



## Market Release

# EROAD

## Quarterly Operational Update

24 January 2022

Transportation technology services company EROAD (ASX/NZX: ERD), with its purpose of safer and more sustainable roads, today released its quarterly update for the three months ended 31 December 2021. Key points include:

- Total contracted unit growth of 70,736 units (+53.3%), reflecting the Coretex acquisition, as well as strong organic growth in New Zealand and Australia;
- Coretex acquisition completed successfully, and integration is on track with initial key focus on building sales momentum in North America market;
- Significant Enterprise opportunities in North America, with pilots underway across several customer verticals representing over 23,000 units; and
- Increased growth in New Zealand due to rollout of previously won enterprise fleets.

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

	Total at 30 September 2021	EROAD added in quarter	Coretex acquired at 30 November 2021	Coretex added in December 2021	Total at 31 December 2021	Total added this quarter
<b>Contracted units*</b>	<b>132,703</b>	<b>3,837</b>	<b>66,157</b>	<b>742</b>	<b>203,439</b>	<b>70,736</b>
New Zealand	93,639	3,557	7,637	(29)	104,804	11,165
North America	33,992	(574)	50,628	671	84,717	50,725
Australia	5,072	854	7,892	100	13,918	8,846
<b>Clarity Dashcam</b>	<b>4,141</b>				<b>5,247</b>	<b>1,106</b>
New Zealand	780				976	196
North America	3,299				4,149	850
Australia	62				122	60
<b>Phillips Connect</b>	<b>666</b>				<b>1,019</b>	<b>353</b>

\*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 connected to EROAD's platforms and units pending instalment. A unit represents a hardware solution installed in a vehicle or trailer providing telematics solutions. Following the launch of Clarity Solo and the completion of the Coretex acquisition, the definition of a unit now includes Clarity Solo units and Coretex units.

EROAD grew by 70,736 units in the three months ended 31 December, ending the quarter at 203,439 units reflecting the acquisition of Coretex and strong organic growth in New Zealand and Australia. The acquisition of Coretex was successfully completed on the 30



November 2021. Integration is on track with initial focus on building sales in the North America market.

In New Zealand, contracted growth was 11,165 units for the quarter. This reflects the 7,637 units acquired at 30 November, the continued roll out of several Enterprise fleets won in Q2 FY22, a new bus fleet won and largely installed in the quarter, as well as ongoing small and medium size customer run-rate growth.

The acquisition of Coretex has significantly improved EROAD's North America market position and growth potential. Over the quarter, North America units increased by 50,725 reflecting the 50,628 Coretex units brought on at 30 November 2021 and gross organic sales of 2,091 (including an Enterprise customer win of approximately 500 units), offset by churn from customers using EROAD branded products. The customer churn included the loss of a c.650 unit Enterprise customer, which ended its agreement with EROAD after both parties were unable to reach mutually agreeable renewal terms, as well as ongoing impacts of driver shortages, broader macro-economic concerns and continued fleet reduction. Coretex delivered a further 671 net units in December, and also has signed contracts across the construction, mixed fleet and refrigeration segments for approximately 2,600 additional units which commence roll out in Q4 FY22. The North American business currently has five Enterprise customer pipeline opportunities at the pilot stage relating to potential opportunities totalling over 23,000 units.

Following the launch of EROAD Clarity Solo Dashcam at the American Trucking Association MC&E show in Nashville Tennessee in late October 2021, EROAD has sold 116 units across all markets, with the majority sold in North America. This product, (which significantly increases the addressable market for dashcams), has no in-cab requirement for a pre-installed Ehubo and, so as a standalone device, is included in the contracted unit numbers.

Australia grew by 8,846 units over the quarter reflecting both the Coretex acquisition (7,892 units added at 30 November 2021) and the roll out of Enterprise customer Ventia. EROAD has now dispatched approximately 97% of the Ventia Australian units, and roll-out is expected to complete this quarter. Operating conditions have become more challenging since December with the Omicron COVID-19 wave impacting EROAD staff and customers. There are three ongoing Enterprise customer pipeline opportunities at the pilot stage due to conclude in Q4 FY22 relating to opportunities for approximately 1,400 units and c. 13,000 microtags.

**Ends**

Authorised for release to the NZX and ASX by the Chairman and CEO of EROAD.

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