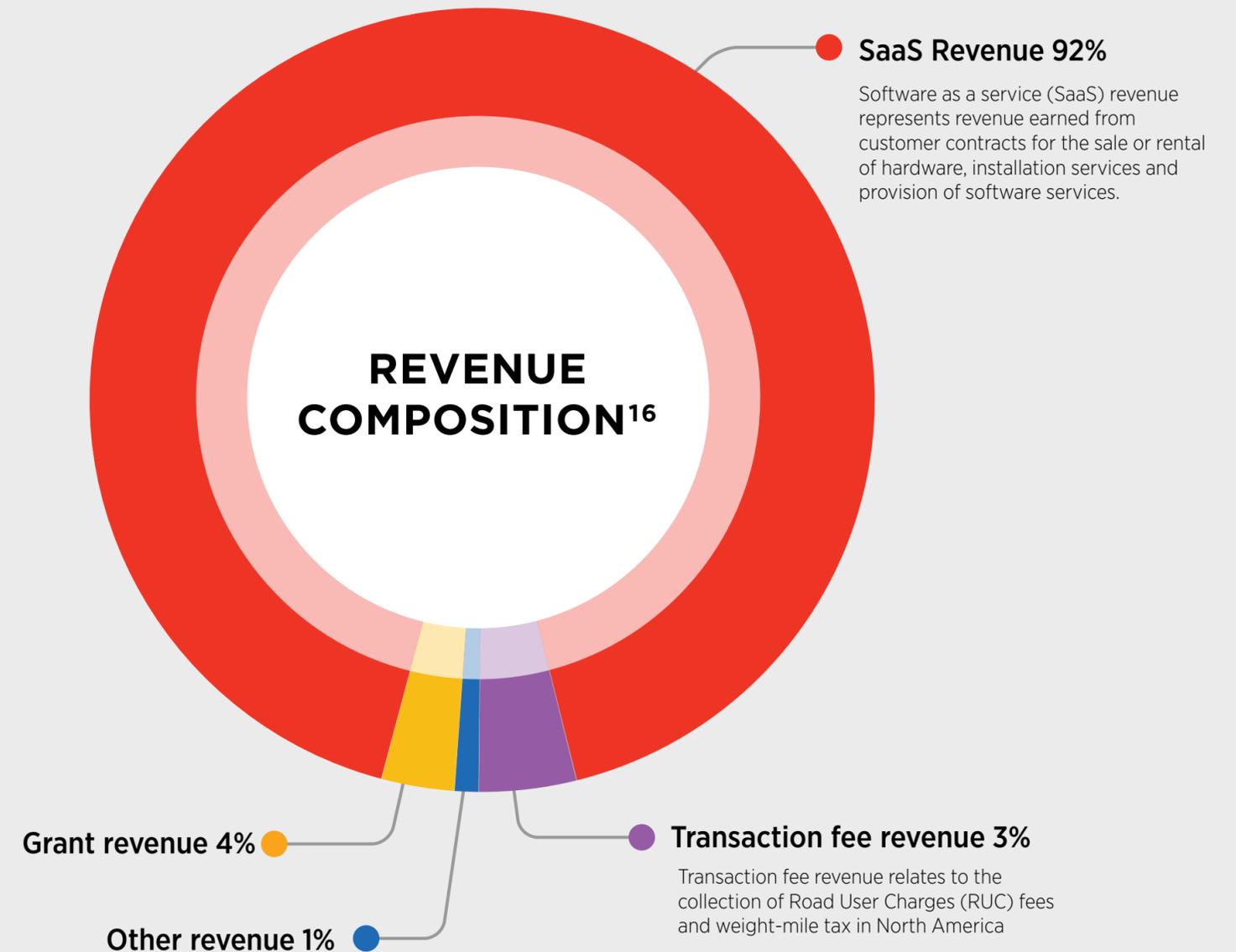
<sup>14</sup> As at 2 September 2020

<sup>15</sup> Enterprise is defined as fleet sizes > 150 for New Zealand and Australia > 500 for North America

# RECURRING SAAS REVENUE MODEL

- EROAD generates SaaS revenue through:
  - sale and rental of hardware
  - the licensing of its software on a monthly subscription basis; and
  - the installation of its Ehubo hardware device.
- EROAD has a SaaS based revenue model (94% of FY20 revenue).
- EROAD typically bundles the hardware/software together under a user contract with a typical length of 36 months.
- For H1 FY21, EROAD generated monthly SaaS ARPU of \$59, an asset retention rate of 95% and ended the period with 122k connected units
- EROAD invested 19% of revenue in R&D in FY20 to enhance its product offering, grow ARPU and maintain customer retention and win new small to medium business and enterprise customers.

## EROAD DRIVEN BY RECURRING SAAS REVENUE



<sup>16</sup> For the six months ended 20 September 2020 (H1 FY21)

# THE RIGHT TEAM FOR GROWTH

Over the last 2 years:

- Board has been going through a period of renewal with Susan Paterson and Barry Einsig appointed.
- Strengthened Executive Team in place: Key hires in Finance, Marketing, Operations, People & Culture and Product.
- Deep capability building in key areas, including R&D, M&A, Sales and Customer Success.
- Continued focus on strengthening capability and culture

## OUR BOARD



**GRAHAM STUART<sup>17,18</sup>**

Chairman,  
Independent Director



**BARRY EINSIG<sup>18</sup>**

Independent Director



**TONY GIBSON<sup>17,18</sup>**

Independent Director,  
Chairman of  
Remuneration, Talent and  
Nomination Committee



**SUSAN PATERSON<sup>17,18</sup>**

Independent Director,  
Chair of the Finance, Risk  
and Audit Committee



**STEVEN NEWMAN**

Executive Director / CEO

## EXECUTIVE TEAM



**STEVEN NEWMAN**

Executive Director / CEO



**ALEX BALL**

Chief Financial Officer



**MATT DALTON**

EVP Operations



**NORM ELLIS**

President – North America



**MARK HEINE**

EVP General Counsel  
and Company Secretary



**MIKE SWEET**

Chief People Officer



**GENEVIEVE TEARLE**

Chief Marketing Officer  
and General Manager  
EROAD Where



**SARAH THOMPSON**

Chief Product Officer



**TONY WARWOOD**

Executive General  
Manager  
Australia & New Zealand

Note: Recruiting is underway for a Chief Technology Officer, to replace Jarred Clayton

For full bios, refer to EROAD's FY20 Annual Report on pages 63-64 for the Board and pages 61-62 for the Executive Team

<sup>17</sup> Member of Finance, Risk and Audit Committee. <sup>18</sup> Member of Remuneration, Talent and Nomination Committee.



**EROAD**

**For further information please contact:**

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