EROAD

Safer and more sustainable roads

2022 INTERIM REPORT

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

$48.0m

REVENUE

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

$12.6m

REPORTED EBITDA

includes $2.0m of transaction and integration costs

$92.9m

AMRR

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

6,500

CONTRACTED UNITS

added since FY21 despite COVID-19

$57.64

MONTHLY SAAS ARPU

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

94.1%

ASSET RETENTION RATE

(H1 FY21: 95.3%)

PHILIPS CONNECT AND SEEING MACHINES

strategic partnerships expanding addressable markets

28%

REVENUE SPENT ON R&D

accelerating our technology roadmap

TRANSFORMATIONAL ACQUISITION OF CORETEX

to accelerate key growth metrics by two years

OVER 10%

REDUCTION IN SPEEDING FREQUENCY

by 31% of vehicles once they installed Clarity Dashcam

538

CUSTOMERS RENEWED THEIR EROAD PLAN

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

>99.9%

INDUSTRY LEADING UPTIME

demonstrating the integrity and reliability of EROAD's infrastructure

TOITŪ CARBONREDUCE

PROGRAMME OF WORK UNDERWAY

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

COVID-19

SUPPORTED CUSTOMERS

during lock-downs in New Zealand and Australia

ROAD TO SUSTAINABILITY

INAUGURAL REPORT

findings help EROAD's sustainability efforts within the industry

Focusing on what is important to our stakeholders

CONTINUED PROGRESS AGAINST OUR MATERIALITY MATRIX MEASURES

Letter from the Chair and CEO

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

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

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

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

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

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

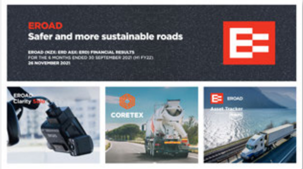
Over the period, contracted units grew by 5% reflecting continued good growth in both New Zealand and Australia. This is partly offset by a reduction in units in North America due the loss of an enterprise customer (1,751 units) which aligned its technology with that of its acquirer. We also continued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

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

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

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

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



Read more about our financial results in our investor presentation

EROAD CLARITY DASHCAM

3,087

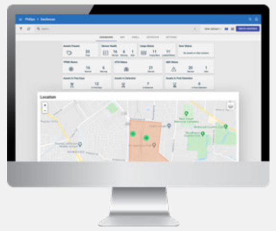
UNITS ADDED

EROAD CLARITY SOLO

Oct 2021

PRODUCT LAUNCHED

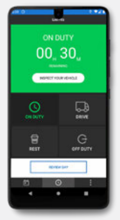
PHILLIPS CONNECT



666

SOLUTIONS SOLD

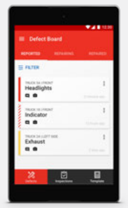
EROAD DAY LOGBOOK



966

DRIVERS SUBSCRIPTIONS ADDED

EROAD INSPECT



1,665

DRIVERS SUBSCRIPTIONS ADDED

EROAD WHERE

2,650

TAGS SOLD

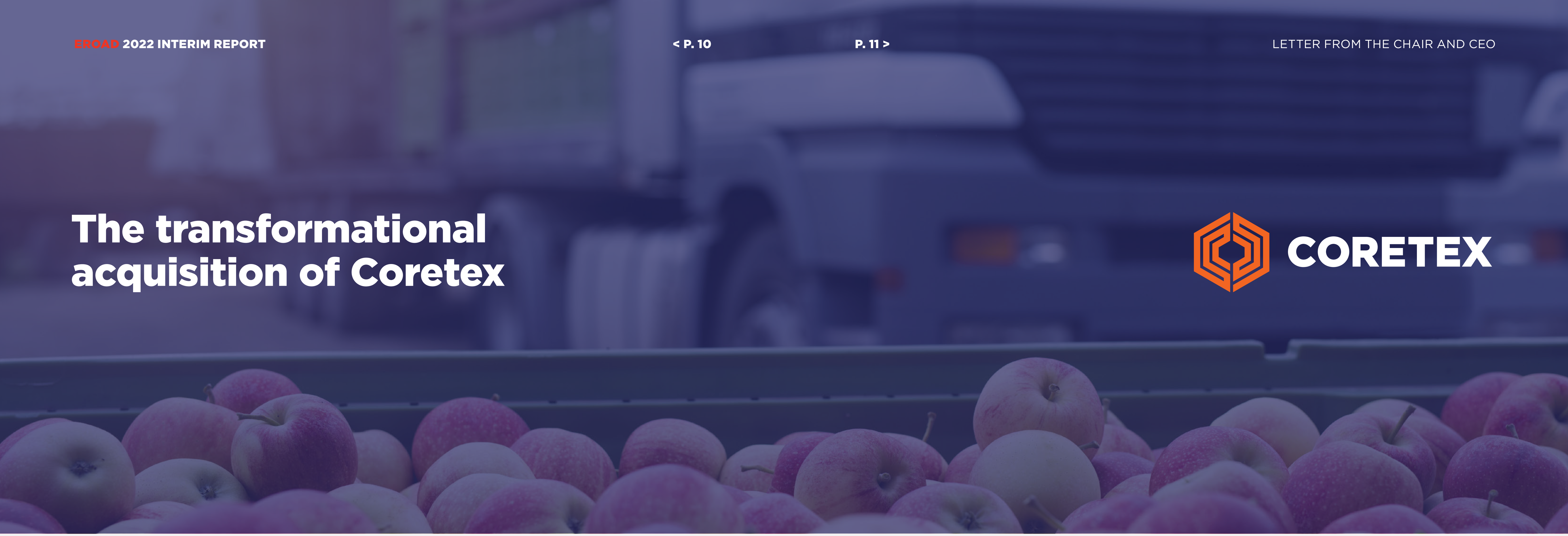
Successful delivery of our growth strategy, as we build towards becoming a bigger player in North America and Australia

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

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

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

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



The transformational acquisition of Coretex

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

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

INTEGRATING CORETEX SUCCESSFULLY TO MAXIMISE THE DEAL BENEFITS

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

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

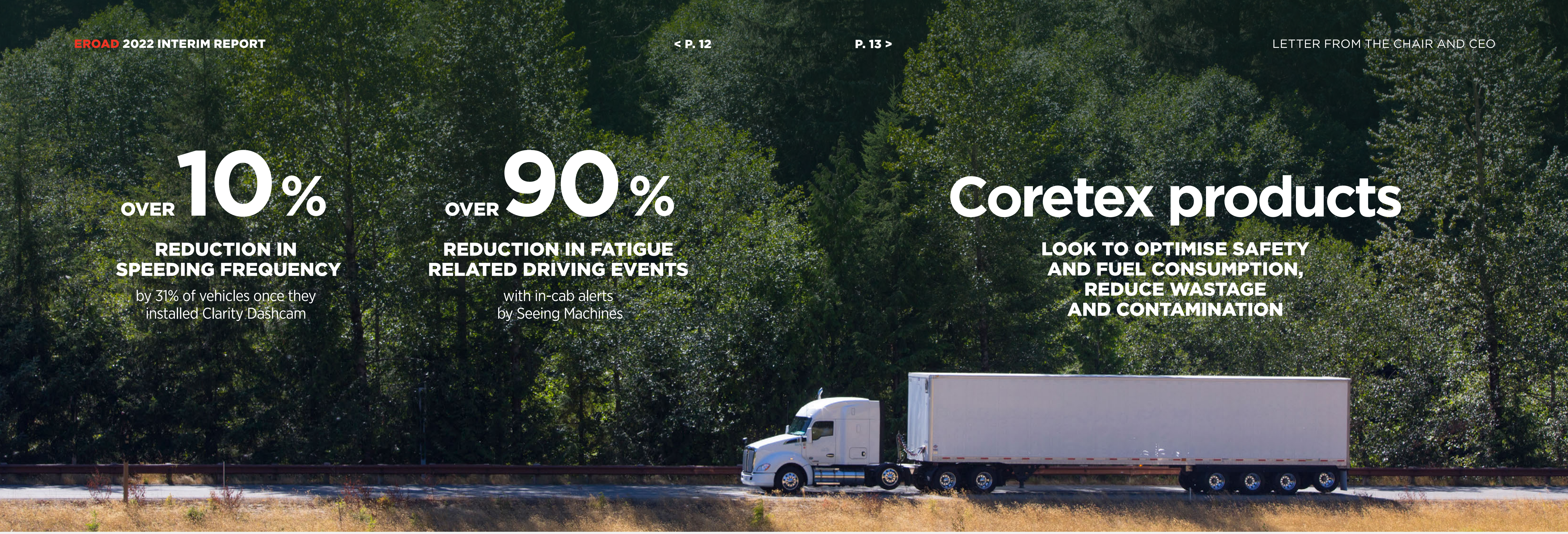
EROAD expects the majority of investment to occur this and next financial year, with revenue benefits commencing from FY23.

STRENGTHENING EROAD FURTHER WITH CORETEX'S CAPABILITY

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

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

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



OVER 10%

REDUCTION IN SPEEDING FREQUENCY

by 31% of vehicles once they installed Clarity Dashcam

OVER 90%

REDUCTION IN FATIGUE RELATED DRIVING EVENTS

with in-cab alerts by Seeing Machines

Coretex products

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

Improving sustainability for us and our customers

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

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

Read our
Road to Sustainability Report

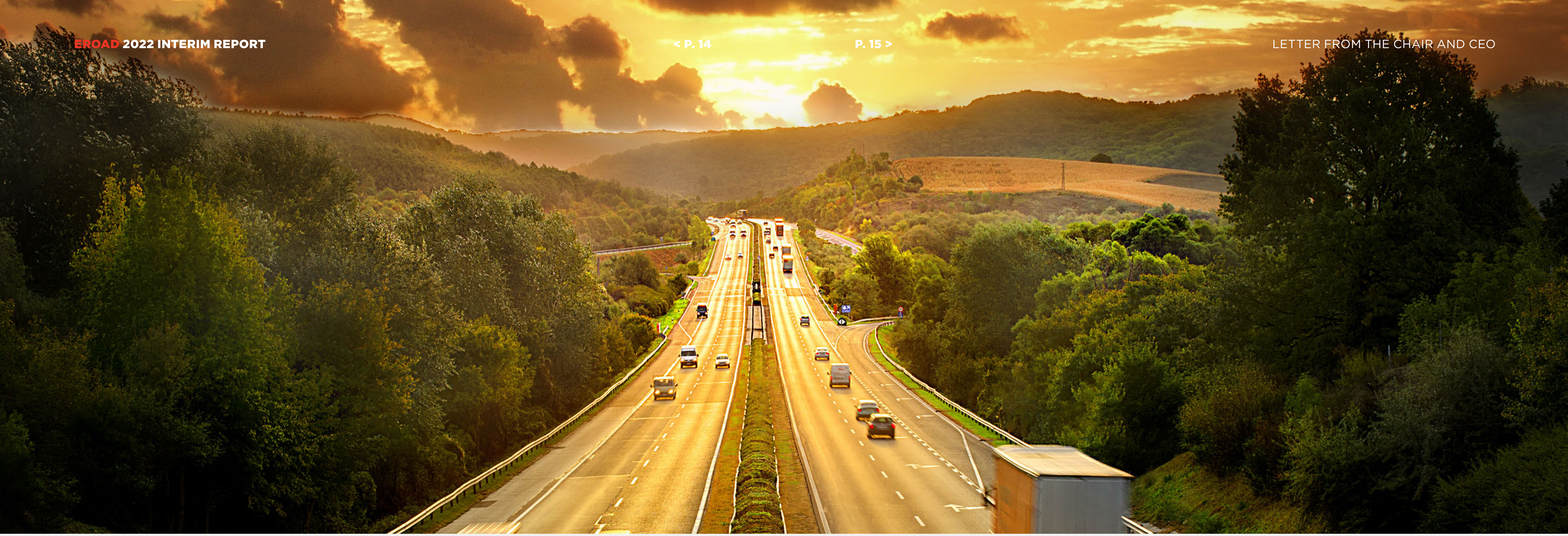
EROAD also recently announced that it has partnered with FUSO in New Zealand's first zero emissions truck trial. The 100% electric FUSO eCanter vehicles will be trialled over the next year by Mainfreight, Bidfood, Toll Global Express, Owens Transport and Vector OnGas as part of the Auckland Inner City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

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

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

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

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



FY22 outlook

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

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

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

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

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

Graham Stuart
Chairman

Steven Newman
Chief Executive Officer

NON-GAAP MEASURES

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

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

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

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

Financial Statements

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

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

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

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

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

Chairman, 26 November 2021

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES *(CONTINUED)*

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

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

Doubtful debts - COVID-19 Provisions
To ensure EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers.
The assessment considered the following aspects:

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

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

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

Adoption of new and revised accounting standards, interpretations and agenda decisions
IFRIC - Configuration or Customisation Costs in a Cloud Computing Arrangement

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

NOTE 2 REVENUE

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

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

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

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

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

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

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

NOTE 2 REVENUE *(CONTINUED)*

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

Transaction fees

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

Grant income

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

NOTE 3 EXPENSES

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

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

NOTE 4 SEGMENTAL NOTE

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

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

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

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

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

Reportable segment information

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

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

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

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2021 Unaudited $M's	30 SEPTEMBER 2020 Unaudited $M's
Revenue		
Total revenue for reportable segments	62.2	57.5
Elimination of inter-segment revenue	(14.2)	(11.7)
Consolidated Revenue	**48.0**	**45.8**
EBITDA		
Total EBITDA for reportable segments	12.4	15.1
Elimination of inter-segment EBITDA	0.2	0.2
Consolidated EBITDA	**12.6**	**15.3**
Depreciation		
Total depreciation for reportable segments	(5.3)	(5.2)
Elimination of inter-segment profit	0.3	0.6
Consolidated Depreciation	**(5.0)**	**(4.6)**

GROUP	30 SEPTEMBER 2021 Unaudited $M's	31 MARCH 2021 Audited $M's
Total assets		
Total assets for reportable segments	256.9	173.7
Elimination of inter-segment balances	(2.7)	(1.7)
Consolidated Total Assets	**254.2**	**172.0**

Geographic information

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

GROUP	30 SEPTEMBER 2021 Unaudited $M's	30 SEPTEMBER 2020 Unaudited $M's
Revenue		
New Zealand	33.7	29.5
All foreign countries:		
USA	13.5	15.8
Australia	0.8	0.5
Total revenue	**48.0**	**45.8**

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

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

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

NOTE 5 PERSONNEL EXPENSES

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

NOTE 6 PAID UP CAPITAL

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

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

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

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

NOTE 6 PAID UP CAPITAL *(CONTINUED)*

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

Other components of equity include:

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

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

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

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

Payables to transport agencies	(13.5)	(10.5)

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

NOTE 9 INTANGIBLE ASSETS

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

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

NOTE 9 INTANGIBLE ASSETS *(CONTINUED)*

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

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

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

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

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

Subsequent expenditure
Subsequent expenditure is only capitalised only when it increases the future economic benefits embodied in the specific asset to which 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 2021 Unaudited $M's	31 MARCH 2021 Audited $M's
Opening balance	6.6	8.2
Amounts deferred during the period	3.0	4.1
Amount recognised in the statement of comprehensive income	(2.5)	(5.7)
	7.1	**6.6**
Current	4.0	3.9
Non-current	3.1	2.7

NOTE 11 INCOME TAX EXPENSE

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

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

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

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

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

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

NOTE 12 BORROWINGS

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

Terms and debt repayment schedule

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

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

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

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

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

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

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

NOTE 12 BORROWINGS *(CONTINUED)*

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

NOTE 13 RELATED PARTY TRANSACTIONS

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

NOTE 14 CAPITAL COMMITMENTS

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

NOTE 15 CONTINGENT LIABILITIES

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

NOTE 16 NET TANGIBLE ASSETS PER SHARE

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

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

NOTE 17 EVENTS SUBSEQUENT TO BALANCE DATE

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

Independent Review Report

To the shareholders of EROAD Limited

Report on the condensed consolidated interim financial statements

Conclusion

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

i. present fairly in all material respects the Group's financial position as at 30 September 2021 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

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

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

Basis for conclusion

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

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

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

Use of this Independent Review Report

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

KPMG

Responsibilities of the Directors for the condensed consolidated interim financial statements

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

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

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

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

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

This description forms part of our Independent Review Report.

KPMG

KPMG
Auckland

26 November 2021

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