



EROAD

EROAD Limited

Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise

As at 31 March 2020

Reporting entity and basis of preparation

The table below sets out the adjustments that have been made to the consolidated statement of financial position of EROAD Limited ('the Company') and its subsidiaries ('the Group') as at 31 March 2020 in order to prepare the unaudited pro forma consolidated statement of financial position ('Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise') for the Group. These adjustments reflect the events and assumptions discussed in the notes to the table.

The Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise has been prepared using the same accounting policies as the Group's audited annual financial statements for the year ended 31 March 2020 which is publicly available on the Group's website

<https://www.eroadglobal.com/assets/Uploads/Global/Investor-documents/EROAD-FY20-AnnualReport-1.0.pdf>

The Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise has been prepared solely for the purpose of satisfying the requirements imposed under the listing rules of the Australian Securities Exchange ('ASX') in connection with the admission of EROAD Limited to the official list of ASX as a Foreign Exempt Listing.



EROAD Limited

Statutory Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise

As at 31 March 2020

(\$million)

	Statement of Financial Position (Audited) (1)	Unaudited Pro-Forma adjustments		Unaudited Pro Forma Consolidated Statement of Financial Position
		Capital Issued (unaudited) (2)	Transaction Costs (unaudited) (3)	
CURRENT ASSETS				
Cash and cash equivalents	3.4	30.0	(1.9)	31.5
Restricted bank accounts	14.0			14.0
Trade and other receivables	10.7			10.7
Contract fulfilment costs	3.2			3.2
Costs to obtain contracts	2.7			2.7
Total Current Assets	34.0	30.0	(1.9)	62.1
NON-CURRENT ASSETS				
Property, plant and equipment	37.4			37.4
Intangible assets	42.1			42.1
Contract fulfilment costs	2.7			2.7
Costs to obtain contracts	2.1			2.1
Deferred tax assets	7.5			7.5
Total Non-Current Assets	91.8	-	-	91.8
TOTAL ASSETS	125.8	30.0	(1.9)	153.9
CURRENT LIABILITIES				
Borrowings	2.2			2.2
Trade payables and accruals	8.2			8.2
Payables to transport agencies	13.9			13.9
Contract liabilities	3.6			3.6
Lease liabilities	1.0			1.0
Employee entitlements	1.8			1.8
Total Current Liabilities	30.7	-	-	30.7
NON-CURRENT LIABILITIES				
Borrowings	33.6			33.6
Contract liabilities	4.6			4.6
Lease liabilities	5.3			5.3
Deferred tax liabilities	0.3			0.3
Total Non-Current Liabilities	43.8	-	-	43.8
TOTAL LIABILITIES	74.5	-	-	74.5
NET ASSETS	51.3	30.0	(1.9)	79.4
EQUITY				
Share capital	80.7	30.0	(1.4)	109.3
Translation reserve	(2.9)			(2.9)
Accumulated losses	(26.5)		(0.5)	(27.0)
TOTAL SHAREHOLDERS' EQUITY	51.3	30.0	(1.9)	79.4



EROAD Limited

Statutory Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise

As at 31 March 2020

Notes supporting the Pro Forma Consolidated Statement of Financial Position– Minimum Capital Raise

1. The historical consolidated statement of financial position represents the audited consolidated statement of financial position for EROAD Limited as at 31 March 2020.
2. **Capital issued (unaudited):** A total of \$30 million in new equity expected to be issued in following the entity's admission to the official list. This is expected to be in the form of a \$25m placement and \$5m Share Purchase Plan.
3. **Transaction costs (unaudited):** As a consequence of the expected equity issuance in conjunction with the entity's admission to the official list transaction costs of \$1.9 million are expected to be payable. The entirety of these transaction costs will be recognised in the financial year ended 31 March 2021. \$0.5 million of which will be recognised in the statement of comprehensive income and is assumed not deductible for tax purposes. \$1.4 million in transaction costs are related to the listing of new shares and will be capitalised against equity.

**KPMG Transaction Services**

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The Directors
EROAD Limited
Level 3
260 Oteha Valley Road,
Auckland, Auckland
New Zealand

31 August 2020

Dear Directors

Limited Assurance Investigating Accountant's Report – Minimum Capital Raise**Introduction**

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by EROAD Limited ("EROAD") to prepare this report as part of a submission for application for an ASX foreign exempt listing. EROAD are expected to raise capital within an agreed minimum and maximum range and this report considers the minimum capital raise as set out in the document called "Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise".

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below.

The pro forma historical financial information is presented in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of EROAD (the responsible party).

The pro forma historical financial information has been derived from the historical financial information of EROAD, after adjusting for the effects of pro forma adjustments principally associated with the expected equity raising described and presented in document called "Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise". The pro forma financial information consists of EROAD's Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise as at 31 March 2020 ("Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in the International Financial Statements as adopted in New Zealand, which are consistent with Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

The Pro Forma Historical Financial Information has been compiled by EROAD to illustrate the impact of the event(s) or transaction(s) described in the document called "Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise" on EROAD's financial position as at 31 March 2020, reflecting the minimum capital raising of EROAD. As part of this process, information about EROAD's financial position has been extracted by EROAD from EROAD's financial statements for the period ended 31 March 2020.

The financial statements of EROAD for the year ended 31 March 2020 were audited by KPMG New Zealand in accordance with International Standards on Auditing (New Zealand). The audit opinions issued to the members of EROAD relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would

have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of EROAD are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in the document called "Pro Forma Consolidated Statement of Financial Position – Minimum Capital Raise" comprising:

- the pro forma historical balance sheet of EROAD as at 31 March 2020,
- is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and EROAD's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of any proposed capital raising, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG New Zealand is the auditor of EROAD and from time to time, KPMG New Zealand also provides EROAD with certain other professional services for which normal professional fees are received.

Restriction on use and distribution

The purpose of preparing the Pro Forma Historical Financial Information, was to reflect the proposed minimum capital raising pro forma impact and is only for inclusion in EROAD's submission for ASX foreign exempt listing. As a result, the Pro Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Pro Forma Historical Financial Information to which it relates, for any purpose other than

that for which it was prepared. This report may not be disclosed in any other way, including any publication on any electronic media, to any other party, except as required by law or the rules of any relevant stock exchange or a government body or in connection with an actual or potential claim, investigation or inquiry against.

Yours faithfully

A handwritten signature in black ink, appearing to read 'MSA', with a stylized flourish at the end.

Matthew Saunders
Authorised Representative



EROAD

EROAD Limited

Pro Forma Consolidated Statement of Financial Position – Maximum Capital Raise

As at 31 March 2020

Reporting entity and basis of preparation

The table below sets out the adjustments that have been made to the consolidated statement of financial position of EROAD Limited ('the Company') and its subsidiaries ('the Group') as at 31 March 2020 in order to prepare the unaudited pro forma consolidated statement of financial position ('Pro Forma Consolidated Statement of Financial Position – Maximum Capital Raise') for the Group. These adjustments reflect the events and assumptions discussed in the notes to the table.

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EROAD Limited

Statutory Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position – Maximum Capital Raise

As at 31 March 2020

(\$ million)

	Historical Consolidated Statement of Financial Position (Audited) (1)	Unaudited Pro-Forma adjustments		Unaudited Pro Forma Consolidated Statement of Financial Position
		Capital Issued (unaudited) (2)	Transaction Costs (unaudited) (3)	
CURRENT ASSETS				
Cash and cash equivalents	3.4	50.0	(2.5)	50.9
Restricted bank accounts	14.0			14.0
Trade and other receivables	10.7			10.7
Contract fulfilment costs	3.2			3.2
Costs to obtain contracts	2.7			2.7
Total Current Assets	34.0	50.0	(2.5)	81.5
NON-CURRENT ASSETS				
Property, plant and equipment	37.4			37.4
Intangible assets	42.1			42.1
Contract fulfilment costs	2.7			2.7
Costs to obtain contracts	2.1			2.1
Deferred tax assets	7.5			7.5
Total Non-Current Assets	91.8	-	-	91.8
TOTAL ASSETS	125.8	50.0	(2.5)	173.3
CURRENT LIABILITIES				
Borrowings	2.2			2.2
Trade payables and accruals	8.2			8.2
Payables to transport agencies	13.9			13.9
Contract liabilities	3.6			3.6
Lease liabilities	1.0			1.0
Employee entitlements	1.8			1.8
Total Current Liabilities	30.7	-	-	30.7
NON-CURRENT LIABILITIES				
Borrowings	33.6			33.6
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Total Non-Current Liabilities	43.8	-	-	43.8
TOTAL LIABILITIES	74.5	-	-	74.5
NET ASSETS	51.3	50.0	(2.5)	98.8
EQUITY				
Share capital	80.7	50.0	(2.0)	128.7
Translation reserve	(2.9)			(2.9)
Accumulated losses	(26.5)		(0.5)	(27.0)
TOTAL SHAREHOLDERS' EQUITY	51.3	50.0	(2.5)	98.8



EROAD Limited

Statutory Historical Consolidated Statement of Financial Position and Pro Forma Consolidated Statement of Financial Position – Maximum Capital Raise

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3. **Transaction costs (unaudited):** As a consequence of the expected equity issuance in conjunction with the entity's admission to the official list transaction costs of \$2.5 million are expected to be payable. The entirety of these transaction costs will be recognised in the financial year ended 31 March 2021. \$0.5 million of which will be recognised in the statement of comprehensive income and is assumed not deductible for tax purposes. \$2.0 million in transaction costs are related to the listing of new shares and will be capitalised against equity.

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Restriction on use and distribution

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that for which it was prepared. This report may not be disclosed in any other way, including any publication on any electronic media, to any other party, except as required by law or the rules of any relevant stock exchange or a government body or in connection with an actual or potential claim, investigation or inquiry against.

Yours faithfully

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Matthew Saunders
Authorised Representative