



Quarterly Operational Update

20 April 2021

Transportation technology services company EROAD (NZX/ASX: ERD) today released its quarterly update for the three months ended 31 March 2021. Key points include:

- EROAD sold 2,726 contracted units reflecting continued growth across its markets
- EROAD sold 1,054 'MYEROAD Clarity' Dashcam units in March 2021
- EROAD's asset retention rate remains above 95% for the Group
- EROAD remains confident with its FY21 and FY22 guidance provided in November 2020

EROAD's Key Operating Metrics as at 31 March 2021 are as follows:

	Total at 31 December 2020	Total at 31 March 2020	Added in quarter
Contracted Units*	123,477	126,203	2,726
New Zealand	85,597	87,892	2,295
North America	35,255	35,437	182
Australia	2,625	2,874	249
Clarity Dashcam	0	1,054	1,054
New Zealand	0	34	34
North America	0	1,020	1,020

* Total Contracted Units is a non-GAAP measure used by EROAD which represents the total units subject to a customer contract and includes both Units on Depot and units pending instalment.

Total contracted units grew 2,726 reflecting continued growth across EROAD's markets, with EROAD's Asset Retention rate remaining above 95% across the group.

In New Zealand, EROAD's growth was 2,295 units for the quarter, driven by approximately equal growth in new and existing customers. As signalled in the Q3 Operational Update provided on 29 January 2021, EROAD secured a large New Zealand Enterprise customer, Toll New Zealand. The NZ business, which delivers freight forwarding, end-to-end transport services and comprehensive logistics solutions to customers has chosen EROAD as their regulatory partner in New Zealand. The contract includes almost 1,000 units across their heavy vehicle, light vehicle and trailer fleet. So far, the company have installed EROAD into over 500 of their vehicles. Toll New Zealand are also utilising several EROAD SaaS (Software as a Service) services, including Inspect, Logbook and the Maintenance module.

New unit sales continued to be challenging in the first half of Q4 in North America, due to the impacts of COVID-19 lockdowns, with only 182 additional units sold during the quarter. However, EROAD is encouraged by signs in the latter half of Q4 that the North America economy has started to open up again, bolstered by the increase in government support and rollout of vaccination programme with workers beginning to return to their workplaces across the region. Reflecting this,

For personal use only



EROAD currently has two enterprise customer prospects in pilot for its Ehubo delivered services (approx. 1,500 units) as well as a range of further pilots for Dashcam units with existing and new customers.

Growth in Australia in the small and medium customer segment continued at the same run-rate as the previous quarters. As announced on 9 April 2021, EROAD announced they had signed its largest Australian enterprise customer Ventia, contracting approximately 2,500 Ehubo 2 units in Australia and 1,500 units in New Zealand to be installed through-out the 2021 calendar year. This win almost doubles the size of EROAD's Australian installed unit base.

Accelerating EROAD's growth strategies

Following the launch of 'MY EROAD Clarity' Dashcam in October 2020, EROAD began marketing, selling and dispatching this product in March 2021. As expected, high demand was seen in North America as our customers looked to reduce their insurance premiums from demonstrating their vehicle safety. For the month of March 2021, EROAD sold a total of 1,054 EROAD Clarity Dashcams and we expect this run-rate to continue for the Group as North America continues to return to normality after restrictive COVID-19 lock downs and further momentum is built within the New Zealand and Australian markets.

Over the last six months, EROAD has more than doubled its EROAD Day Logbook subscriptions in New Zealand, selling an additional 3,376 subscriptions, taking the total number to 6,407 subscriptions at 31 March 2021.

FY21 and FY22 Guidance remains unchanged

EROAD remains confident with its FY21 and FY22 guidance provided on 26 November 2020 in the half year results release.

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

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

***The H1 increase in doubtful debt provision of \$0.9m relating to the impact of COVID-19 is not considered to be a one-off and likely to recur in H2 FY21 to some extent.*

Ends



This announcement has been authorised by the CFO, Alex Ball.

Investors:

Alex Ball, CFO

alex.ball@eroad.com

Media:

Courtney Ayre, Marketing Director, Australia and New Zealand

courtney.ayre@eroad.com

About EROAD

EROAD Limited (ASX: ERD; NZX: ERD) (“EROAD”) purpose is safer, more productive roads. EROAD develops and markets technology solutions to manage vehicle fleets, support regulatory compliance, improve driver safety and reduce the costs associated with operating a fleet of vehicles and inventory of assets. EROAD has a proven SaaS business model and is experiencing continuing growth in installed units and revenue. EROAD has operations in New Zealand, North America and Australia with customers ranging in size from small fleets through to large enterprise customers. For more information visit <https://www.eroad.com/global/investors>.

For personal use only