



EROAD Market Update

7 November 2022

Transportation technology services company EROAD Limited (NZX/ASX: ERD), with its purpose of safer and more sustainable roads, today provides a market update. Key highlights include:

- A five-year agreement with North American food service leader Sysco with an initial order to supply SaaS subscriptions on over 9,000 trucks with further growth potential.
- Existing EROAD customer ABC Supply, renews its contract for over 6,000 subscriptions through to at least August 2024
- Guidance for FY 23 is Revenue \$154m - \$164m (was \$150m - \$170m), and normalized EBIT \$0 - \$-5m (unchanged)

“EROAD is focused on execution and delivery of its growth strategy. With our expanded portfolio of products and capabilities, from the merger with Coretex, we are now beginning to convert our pipeline to sales and continue to retain key customers in the challenging and competitive North American market.” says Mark Heine, Chief Executive Officer

Agreement with Sysco

Following a rigorous competitive procurement process lasting 18 months EROAD has been awarded a contract to supply its CoreHub technology and SaaS solutions to North American foodservice operator Sysco (<https://www.sysco.com/>) for over 9,000 trucks with further growth potential.

EROAD and Sysco will work together to rollout EROAD’s solutions across the next 12 months. Sysco will utilise EROAD’s fully integrated solutions to provide supply chain assurance for critical food service distribution throughout North America.

“EROAD is more than just a technology provider,” said Daniel T. Purefoy, Chief Supply Chain Operations Officer, Sysco Corporation. “The team really took the time to understand our challenges as well as our dedication to corporate social responsibility and sustainability. As a result, they presented a solution that not only addressed those challenges and unique needs but is completely transforming our approach to fleet management. They’re helping us create an entirely new digital experience, and we’re excited to see all of the benefits that will come from working with EROAD.”

ABC Supply Renews

EROAD has also renewed its contract with one of its largest North American enterprise customers ABC Supply, for over 6,000 subscriptions through to at least August 2024.

ABC Supply is one of North America’s largest wholesale distributors of roofing, siding, and other select exterior and interior building products, and has been partnering with EROAD since 2019.

“EROAD has been a valuable partner for us throughout the past few years and we look forward to continuing this relationship. EROAD’s solutions have allowed us to reduce the time to manage unidentified drive times (UDTs) by 25% and caused a 50% reduction in hours of service (HOS) violations when compared to our previous telematics provider” said Brian Widder, Manager of Driver Safety and Compliance at ABC Supply.

FY23 EBIT Guidance Confirmed

EROAD now expects FY23 Revenue of between \$154m - \$164m subject to FX movements (previous guidance \$150m - \$170m). EROAD has had a number of headwinds on operating costs in the first half of FY23, however management have been focused on cost reduction and improving operating leverage to ensure it remains on track for FY23 Normalised EBIT of between \$-5m and breakeven. Cost reduction initiatives will reduce the impact of inflationary pressures and will reflect in improved performance in the second half of FY23. EROAD continues to experience disruption in its global supply chains, including access to supply of critical electronic componentry and increased prices. This is being actively managed through longer purchasing lead times, increased inventory levels and strong supplier relationships.

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