



## MEDIA RELEASE

### EROAD Annual Result on Track, Compelling Outlook for US

**28 May 2015** EROAD Limited reported a strong full year result delivering continued growth in units and revenue, and successfully established its North American business in Oregon, USA.

#### Highlights

- Units on Depot 23,915 up by 78% on last year
- Revenue at \$17.6 million up by 76% on last year
- Contracted Units totalled 25,862 up by 81% on last year
- Future Contracted Income reaches \$32.6 million, up by 83% on last year
- Customer Retention Rate remains strong at 99.2%
- Net Profit before tax and listing costs reached \$1.1 million
- Full year results largely in line with forecast
- Secured customer contracts in Oregon worth \$3.1 million.

#### Full-year to 31 March 2015

EROAD (NZX:ERD) today reports performance largely in line with forecast for its first full year as an NZX listed company.

"I am delighted with what has been achieved this year. EROAD's successful NZX listing in August 2014 represented a major milestone for the company. To continue to grow strongly in New Zealand and successfully establish our American beachhead is very satisfying," said Chairman Michael Bushby.

Chief Executive Officer Steven Newman said, "Our vision to become an international leader in the provision of road user charging and compliance services to the heavy transport sector is well on track. With the funds raised through the IPO we have been busy building our globally scalable technology platform and applications to address the significant North American market opportunities unfolding."

EROAD's first year as a public company has seen the company make significant progress towards its strategic goals, delivering strong revenue growth. The company's Established Market, incorporating New Zealand and Australia, underpinned another year of strong performance with external revenues of \$17.2 million an increase of 72% compared to FY14. EROAD's Net Profit before Tax and listing costs reached \$1.1 million, broadly in line with forecast.

With an increasing number of clients selecting to rent EROAD's hardware product rather than purchase outright, Future Contracted Income (FCI) reached \$32.6 million in FY15, improving long-term value. The increase in the number of clients renting hardware, rather than purchasing, has shifted some revenue, net profit and cash flow, from FY15 to future years.

"Particularly pleasing was how agile the business proved to be in bringing a rental sales offer to market in the US in response to customer demand," said Mr Newman.

With customer retention rates reaching 99.2% the company continues to benefit from earnings stability. Earnings per share was in line with forecast.



Overall, Units on Depot rose to 23,915, representing a 78% increase compared to the prior year. Total Contracted Units at 31 March was 25,862, comprising Units on Depot and 1,947 contracted sales pending installation. With a full complement of sales and support staff on-board and more recruitment occurring the company continues to build a strong FY16 pipeline.

Full time employees increased 52%, from 102 to 155, in FY15 as the American and New Zealand operations expanded as planned. The company successfully recruited high quality engineering and development staff noting that the global market for technical staff remains extremely tight. To accelerate sales, EROAD also continued to invest in sales executives, and the company is establishing regional sales hubs in a number of locations outside of Oregon, in response to expanded sales opportunities.

Looking beyond Oregon, the company's development efforts in FY15 have been focused on the completion of its automated fuel tax reporting service and electronic logbook product. Together these two products will allow the company to address a market in North America upwards of five million vehicles.

Mr Newman said, "EROAD's new electronic fuel tax service has been well received by customers and regulators in North America. I am also very happy with our development of an electronic logbook to support commercial drivers to meet their hours-of-service obligations, in preparation for the United States Federal mandate requiring all interstate drivers to adopt a compliant electronic hours-of-service product by late 2017."

#### **Outlook for FY16**

Mr Newman said, "I am delighted with our achievements this year. Looking forward the company is well positioned to meet its commercial goals in FY16. EROAD's strategic priorities remain unchanged. Our Established Market operation, incorporating New Zealand and Australia, is expected to perform strongly based on buoyant economic activity, the market's focus on Health and Safety compliance, and the continued roll out of new services to a diverse group of customers."

While the New Zealand business will remain a core focus for the company and continue to grow, EROAD will give further attention to building both its Oregon business and the infrastructure to support expansion across North America.

Looking beyond the PFI period (forecasts made at the time of its IPO), the company has committed to larger premises in Oregon, capable of housing up to 70 sales and customer support staff, to ensure we have the resources to capitalise on the demonstrable growth opportunities across North America. "I am confident the company has now put in place the foundations to execute our shared goal of building a leading global technology and services company," Mr Newman said.

#### **Dividend**

Consistent with its Dividend Policy, EROAD does not intend to pay a final dividend for the year ended 31 March 2015.

#### **Summary financial statements**

Attached to this release are unaudited summary financial statements. The audit is in progress at present. The summary financial statements for the year ended 31 March 2015 and the comparative financial information for the year ended 31 March 2014 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

#### **About EROAD**

EROAD is a leading transport technology and services company, headquartered in Auckland, New Zealand, with offices in Portland, Oregon, and Melbourne, Australia. EROAD's in-vehicle technology and global



services platform provides transport operators with automated solutions to manage and pay road user charges, to meet regulatory and compliance obligations, and to provide a range of commercial services. EROAD's goal is to offer flexible and powerful solutions based on our innovative technology to assist in the creation of a transport sector that is responsive to the evolving needs of business, government and the wider community.

EROAD was founded in 2000 and is listed on the NZX Main Board (NZX) under the stock code ERD. EROAD designs and manufactures in-vehicle hardware, operates secure payment and merchant gateways and offers web-based value-added services. The EROAD team are experts in their field, highly qualified, and very experienced in technology and security, SaaS and cloud infrastructure, the transport industry and the public sector.

EROAD generates Recurring Revenue from charging customers for its services and also receives revenue from hardware sales of Ehubos as well as other sources. EROAD is a vertically integrated technology company which allows the company to provide a better customer experience by integrating the complete user experience from hardware to software and services. This arrangement promotes strong customer relationships and ensures more stable revenues.

For a detailed description of EROAD's business, and terms including Units on Depot, Recurring Revenue and Retention Rate, which are non GAAP measures used by EROAD to manage the business, please refer to our [Prospectus](#) dated 18 July 2014. Total Contracted Units is a Non GAAP measure used by EROAD which represents Units on Depot and contracted sales that have been dispatched pending installation as at 31 March. Future Contracted Income is also a Non GAAP measure which represents future hardware and SAAS revenue under non-cancellable long term agreements for installed units as at 31 March.

Contact: Steven Newman CEO on +64 9 9274713.

## **Attachment**

Summary financial statements



**EROAD LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2015**

|  | <b>Group</b>         |                      |
|--|----------------------|----------------------|
|  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|  | <b>\$</b>            | <b>\$</b>            |
|  | <b>Unaudited</b>     | <b>Audited</b>       |
| <b>Continuing operations</b>   |                      |                      |
| Revenue  | 17,550,323           | 9,963,884            |
| Expenses   | (12,511,682)         | (5,934,749)          |
| <b>Earnings before interest, taxation, depreciation, amortisation and costs of listing</b> | <b>5,038,641</b>     | <b>4,029,135</b>     |
| Depreciation   | (3,560,474)          | (2,319,711)          |
| Amortisation   | (1,140,251)          | (647,834)            |
| <b>Earnings before interest, taxation, and costs of listing</b>                            | <b>337,916</b>       | <b>1,061,590</b>     |
| Finance income   | 843,662              | 80,070               |
| Finance expense  | (86,020)             | (121,883)            |
| <b>Net financing costs</b>   | <b>757,642</b>       | <b>(41,813)</b>      |
| <b>Profit/(loss) before tax expense and costs of listing</b>                               | <b>1,095,558</b>     | <b>1,019,777</b>     |
| Costs of listing   | (2,022,675)          | -                    |
| <b>Profit/(loss) before tax</b>  | <b>(927,117)</b>     | <b>1,019,777</b>     |
| Income tax (expense)/benefit   | (293,563)            | 1,921,753            |
| <b>Profit/(loss) from continuing operations</b>  | <b>(1,220,680)</b>   | <b>2,941,530</b>     |
| <b>Profit/(loss) after tax for the year attributable to the shareholders</b>               | <b>(1,220,680)</b>   | <b>2,941,530</b>     |
| Other comprehensive income   | (61,715)             | -                    |
| <b>Total comprehensive income/(loss) for the year</b>                                      | <b>(1,282,395)</b>   | <b>2,941,530</b>     |



**EROAD LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2015**

|                                      | Group             |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | 31 March 2015     | 31 March 2014     |
|                                      | \$                | \$                |
|                                      | Unaudited         | Audited           |
| <b>CURRENT ASSETS</b>                |                   |                   |
| Cash and cash equivalents            | 34,117,652        | 9,155,825         |
| Trade and other receivables          | 4,307,835         | 1,219,196         |
| <b>Total Current Assets</b>          | <b>38,425,487</b> | <b>10,375,021</b> |
| <b>NON-CURRENT ASSETS</b>            |                   |                   |
| Property, plant and equipment        | 15,138,577        | 9,323,478         |
| Intangible assets                    | 15,816,083        | 9,974,274         |
| Loan to shareholders and directors   | 279,996           | -                 |
| Deferred tax assets                  | 1,649,754         | 1,921,753         |
| <b>Total Non-Current Assets</b>      | <b>32,884,410</b> | <b>21,219,505</b> |
| <b>TOTAL ASSETS</b>                  | <b>71,309,897</b> | <b>31,594,526</b> |
| <b>CURRENT LIABILITIES</b>           |                   |                   |
| Bank loan                            | -                 | 3,101,274         |
| Trade payables and accruals          | 1,865,388         | 1,262,824         |
| Payable to NZTA                      | 9,567,274         | 6,629,209         |
| Deferred revenue                     | 4,082,183         | 4,632,303         |
| Employee entitlements                | 718,867           | 549,054           |
| <b>Total Current Liabilities</b>     | <b>16,233,712</b> | <b>16,174,664</b> |
| <b>NON-CURRENT LIABILITIES</b>       |                   |                   |
| Deferred revenue                     | 3,313,209         | 3,871,162         |
| <b>Total Non-Current Liabilities</b> | <b>3,313,209</b>  | <b>3,871,162</b>  |
| <b>TOTAL LIABILITIES</b>             | <b>19,546,921</b> | <b>20,045,826</b> |
| <b>NET ASSETS</b>                    | <b>51,762,976</b> | <b>11,548,700</b> |
| <b>EQUITY</b>                        |                   |                   |
| Share capital                        | 58,819,932        | 17,471,968        |
| Translation reserve                  | (61,715)          | -                 |
| Retained earnings                    | (6,995,241)       | (5,923,268)       |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>    | <b>51,762,976</b> | <b>11,548,700</b> |



**EROAD LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2015**

| <b>Group</b>   | <b>Share Capital</b> | <b>Retained Earnings</b> | <b>Translation Reserve</b> | <b>Total</b>       |
|--|----------------------|--------------------------|----------------------------|--------------------|
|  | <b>\$</b>            | <b>\$</b>                | <b>\$</b>                  | <b>\$</b>          |
|  | <b>Unaudited</b>     | <b>Unaudited</b>         | <b>Unaudited</b>           | <b>Unaudited</b>   |
| <b>Balance at 1 April 2013</b>                             | 10,457,138           | (8,864,798)              | -                          | <b>1,592,340</b>   |
| Profit after tax for the period                            | -                    | 2,941,530                | -                          | <b>2,941,530</b>   |
| Other comprehensive income                                 | -                    | -                        | -                          | -                  |
| <b>Total comprehensive loss for the period, net of tax</b> | -                    | 2,941,530                | -                          | <b>2,941,530</b>   |
| Share capital issued                                       | 7,014,830            | -                        | -                          | <b>7,014,830</b>   |
| <b>Balance at 31 March 2014</b>                            | <b>17,471,968</b>    | <b>(5,923,268)</b>       | -                          | <b>11,548,700</b>  |
| <b>Balance as at 1 April 2014</b>                          | <b>17,471,968</b>    | <b>(5,923,268)</b>       | -                          | <b>11,548,700</b>  |
| Profit after tax for the period                            | -                    | (1,220,680)              | -                          | <b>(1,220,680)</b> |
| Equity settled share-based payments                        | -                    | 148,707                  | -                          | <b>148,707</b>     |
| Other comprehensive income                                 | -                    | -                        | (61,715)                   | <b>(61,715)</b>    |
|  | -                    | <b>(1,071,973)</b>       | <b>(61,715)</b>            | <b>(1,133,688)</b> |
| Share capital issued                                       | 41,347,964           | -                        | -                          | <b>41,347,964</b>  |
| <b>Balance at 31 March 2015</b>                            | <b>58,819,932</b>    | <b>(6,995,241)</b>       | <b>(61,715)</b>            | <b>51,762,976</b>  |



**EROAD LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

|  | <b>Group</b>         |                      |
|--|----------------------|----------------------|
|  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|  | <b>\$</b>            | <b>\$</b>            |
|  | <b>Unaudited</b>     | <b>Audited</b>       |
| <b>Cash flows from operating activities</b>  |                      |                      |
| Cash received from customers   | 13,353,611           | 7,671,844            |
| Payments to suppliers and employees  | (11,673,877)         | (2,462,190)          |
| Net interest received/ (paid)  | 757,642              | (41,814)             |
| <b>Net cash inflow from operating activities before listing costs and NZTA collections</b> | <b>2,437,376</b>     | <b>5,167,840</b>     |
| Payments made to suppliers in listing on NZX   | (2,022,675)          | -                    |
| Net cash received from customers / (paid to) NZTA  | 2,938,065            | 3,538,956            |
| <b>Net cash inflow from operating activities</b>   | <b>3,352,766</b>     | <b>8,706,796</b>     |
| <b>Cash flows from investing activities</b>  |                      |                      |
| Payments for purchase of property, plant & equipment                                       | (9,375,573)          | (5,822,382)          |
| Payments for purchase of intangible assets   | (6,982,060)          | (5,302,900)          |
| <b>Net cash outflow from investing activities</b>  | <b>(16,357,633)</b>  | <b>(11,125,282)</b>  |
| <b>Cash flows from financing activities</b>  |                      |                      |
| Loan from / (repayment) bank   | (3,101,274)          | 1,611,233            |
| Loan from /(repayment) shareholders  | -                    | (500,000)            |
| Net proceeds from equity raising   | 41,067,968           | 7,014,829            |
| <b>Net cash outflow from financing activities</b>  | <b>37,966,694</b>    | <b>8,126,062</b>     |
| <b>Net increase/(decrease) in cash held</b>  | <b>24,961,827</b>    | <b>5,707,576</b>     |
| <b>Cash at beginning of the financial period</b>   | <b>9,155,825</b>     | <b>3,448,249</b>     |
| <b>Closing cash and cash equivalents (net of overdrafts)</b>                               | <b>34,117,652</b>    | <b>9,155,825</b>     |



## Earnings Per Share

|                          | Group                         |                             |
|--------------------------|-------------------------------|-----------------------------|
|                          | 31 March<br>2015<br>Unaudited | 31 March<br>2014<br>Audited |
| Basic EPS <sub>1</sub>   | (2.24)                        | 6.66                        |
| Diluted EPS <sub>1</sub> | (2.24)                        | 6.66                        |

<sub>1</sub> Earnings per share for the year-ended 31 March 2014 has been adjusted to reflect the share split that occurred during the year-ended 31 March 2015.

## Dividends paid/payable

No dividend is proposed.

## Segment Information

|   | Revenue                             |                                   | Net profit/(loss) before<br>taxation and costs of<br>listing |                                   |
|---|-------------------------------------|-----------------------------------|--|-----------------------------------|
|   | 31 March<br>2015<br>\$<br>Unaudited | 31 March<br>2014<br>\$<br>Audited | 31 March<br>2015<br>\$<br>Unaudited                          | 31 March<br>2014<br>\$<br>Audited |
| <b>Development markets</b>                | -                                   | -                                 | (2,061,984)  | (1,325,578)                       |
| <b>Commercial markets</b>                 | 384,078                             | -                                 | (1,098,204)  | -                                 |
| <b>Established markets</b>                | 18,537,842                          | 9,963,884                         | 4,598,381  | 2,345,355                         |
| Elimination of inter-segment transactions | (1,371,597)                         | -                                 | (342,635)  | -                                 |
| <b>Reported amounts</b>                   | <b>17,550,323</b>                   | <b>9,963,884</b>                  | <b>1,095,558</b>   | <b>1,019,777</b>                  |

Due to changes in the group and the information provided to the chief operating decision maker the group has changed its reportable segments from those reported in 2014. As a result comparative amounts in the operating segment disclosure above have been restated to align with the current year's presentation.