Disciplined execution delivers positive HY24 results

AUCKLAND, 29 November 2023: Transportation technology services company EROAD Limited (NZX/ASX: ERD), with its purpose of 'delivering intelligence you can trust, for a better world tomorrow', today released its financial results for the 6 months ended 30 September 2023.

All numbers are stated in New Zealand dollars (NZ$) and relate to the 6 months ended 30 September 2023 (H1 FY24), unless stated otherwise. Comparisons relate to the six months ended 30 September 2022 (H1 FY23)

Financial Highlights[1]

- **Revenue increased** to $88.9m for H1 FY24 from reported revenue of $85.4m in H1 FY23 and normalized revenue of $78.4m in H1 FY23. This represents a 13% increase against normalized revenue for the prior comparable period, taking account of the one-off acquisition accounting adjustment of $7.0m in H1 FY23 relating to the Coretex merger. Growth in revenue was delivered across all markets.
- **EBIT reduced to** a profit of $0.4m in H1 FY24 from a profit of $1.0m in H1 FY23. Normalised[2] EBIT increased to $1.9m in H1 FY24 from $(3.4)m in H1 FY23.
- **Annualised Monthly Recurring Revenue increased** by $10.8m (6.8%), to $169.1m in H1 FY24 from $158.3m in H1 FY23, reflecting growth across all markets partially offset by an FX loss of $4.4m.
- **Free Cash Flow (to the firm) improved** to an outflow of $0.2m in H1 FY24 from an outflow of $21.7m in H1 FY23. This improvement is the result of growth in units, price increases, and further cost savings. Following the capital raise, available liquidity (bank facility headroom + cash) was $59.4m.

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[1] EROAD has presented certain non-GAAP financial measures as part of its H1 FY24 results, which EROAD's directors and management believe provide useful information as they exclude any impacts of one-offs which can make it difficult to compare and assess EROAD's performance. The non-GAAP financial measures EROAD has used in this document are Annualised Monthly Recurring Revenue (AMRR), EBIT, Normalised EBIT, Normalised Revenue and Free Cash Flow. A detailed reconciliation of non-GAAP measures to EROAD's reported financial information is included on EROAD's website (http://www.eroadglobal.com/global/investors/). General information about EROAD's use of non-GAAP financial information is included on page 2 of the H1 FY24 Investor Presentation.

[2] Normalised for the recognition of one-off acquisition revenue, integration costs and costs associated with the 4G hardware upgrade program.

Operational Highlights

- **Asset Retention remains high** at 94.2% in H1 FY24 (NZ 94%; AU 97%; NA 94%), compared with 94.7% in H1 FY23.
- **Key enterprise customer wins and expansions during the period** Programmed in Australia (+3k connections), renewed and expanded Boral (+1.3k connections) in Australia and Kinetic (owner of NZ Bus +1k connections) in New Zealand, and expanded US Foods (+600 connections) in North America. 59% of new enterprise units were expansions from existing customers, demonstrating strong customer value from EROAD.
- **FY24 guidance reconfirmed** of revenue growth between 6 – 9% ($175m - $180m), continued implementation of the cost-out program, and EBIT of $0 - $5m normalised for the 4G hardware upgrade program.
- **Accelerated product development using AI** – EROAD is collaborating with Microsoft on Generative AI product development to enhance customer experience and value. This is part of EROAD's growth strategy, which has included an active search for strategic partnerships in the high growth North American market and the building up of relevant in-market sales capabilities and expertise.
- **Cold-Chain partnership** – EROAD has also commenced a partnership with Trane Technologies to expand opportunities in the Cold-Chain market in conjunction with the ThermoKing Refrigerated Trailer Units. This partnership helps EROAD to grow in the refrigerated trailer market in NA which comprises over 400,000 trailers.
- **EROAD expects to be free cash flow positive** in the latter part of calendar 2024.

"Our results for the first half of FY24 demonstrate our ability to capitalise on strategic growth combined with our consistent focus on robust financial management," said Mark Heine, Chief Executive Officer. "In March this year I outlined our focus was on repositioning EROAD's business model to simultaneously reduce cost, drive growth and generate cash. Six months on, we are seeing delivery. We expect EROAD to start yielding positive free cash flow on a consistent basis in the latter part of calendar year 2024. The trajectory to arrive at this involves many specific milestones, and the Management team remains focused on these."

EROAD Chair Susan Paterson said: "The half-year financial results show that EROAD is heading in the right direction. This progress is founded on a solid platform of an established, profitable New Zealand business segment balanced by a high-growth North America opportunity, a well-resourced balance sheet following our recent capital raise, a sound long-term strategy, and excellent positioning to the strong growth in business sustainability requirements. We have laid the foundations for continued growth in New Zealand and Australia, and to target high-growth opportunities in North America."

ENDS

Authorised for release to the NZX and ASX by EROAD's Board of Directors.

Webinar details

EROAD's Chief Executive Officer, Mark Heine, and Chief Financial Officer, Margaret Warrington, will give a presentation and answer questions on the company's financial and operational performance for H1 FY24 via a webinar commencing on Wednesday 29 November 2023 at 12:00pm NZT.

Register in advance for this webcast:
When: Wednesday 29 November Time: 12:00pm NZT
Topic: EROAD H1 FY24 Results Announcement
Link: https://www.eroad.co.nz/investor-presentation/

After registering, you will receive a confirmation email containing information about joining the webinar. A replay of this conference call will be available once it has been uploaded to the EROAD website under 'presentations' on https://www.eroadglobal.com/global/investors/

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About EROAD
EROAD is a fully integrated technology, tolling and services provider, based in Auckland, New Zealand. They design and manufacture in-vehicle hardware, operate secure payment and merchant gateways and offer web-based value-added services. EROAD modernises road charging and compliance for road transport by replacing paper-based systems with easy-to-use electronic systems. They are the largest provider of road user charges (RUC) compliance in New Zealand, and a leading provider of health and safety compliance and fleet management solutions. EROAD is listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX) under the stock symbol of ERD. http://www.eroad.co.nz

EROAD (NZX: ERD ASX: ERD) Financial Results

For the 6 months ended 30 September 2023 (H1 FY24)

29 November 2023

Important Information

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions.

All numbers relate to the 6 months ended 30 September 2023 (H1 FY24) and comparisons relate to the 6 months ended 30 September 2022 (H1 FY23), unless otherwise stated. All dollar amounts are in NZD, unless otherwise stated.

There is no assurance that results contemplated in any projections or forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about EROAD.

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Non-GAAP Measures
EROAD has presented certain non-GAAP financial measures as part of its H1 FY24 results, which EROAD's directors and management believe provide useful information as they exclude any impacts of one-offs which can make it difficult to compare and assess EROAD's performance. Non-GAAP financial measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP financial measures reported in this presentation may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS. Non-GAAP financial measures are not subject to audit or review.

The non-GAAP financial measures EROAD has used in this presentation are identified and defined in the Glossary on page 41 of this presentation.

A detailed reconciliation of non-GAAP measures to EROAD's reported financial information is included on EROAD's website http://www.eroadglobal.com/global/investors/

Agenda

Result Overview

- Operational Overview & Key Metrics
- Geographic
- Financial
- 4G Hardware Upgrade Program

EROAD Strategy

- Strategy
- Partnerships
- Region Collaboration
- Market Opportunities

Outlook & Guidance

MARK HEINE, CEO

MARGARET WARRINGTON, CFO

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H1 FY24

Result Overview

H1 FY24 FINANCIAL RESULTS

Reported Revenue	Reported EBIT	Normalised EBIT	Free Cash Flow[3]	Cost Out (Annualised)
$88.9m	**$0.4m**	**$1.9m**	**$(0.2)m**	**$8.5m**
+13.4% H1 FY23 of $78.4m[1]	$1.0m H1 FY23	Normalised[2] vs ($3.4m) H1 FY23	FCF positive later half calendar year 2024	Further identified following $10m FY23

HY Highlights

Revenue Up. Costs Down

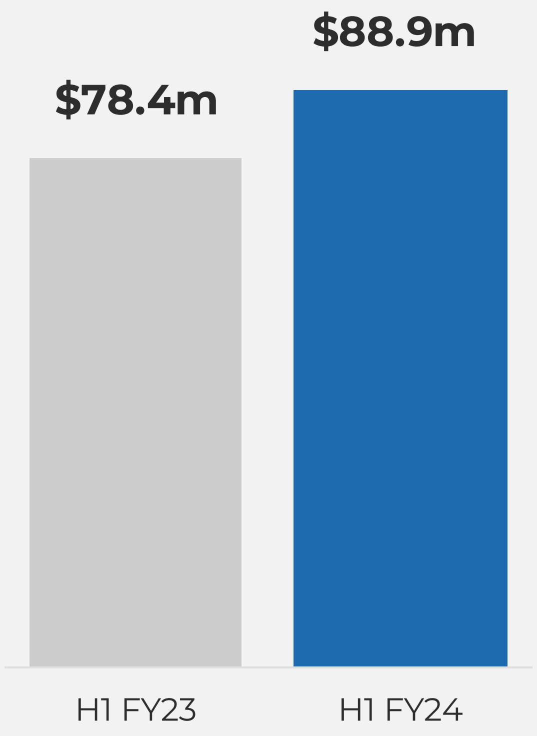
Future Contracted Income	Asset Retention	AMRR	Net Unit Adds	North America
$226.2m	**94.2%**	**$169.1m**	**15,735**	**+100k**
+$10.5m on H1 FY23	94.7% in H1 FY23	+6.8% H1 FY23	+11.7% H1 FY23	Unit milestone reached

EXECUTING STRATEGIC PLAN

1. Normalised for $7.0m in HY23 for accounting adjustment related to contingent consideration 2. Normalised for 4G hardware upgrade costs of $1.5m 3. Free Cash Flow to the firm excludes financing costs

Normalised Revenue Growth

~13% YoY normalised revenue growth driven by 11.7% increase in connected units and favourable foreign exchange. North America accounted for 53% of unit growth in H1 FY24 as units from Sysco rollout are connected



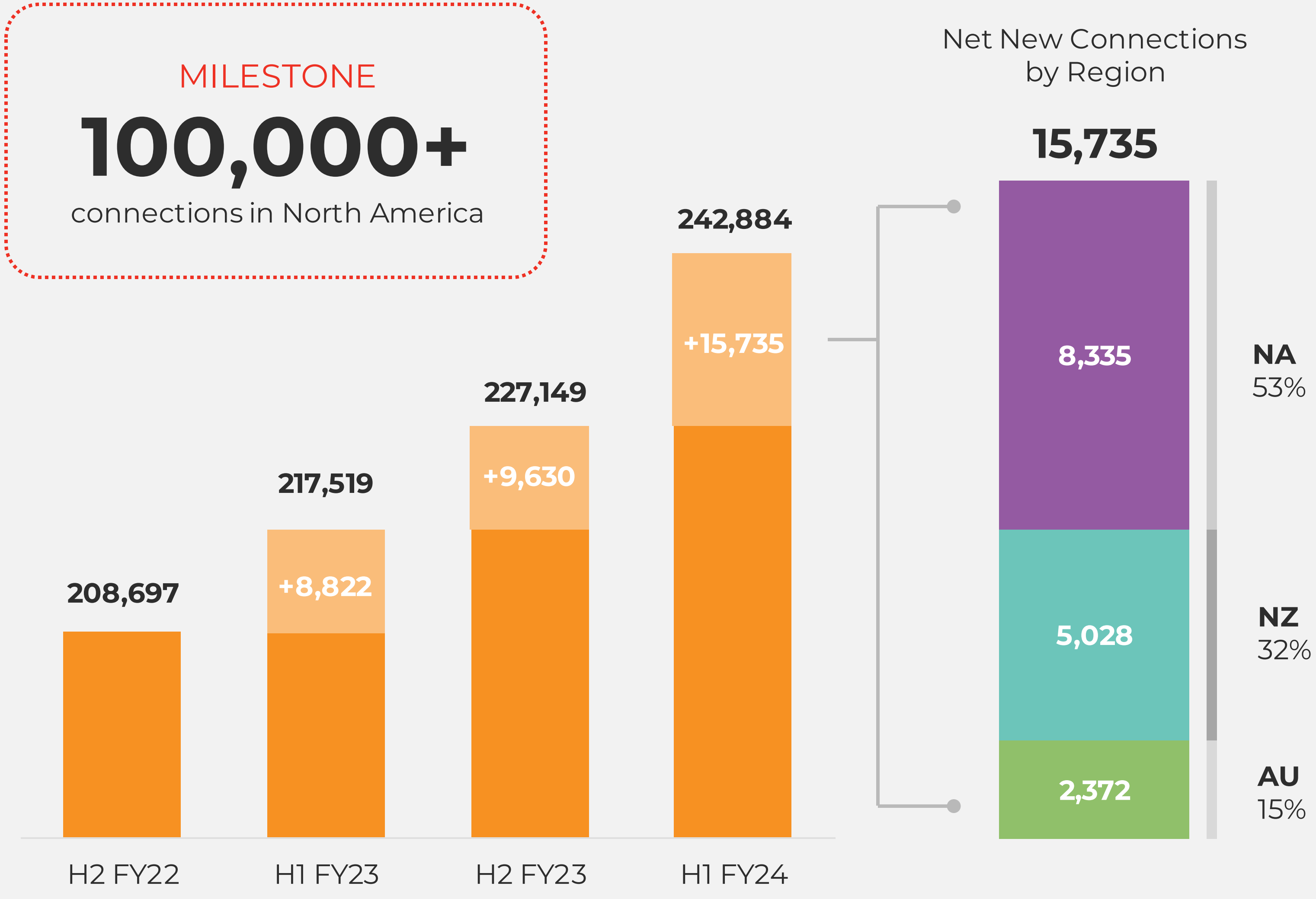
Connection Growth

North America boosted by Sysco rollout and Enterprise expansions

MILESTONE

100,000+

connections in North America



Positive Momentum

Strong interim results affirm our strategic direction

STRONG FOUNDATIONS

Three complementary business units

- New Zealand business generates strong positive free cash flow, inclusive of growth capex.
- North American business is an investment in a high growth opportunity in the largest addressable market
- Australian business builds on Trans-Tasman fleet benefits into a market ready to capitalise on specialised product development from North America

Intelligence empowering sustainability

- Launched decarbonisation tool in partnership with Energy Efficiency & Conservation Authority (EECA) to help companies reduce emissions
- Free emissions calculator developed with EECA available to NZ transport industry to enable sustainability decisions
- EV State of Charge launched in NZ and NA

CONSISTENT EXECUTION OF STRATEGY

Profitable growth at scale

- Sysco install substantially completed
- 8 Key enterprise account wins and renewals of 9,650 connections and growth within these existing customers of 4,478 connections
- On track $20m cost-out program resets the cost base supporting profitable growth

Free Cash Flow positive focus

- EROAD expects to be consistently free cash flow positive by latter part of calendar 2024.
- Positive trajectory of cash flow being driven by new customer wins, inflation indexation and cost control.
- Excluding one-time 4G upgrade program, EROAD would be free cash flow positive today.

Delivering on Strategy

Sustainable, Profitable Growth

Price Uplift

6% Australia & New Zealand

3% North America

Implemented price uplift in North America of 3% and in Australia and New Zealand of 6% to better reflect product value

Normalised Cash burn

$0.9m / month

Down 79% from H1 FY23

Normalised[1] cash burn reduced to $0.9m/month H1 FY24 (from $4.1m in H1 FY23)

Cost Out

$8.5m

Annualised Savings

On track to meet $10m (annualised) cost savings targeted in FY24

Follows $10m of annualised savings in FY23

Financial Headroom

Capital

$50m

Raised

Capital raise completed in September 2023, providing financial flexibility to execute to plan

Liquidity

$59.4m

Available

Liquidity of $59.4m available via new bank facility for headroom and cash to execute on strategy

1 Normalisation excludes capital raised and draws and/or repayments of credit facilities.

Operational Overview

Delivering on Strategy

Strategic Priority:

Win, Retain and Expand Key Enterprise Accounts

11,128
From Existing customers

3,000 Won	• Won Programmed (3,000 for 5 years) in **AU**
2,800 Renewed	• Renewed (1,400) Hato Hone St John **NZ** • Received confirmation (subject to contract) of **renewal** (1,400) Woolworths **AU**[1]
6,195 Renewed and Expanded	• Renewed (1,950) **and expanded** (1,000) Kinetic **NZ** • Renewed (1,900) **and expanded** (1,345) Boral in **AU**
2,133 Expanded	• US Foods expanded (622) **NA** • PLM (111) in **NA** • Sysco supplied and expanded (~1,400) **NA**

14,128[2]
Enterprise Connections

Value of Enterprise

Net New Enterprise Logo
Onboard new accounts and show value

↓

Renew Contracts
Drive loyalty through benefits to customer

↓

Add-ons to Renewals
New products and solutions increase contract value at renewal

↓

Increase Order Volume
Via customer fleet expansion (organic)
Additional product adoption

[1] EROAD is Woolworths' preferred supplier, presently working on renewing 1,400 units, with 367 units already ordered
[2] Year to date
*Connected unit numbers are rounded

Key Metrics Trend

Focused execution delivers strong results against refreshed strategy

Targeting Free Cash Flow[1] positive late calendar 2024, neutrality in FY25 [2]
Implementation of refreshed strategy provides pathway to sustainable, profitable growth

Goal	Metric	FY22	FY23	H1 FY24	Strategy	FY26 Targets
SaaS Quality	**AMRR**	$134.6m	$153.7m	**$169.1m***	Grow customer base in-line with estimated market growth[3]	**11% - 13% CAGR**
	Churn	7%	5%	**6%**	Maintain historical churn rate	**5% - 7%[4]**
	Average Lease Duration Remaining (years)	1.4	1.3	**1.4**	Rebalance toward longer-dated enterprise contracts	**1.5 – 2.0[5]**
Investment	**R&D as % of revenue**	28%	23%	**17%**	Focus on projects with near-term ROI	**13% - 15%[6]**
Return	**Free Cash Flow[1] Margin**	-39%	-18%	**0%**	Improve cash efficiency and drive NA growth	**9%+[7]**

[1] A non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows (excluding net interest paid).
[2] Based on delivery plan of Project Switch.
[3] Targeted growth in-line with blended market growth in North America and ANZ.; ANZ fleet management unit market is estimated to grow at a 16% CAGR (2019-2024); North America private fleet telematics market is expected to grow by 11% per year until 2030 (Sources: ACT Research, I.H.S., Berg, Expert interviews).
[4] In-line with historical churn rates (based on FY20-22A range).
[5] Assumes that average lease duration remaining (years) increases with weighting to longer dated enterprise contracts.
[6] Decrease in R&D as % of revenue is driven by streamlining of activities towards projects with near-term ROI.
[7] Driven by additional cash efficiencies and growth in North America. Includes effects from roll-off of the switch program, leverage (holding fixed costs as we grow) and the anticipated $20m cost-out.

*Annualised monthly recurring revenue includes negative FX impact of $4.4m in H1 FY24

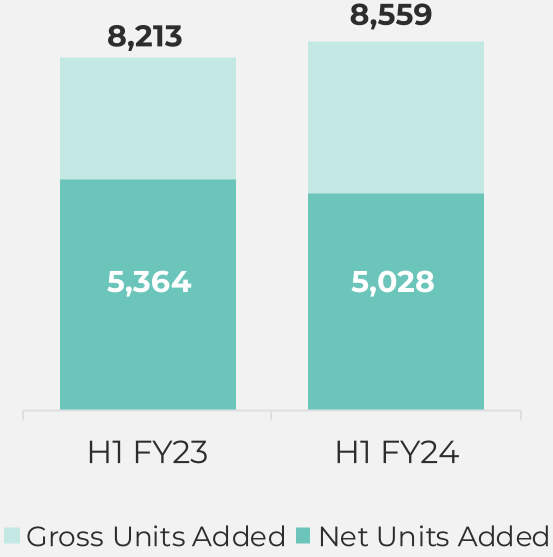
New Zealand

Strong cash generative market with a focus on multi-product adoption

5,028
Net unit adds

94%
Asset Retention Rate
4G Hardware Upgrade Programme slightly elevating churn

346
Customers added services



Continued stable growth bringing total connected unit count to 121,483. Up 4% on FY23

NZ$58.17
Monthly SaaS ARPU ▲ **4.8%**

NZ$28.7m
EBITDA ▲ **14.8%**

H1 FY24 New Zealand

CUSTOMER EXPANSION

346 customers expanded their services by an additional 8,794 connections

CUSTOMER LOYALTY

Kinetic NZ (Go Bus Parent Co) renewed (1,950) and **expanded** (1,000) 5 year term

Hato Hone St John renewed (1,400) 5 year term

PRICE UPLIFT

6% price lift implemented 1 July 2023
to reflect product value

4,350
Enterprise connections expanded and renewed 1,000 are net-new

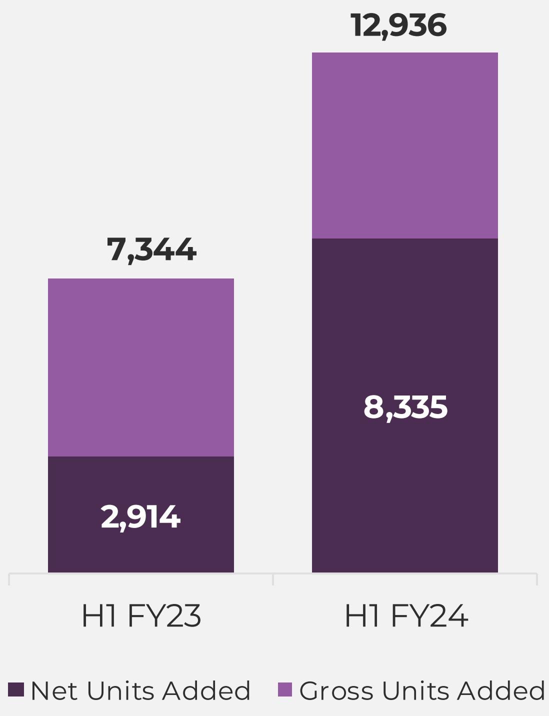
North America

Solid growth with momentum building in enterprise focus

8,335
Net unit adds

93.9%
Asset Retention Rate

149
Customers added services



Includes fleet resizes for customers who own their hardware on evergreen contracts (approx. -1.7k units).

Churn is mostly SMB and dealer network. Approx 600 units lost to business closure.

NZ$60.23
Monthly SaaS ARPU ▲ 1.8%
USD$36.85

NZ$15.9m
EBITDA ▲ 25.2%

H1 FY24 North America

SYSCO 9,000+ UNIT UPDATE:
Sysco rollout substantially completed

Additional 1,400+ connections supplied above initial contract

CUSTOMER LOYALTY
93% of new unit sales are to existing customers

68% of those are enterprise

TEAM
Welcomed new VP Sales NA

Implemented new marketing strategy

PRICE UPLIFT
3% price lift implemented 1 July 2023 to reflect product value

MILESTONE
100,000+
connections in North America

Australia

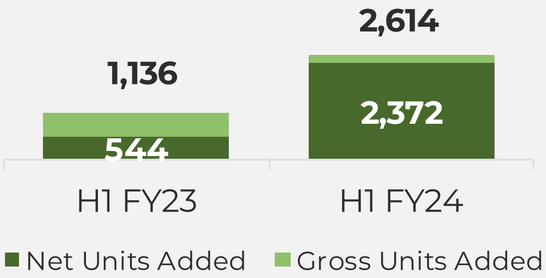
Solid growth with momentum building in enterprise focus

2,372
Net unit adds

97.4%
Asset Retention Rate

88
Customers added services

Strong growth in units connected reflecting momentum from focused sales efforts. Once fully installed, the 4,345 booked new units for HY deliver a 28% growth in overall Australian unit count from FY23.



NZ$46.67
Monthly SaaS ARPU ▲ **2.7%**
AU$43.16

NZ$1.7m
EBITDA ▲ **88.9%**

H1 FY24 Australia

NEW ENTERPRISE
Programmed Australia (3,000) 5 year term

CUSTOMER LOYALTY
Boral renewed (1,900) and expanded (1,345)

Received confirmation (subject to contract) of renewal (1,400) Woolworths AU[1]

PRICE UPLIFT
6% price lift implemented July 1 to reflect product value

7,645
Enterprise connections won, expanded or renewed.
4,345 are **net new** units

[1] EROAD is Woolworths' preferred supplier, presently working on renewing 1400 units, with 444 units already ordered

HY24
Financials

Programmed Australia
A leading provider of Staffing, Facility Management, Maintenance and Care services
3,000 units to use MyEROAD

Revenue & EBIT

Financial results delivered above guidance, demonstrating our commitment to deliver on our promises

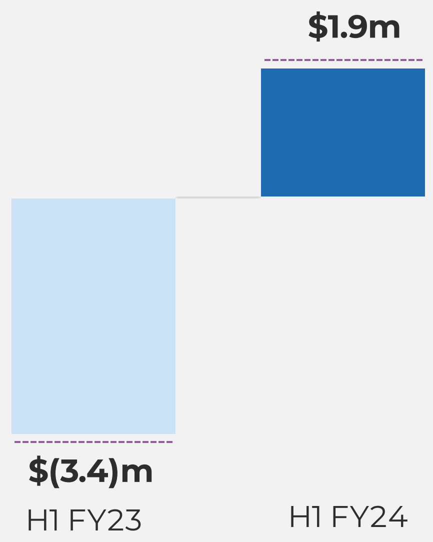
Normalised Revenue[1]

Revenue of $88.9m is up 13.4% on normalised H1 FY23 revenue reflecting unit growth, price increases and foreign exchange.

Normalised Operating Costs[2]

Identified $8.5m of annualised cost savings in H1 FY24. On track to meet $10m (annualised) of cost savings targeted in FY24, following $10m of cost-out in FY23.

Normalised EBIT[3]



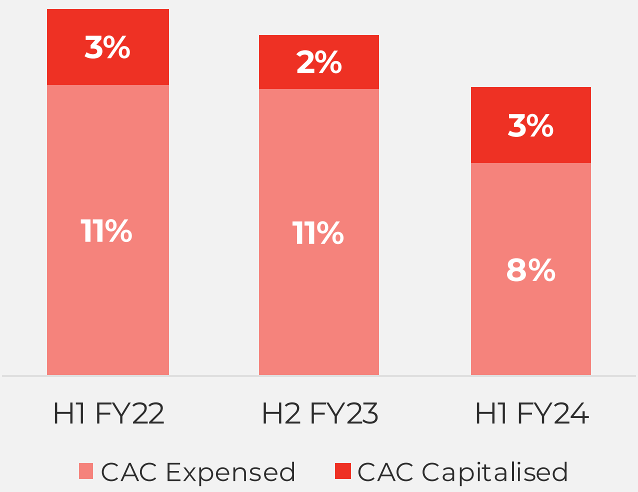
Normalised EBIT of $1.9m is on target to meet FY24 guidance range ($0-5m)

[1] Revenue normalised for $7.0m in H1 FY23 relating to accounting adjustment for contingent consideration
[2] Operating costs normalised for 4G hardware upgrade costs of $0.5m in H1 FY24 and integration costs of $2.6m in H1 FY23
[3] EBIT normalised for contingent consideration of $7.0m in H1 FY23, 4G hardware upgrade costs of $1.5 in H1 FY24, and integration costs of $2.6 m in H1 FY23

Operational Efficiency

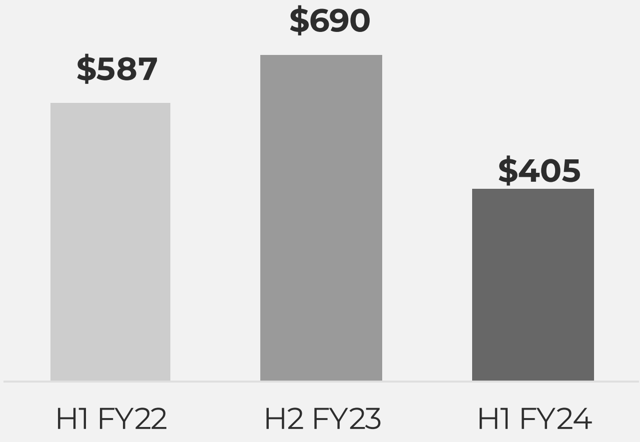
Management focus on gaining efficiency across all cost measures

Cost to acquire customers as a % of revenue



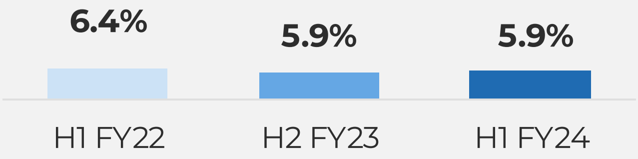
Expansions from existing customers, and measured sales and marketing spend show positive trends in CAC.

Customer acquisition cost (CAC) per unit



Lower cost per unit in H1 FY24 reflects the lag between the costs spent to acquire a customer and the recognition of a new unit added following installation.

Cost to support & service as a % of revenue

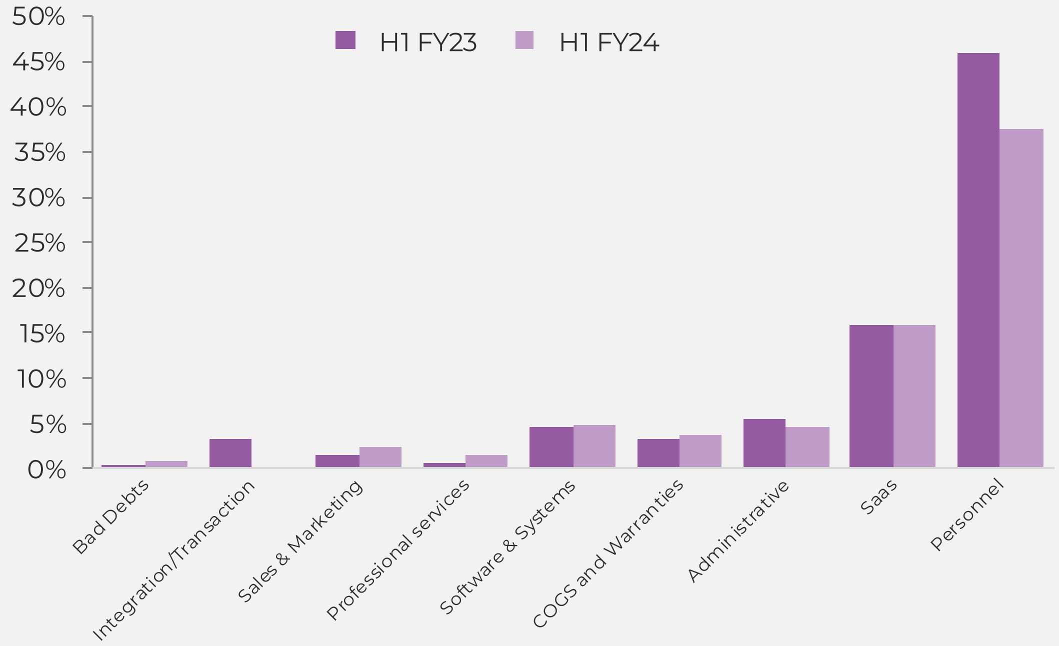


The decline over the prior year reflects savings from driving efficiencies and the cost-out program.

Operating Costs

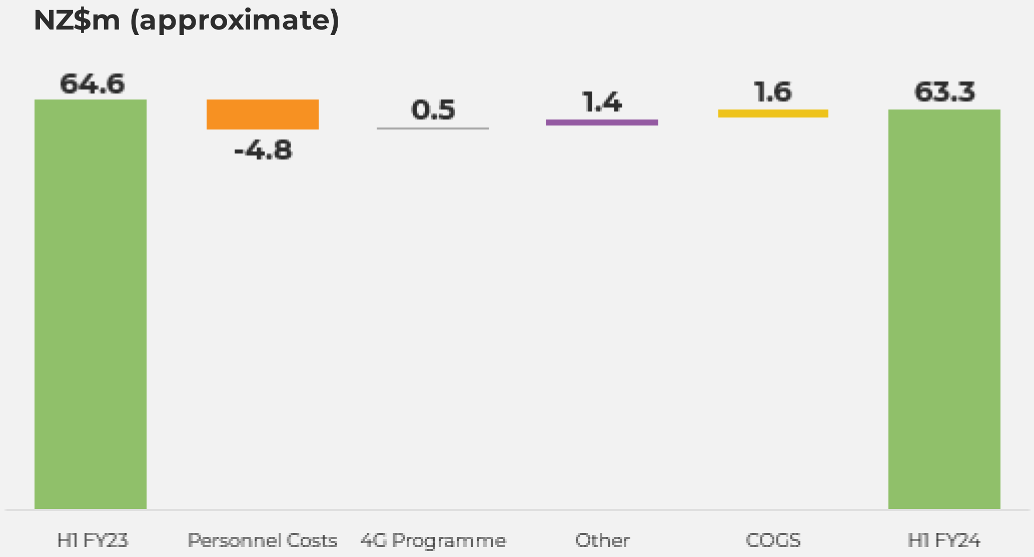
Cost-out program to deliver cost base for profitable growth

Operating cost as a % of normalised revenue[1]



Operating costs have decreased versus the prior period as a percentage of revenue following the $10m of cost-out in FY23 and $8.5m of cost-out identified in H1 FY24.

Maintaining operating costs at stable levels



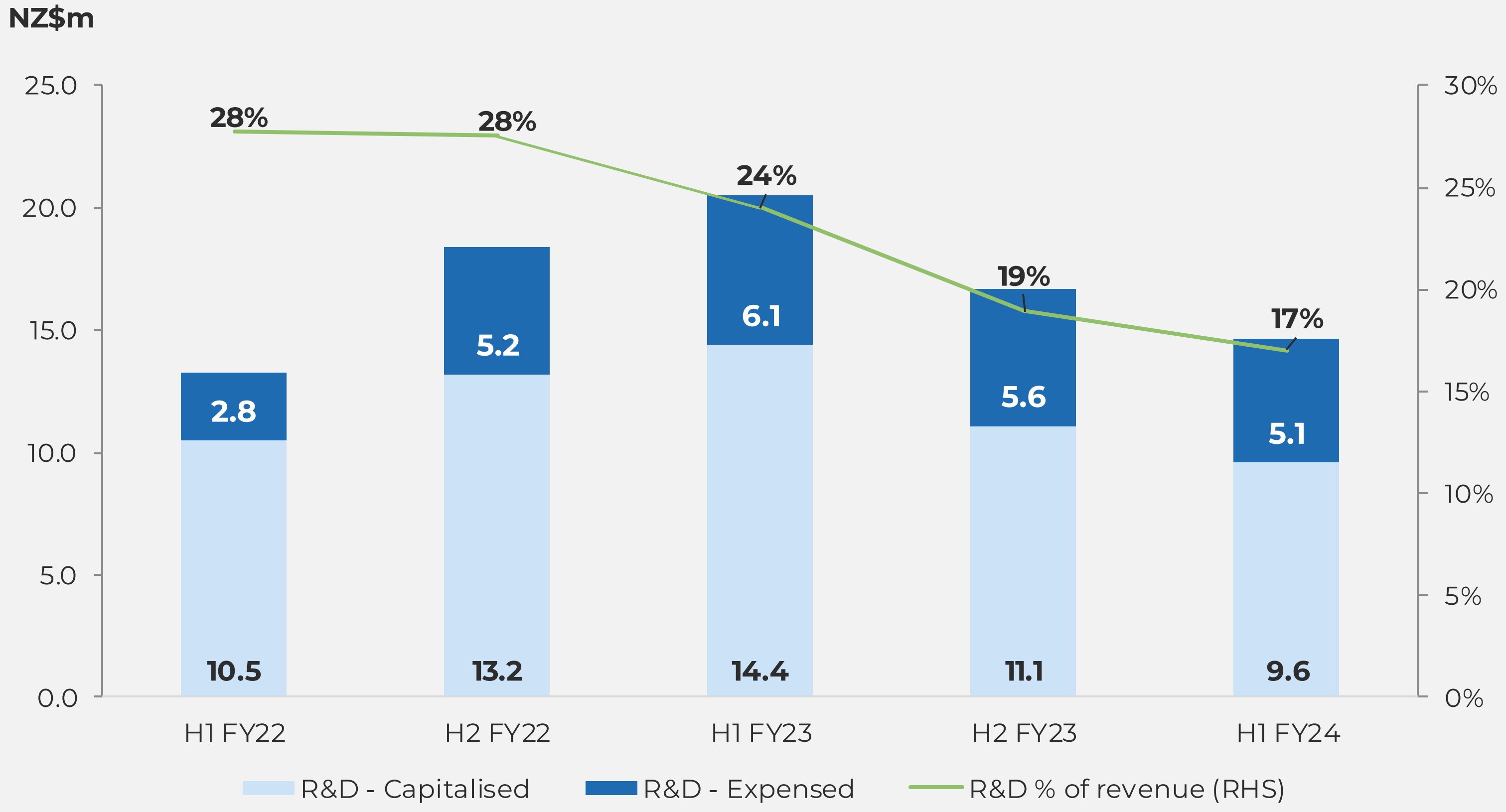
Stable operating cost base reflecting cost out program will allow EROAD to grow revenue and profitability

[1] Revenue normalised for $7.0m in HY23 relating to accounting adjustment for contingent consideration

Research & Development

R&D % of revenue decreases as re-focusing initiatives drive ROI and speed to market

R&D decreasing as % of revenue on strategic shift

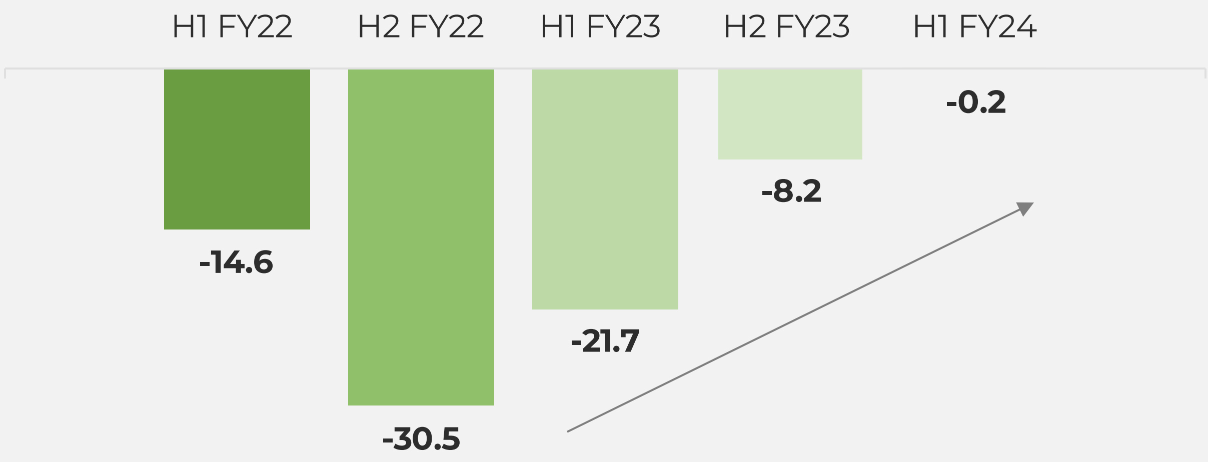


- Total R&D spend of $14.7m in H1 FY24, 17% of revenue.
- Compares to $20.5m 24% in H1 FY23.
- Target R&D of $30m in FY24 equates to 17% of the mid-point of FY24 revenue guidance ($175-180m).
- By holding R&D constant we achieve leverage from investment

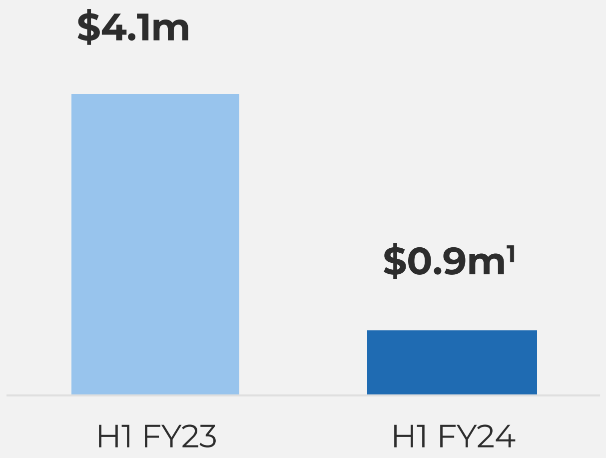
Cash Flow Trend

Cash flow continues to improve through execution

Positive free cash flow to the firm trajectory



Monthly cash burn continues to reduce



Free cash flow to the firm estimated to be consistently positive late calendar year 2024 based on current forecasts, inflation indexation, achievable cost savings, and profile of 4G hardware upgrade program.

EROAD would be free cash flow positive today excluding the one-time 4G hardware upgrade program

Cash burn continued to decrease due to cost-out program and benefit of historical investment in inventory. Acceleration of 4G hardware upgrade program is expected to elevate cash burn in the second half of FY24.

[1] Normalised for capital raised during the period.

Liquidity

Strong balance sheet for strategic execution

Bank Facilities

$80m Bank Facility

Secured new 3-year $80m bank facility in October in conjunction with capital raise.

Amortisation will reduce the facility limit to $60m at end of the 3-year commitment

3 NZ bank lenders

Added NZ domestic bank (Kiwibank) in addition to two existing lenders (ANZ, BNZ)

New facility provides added duration and flexibility, with headroom to covenants

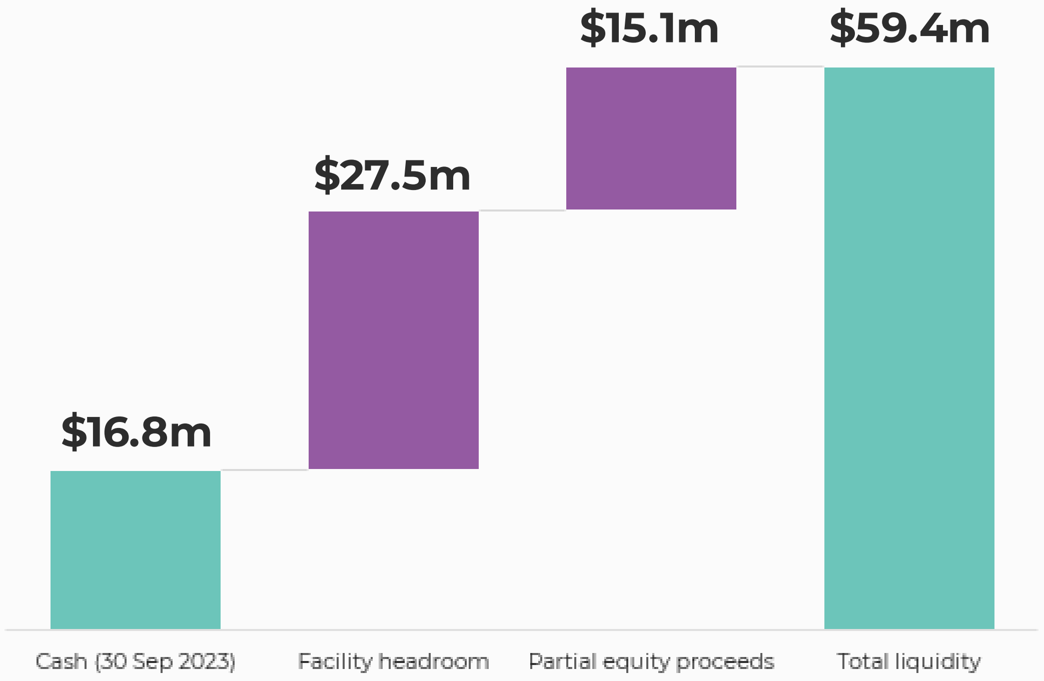
Net leverage ≤ 1.50x reducing to 1.25x by September 2025 and 1.00x by June 2026 Interest coverage ratio ≥ 4.00x

$59.4m Total liquidity

Provides company with total liquidity of $59m. Interest costs are reduced by $1m per year

Sufficient liquidity to grow and achieve free cash flow positive without the need for further capital

Sufficient liquidity to fund strategic plan (post-raise)



[1] Under new refinanced facility agreement executed on 29 September 2023
[2] NZX retail entitlement net proceeds which closed on 2 October 2023

4G Hardware Upgrade Program ANZ

Unit replacement program progressing to plan, with 46% of all units in ANZ already 4G compatible

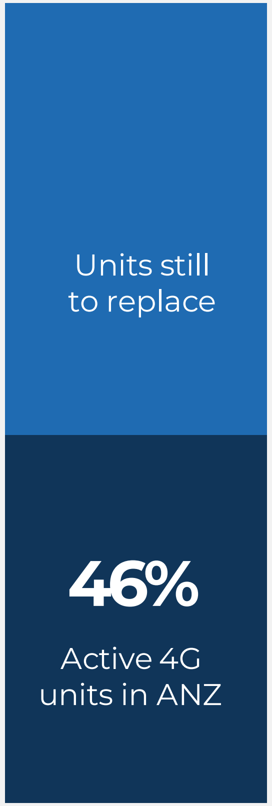
Upgrades to ANZ network

- EROAD is accelerating the swap out of 2/3G devices to 4G devices over a 2-3 year period
- We remain confident in our plan to upgrade all devices in both markets by the retirement dates.
- Any New Zealand customers who do not update pre 3G shut down will maintain connectivity via the 2G network

One-off accelerated replacement program costs relate specifically to the 3G Network shutdown

NZ$m	FY24	FY25	FY26
Expected investment *(Hardware + Program costs)*	**$11–$13m**	**$8–$10m**	**$5–$7m**

Rollout progress



Key dates

June, 2024
Telstra 3G Shut Off - AU

August, 2024
One NZ 3G Shut Off Starts - NZ

2G back up connectivity

Late 2025
One NZ 2G Shut Off - NZ

EROAD

02

Strategy Update

Strategy Timeframe

Optimising business operations underway, clearing the way for scaleable growth

WE ARE HERE

Turnaround the core

Future Growth

Approach	**Corporate overhead reduction**	**Efficiency in ANZ / Growth in NA**	*Growth in NA Verticals*
Timing	**FY23**	**FY24**	**~3-5 years**
Value focus and selected achievements	• Headcount reduction • Overhead expense reduction • Asset tracking solution expanded • CoreHub Xtreme launched in NA • Dashcam enhancements	• Accelerated 3G replacement program • Ongoing cost-out for SaaS costs • Supplier negotiations • Customer self service portal launched • Reefer Predictive Maintenance launched • Pivoted and recruiting enterprise sales team in NA • Established new marketing strategy in NA • CoreHub Xtreme launch planned in AU • Sustainability Module launched in ANZ	• Growth in large enterprise customer base • Capitalise on sales and product improvements made • Rationalisation of cost base • Economies of scale on development and other functions
Annualised savings	• $10m completed	• $10m targeted • $8.5m identified year-to-date	

Sustainability

Positioned for emerging social and environmental trends

Market Trend

Despite increasing pressure to reduce environmental impact, sustainability efforts across our markets are limited by:

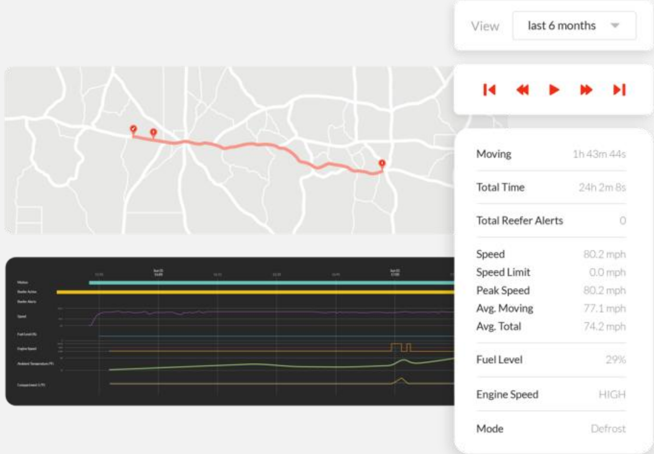
- Lack of EV charging infrastructure
- Price and supply chain limitations on EV fleets
- Limited range in current EVs

Immediate and meaningful emission and footprint reductions within their existing control include:

- Fuel usage
- Driver behaviour
- Vehicle performance
- Reduced product waste

EROAD Intelligence

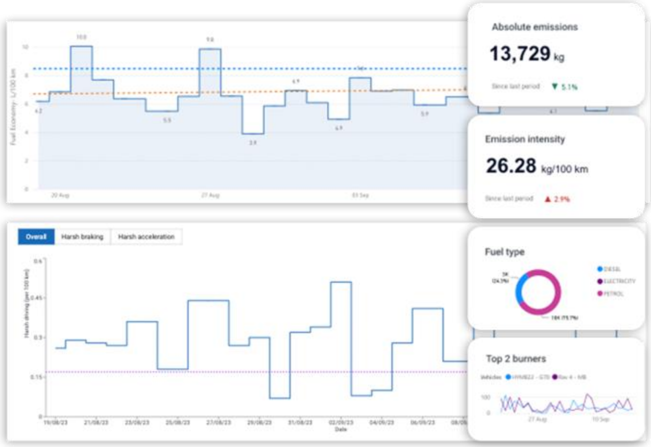
EROAD core products already track, measure and control leading indicators for key areas of carbon emissions.



- Idle controls
- Vehicle maintenance
- Routing – fuel usage, fresh delivery
- Optimised pre-cool for cold-chain
- Temperature control (food quality)
- Speed governors - fuel usage

EROAD Better World

Layering carbon reduction targets into existing efficiency and cost saving benefits adds value to customers, and the planet.



Developed in conjunction with EECA MyEROAD Sustainability Module is just one step in making emissions reduction as commonplace for our customers as safety measures and cost improvements.

North American Strategic Partnership Update

As communicated at March 2023 Investor Day

Strategic Partner Rationale

EROAD commenced searching for partners in North America to assist with:

- Go to market channels
- Technology partnerships
- Possible capital

Partnership Focus Areas

Large Enterprise | **Cold Chain** | **Construction**

To accelerate key product development and reduce barriers for customer acquisition, **two strategic technology collaborators were identified, and secured**.

Discussions with additional technology partners in North America are ongoing.

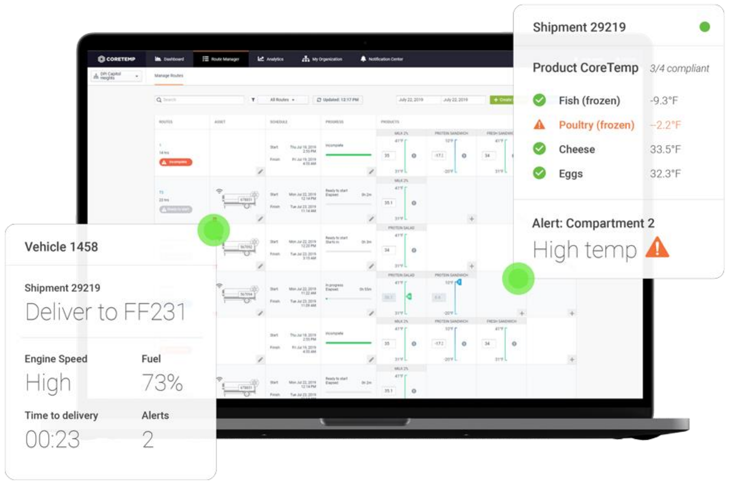
Strategic Collaborators: Technology

Accelerating adoption through intelligence + accessibility

Technology: Microsoft

- Enables use of Generative AI to accelerate development of CoreTemp
- Expedites adoption of high-value added predictive analytics software
- Applicable for existing Reefer customers and prospects globally. Reefer market in NA is 400,000+ trailers.
- The roadmap of AI enhancements will help EROAD deliver at speed.

Cold Chain	✓
Large Enterprise	✓
Construction	✓



400,000+

Reefer Trailers in North America

While the Microsoft collaboration will be applied to CoreTemp as the first product, the partnership spans the entire customer roadmap globally.

OEM: ThermoKing

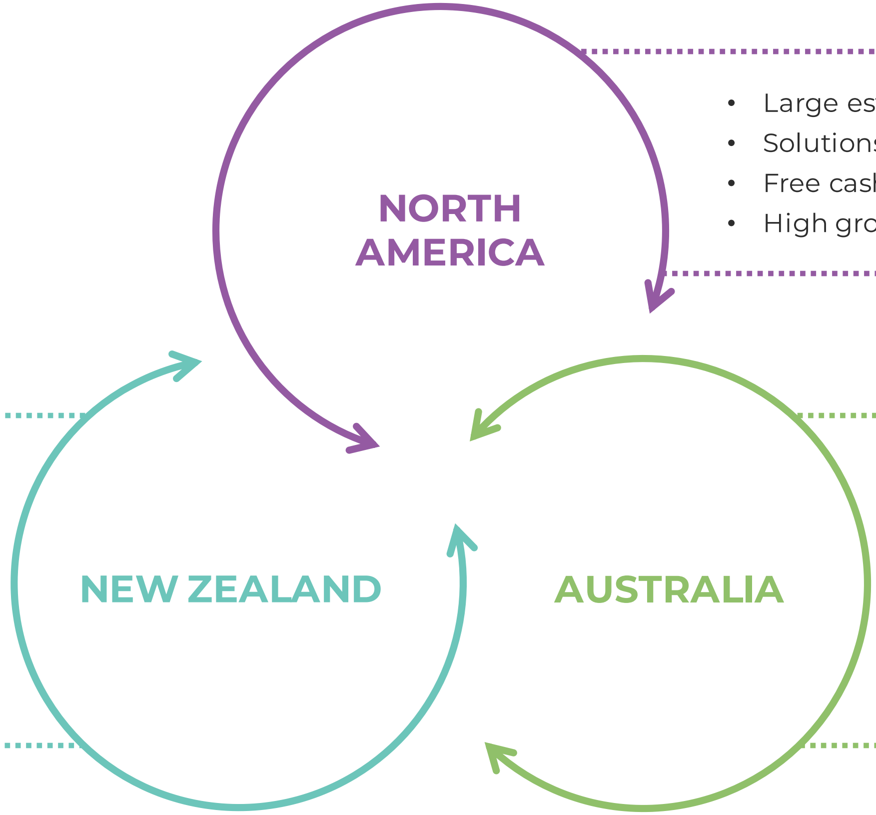
- Partnered with Trane Technologies for direct integrations with their Thermo King Transport Refrigerated Units.
- Allowing us to offer customers the benefits of our monitoring without the hard outlay of full hardware, whilst still retaining our margins.
- Testing currently planned with an existing large enterprise customer

Cold Chain	✓
Large Enterprise	✓

Leveraging our strengths for growth

Shared innovations and solutions – three complementary markets

- Shared product development for economies of scale
- Sustainability features in NZ products supportive of long-term North American trends
- Workflow solutions in NA, such as construction and refrigeration, support launch of value-add products in Australia and New Zealand



North America

- Large established enterprise customers
- Solutions for several specialised verticals
- Free cash flow utilising after corporate and R&D allocations
- High growth market with opportunity to grow market share

New Zealand

- Developed market
- Established business serving top operators
- Free cash flow positive after corporate and R&D allocations
- Stable market growth and opportunity to expand into adjacent markets

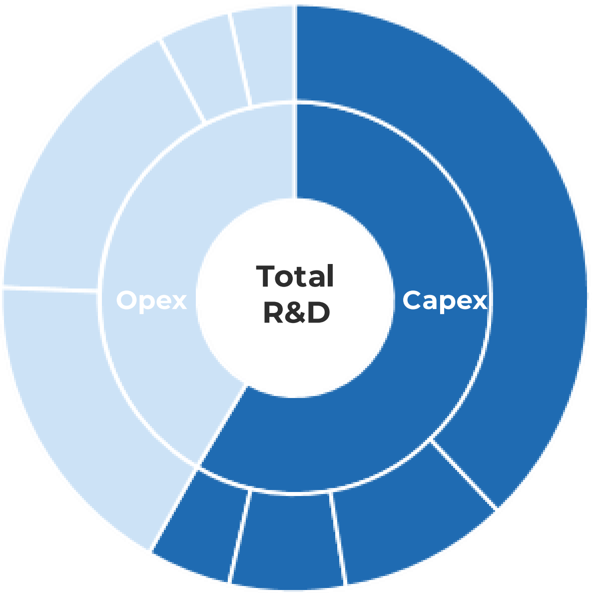
Australia

- Growth opportunity
- Trans-Tasman fleet entry
- NA Product Compatibility:
  - Harsh fluctuating climates
  - Long distances
  - Roots in mining and construction

R&D Investments for growth

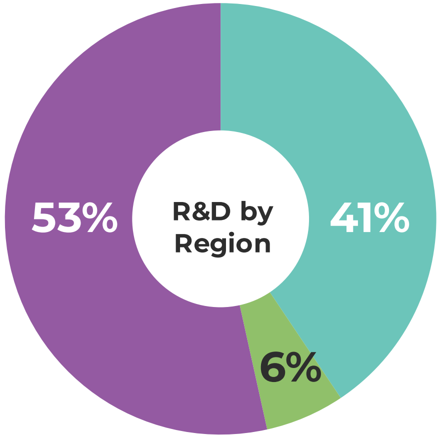
Strategic R&D allocations across retention and growth areas globally

- Ongoing maintenance spend in platforms and systems for existing customers for retention.
- Targeted investment in new offerings increases value by opening new customer opportunities and expansion within existing.
- Our R&D priorities vary from period to period in response to customer and market needs.



58%

Total R&D investment is for net new growth



41%

New Zealand

Includes new gen trailer tracker, decarbonisation tool and 4G swap out

6%

Australia

Includes features to retain existing enterprise customers including AU fatigue management tool

53%

North America

Includes expanding capabilities to support new enterprise customers, and support enhancements for US tax and fatigue products

Opex Breakdown

41%	40%	10%	9%
Reliability, availability, serviceability and scalability	Quality/bugs	Planned enhancements	Other

Capex Breakdown

64%	16%	11%	8%
New to EROAD	Learnings & Future	Planned enhancements	Reliability, availability, serviceability and scalability

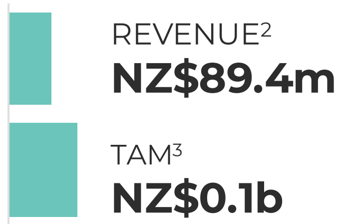
Market Share

Significant growth achievable through market share gain in North America

NEW ZEALAND

Cash generative geography with leading market position in target verticals

9.3% CAGR[1] since Nov-21



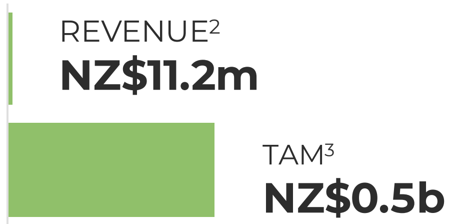
Trusted by:
Largest operator in NZ

Value proposition
New Zealand's leading transport technology platform for compliance, productivity, health & safety, logistics and sustainability.

AUSTRALIA

Opportunity to leverage leading New Zealand market position for trans-Tasman fleets

16.6% CAGR[1] since Nov-21



Trusted by:
#1 Integrated Construction Material Co

Value proposition
Trusted transport technology platform for health & safety, cold chain and construction assurance.

NORTH AMERICA

Largest market with significant long-term growth prospects

12% CAGR[1] since Nov-21

Opportunity to drive revenue in North America through market share gains from referenceable customers such as Sysco

Trusted by:
Top 2 food shippers in North America

Value proposition
Insights, workflow and productivity solutions help enterprise customers manage complexity through complete integration and vertical specialisation.

[1] Growth of contracted units since acquisition of Coretex [2] Revenue figures are first half FY24 annualised
[3] Total addressable market, source: ACT Research, I.H.S, Berg, Expert interviews, Fleet manager interviews, reported financials

03

Outlook & Guidance

EROAD

Outlook & Guidance

On track to delivering a path to sustainable, profitable growth

FY24 Guidance reconfirmed

- Revenue growth of between 6 – 9%
- Cost-out program to continue
- EBIT of $0m to $5m normalised for 4G hardware upgrade programme

Free Cash Flow neutral for FY25, positive in FY26

Implementation of refreshed strategy provides pathway to sustainable, profitable growth.

EROAD expects to be consistently FCF positive by latter part of calendar 2024

Outlook

Continued, consistent growth in New Zealand, with increased opportunity with proposed government policies for eRUC.

Building on momentum gained in Australia and launching expanded product suite beyond existing customers.

Growing with our existing customer base through expansions alongside newly built enterprise sales and marketing team.

FY24 Guidance

Revenue	$175m – $180m
Normalised EBIT	$0m to $5m
R&D spend	$30m

EROAD

04

Appendix

Statement of Income

NZ$m	H1 FY24	H1 FY23	Change ($)
Revenue	88.9	85.4	3.5
Operating expenses	(63.3)	(64.6)	1.3
Earnings before interest, taxation, depreciation and amortisation	**25.6**	**20.8**	**4.8**
Depreciation of property, plant and equipment	(11.0)	(8.0)	(3.0)
Amortisation of intangible assets	(9.3)	(8.1)	(1.2)
Amortisation of contract and customer aquisition assets	(4.9)	(3.7)	(1.2)
Earnings/(loss) before interest and taxation	**0.4**	**1.0**	**(0.6)**
Net financing costs	(4.7)	(3.7)	(1.0)
Profit/(loss) before tax	**(4.3)**	**(2.7)**	**(1.6)**
Income tax benefit/(expense)	3.1	3.3	(0.2)
Profit(loss) after tax for the period attributable to the shareholders	**(1.2)**	**0.6**	**(1.8)**
Items that are or may be reclassified subsequently to profit or loss	**2.7**	**5.0**	(2.3)
Total comprehensive income / (loss) for the period	**1.5**	**5.6**	**(4.1)**

Reported Revenue increased $3.5m primarily due to unit growth of approximately 25,000 units since 30 Sep 2022. The prior year included $7.0m of accounting adjustment related to contingent consideration

Strength of the USD has resulted in increased revenue of approximately $1.2m.

EBITDA increased $4.8m on the benefit of cost reductions in the first half of this financial year with operating expenses decreasing year on year. This is in spite of additional costs associated with the 4G hardware upgrade program commencing of $1.5m.

D&A increased $5.4m on the additional unit growth since 30 Sep 2022 as well as accelerated depreciation on the units impacted by the 4G hardware upgrade program.

Interest increased $1.0m in line with increased borrowing in the period as well as movements in the interest rates.

Cash Flow Statement

NZ$m	H1 FY24	H1 FY23	Change ($)
Cash received from customers	88.5	78.0	10.5
Payments to suppliers and employees	(58.4)	(64.4)	6.0
Investment in contract fulfilment assets	(5.6)	(3.6)	(2.0)
Net interest	(3.8)	(1.7)	(2.1)
Income taxes paid	0.0	0.0	0.0
Cash flows from operating activities	**20.7**	**8.3**	**12.4**
Property, plant & equipment	(12.8)	(14.3)	1.5
Investment in intangible assets	(9.8)	(16.1)	6.3
Contract fulfilment and customer acquisition assets	(2.1)	(1.3)	(0.8)
Cash flows from investing activities	**(24.7)**	**(31.7)**	**7.0**
Bank loans	(18.0)	15.5	(33.5)
Payment of lease liability	(1.1)	(1.2)	0.1
Receipts in advance for equity issue	5.1	0.0	5.1
Issue of equity	29.2	0.0	29.2
Cost of raising capital	(2.5)	0.0	(2.5)
Cash flows from financing activities	**12.7**	**14.3**	**(1.6)**
Net increase (decrease) in cash held	8.7	(9.1)	17.8
Cash at the beginning of the financial period	8.1	13.9	(5.8)
Effects of exchange rate changes on cash	0.0	(0.4)	0.4
Closing cash and cash equivalents	**16.8**	**4.4**	**12.4**

Operating Cash Flow increased $12.4m primarily due to the unit growth, foreign exchange impacts, and cost savings.

Investing Cash Flow decreased $7.0m primarily due to lower integration activity versus the prior year. Prior year included spend to secure inventory during the global supply chain crisis.

Financing Cash Flow decreased $1.6m on higher borrowings partially offset by new capital raised. Partial proceeds from the equity raise of $15m were received post-balance date.

Balance Sheet

NZ$m	H1 FY24	FY23	Change ($)
Cash	16.8	8.1	8.7
Restricted bank accounts	18.2	11.6	6.6
Costs to acquire and contract fulfilment costs	8.2	7.6	0.6
Other	36.5	34.4	2.1
Total current assets	**79.7**	**61.7**	**18.0**
Property, plant and equipment	81.4	77.8	3.6
Intangible assets	242.6	242.1	0.5
Costs to acquire and contract fulfillments costs	8.0	5.8	2.2
Other	18.4	15.4	3.0
Total non-current assets	**350.4**	**341.1**	**9.3**
Total assets	**430.1**	**402.8**	**27.3**
Payable to transport agencies	18.3	11.9	6.4
Contract liabilities	21.7	19.4	2.3
Borrowings	52.5	70.6	(18.1)
Other liabilities	52.7	52.1	0.6
Total liabilities	**145.2**	**154.0**	**(8.8)**
Net assets	**284.9**	**248.8**	**36.1**

Cash increased $8.7m following partial proceeds received from the capital raise (final $15m of proceeds were received post balance date) and pay down of debt.

Property, plant and equipment increased $3.6m due to the ongoing growth from new hardware leasing and the 4G hardware upgrade program.
Inventory balance at 30 September 2023 was $27.2m.

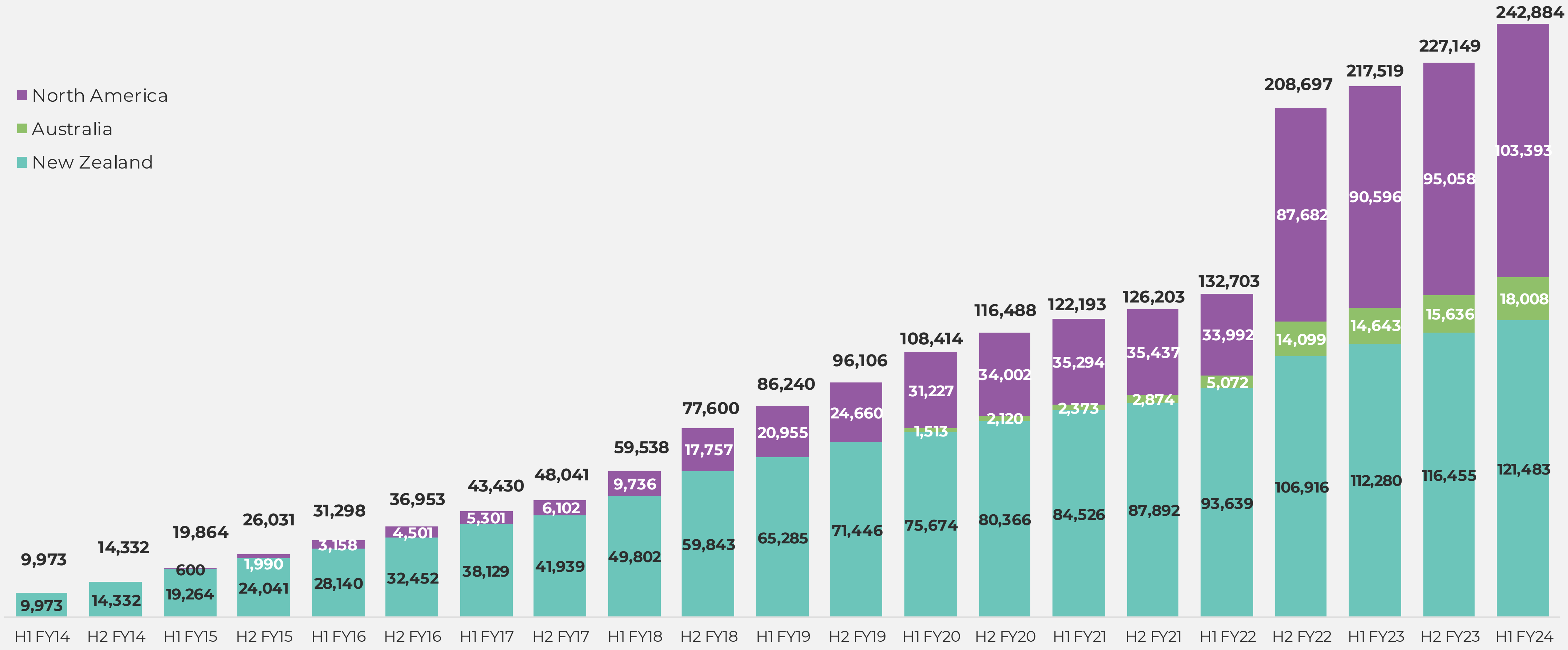
Costs to acquire and contract fulfillment costs increased $2.2m reflecting growth and renewals.

Borrowings decreased by $18.1m since 31 March 2023 largely due to the equity raise and the concurrent pay down of debt.

ARPU Trend

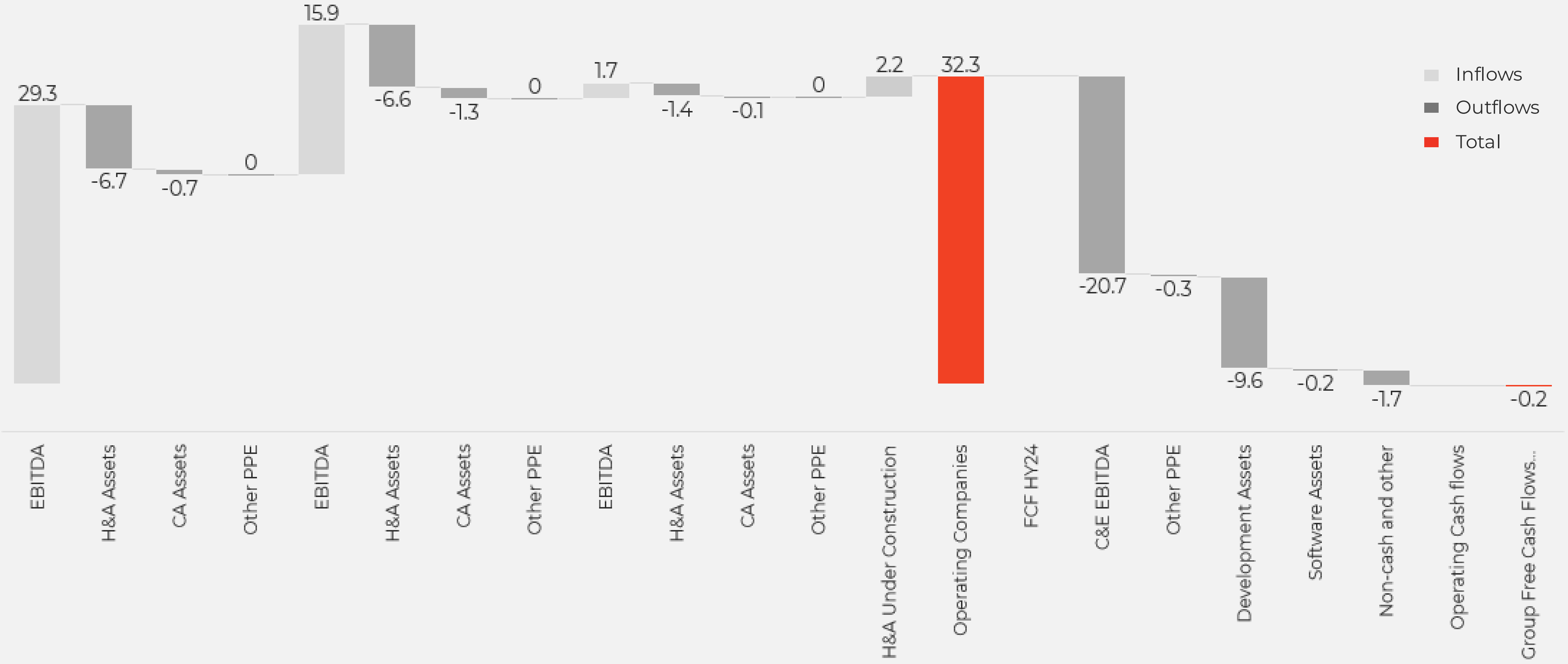
	NZ$		Local $	
NZ$m	H1 FY23	H1 FY24	H1 FY23	H1 FY24
North American ARPU	NZ$57.25	NZ$60.23	US$36.18	US$36.85
New Zealand ARPU	NZ$55.50	NZ$58.17	NZ$55.50	NZ$58.17
Australian ARPU	NZ$46.51	NZ$46.67	A$42.02	A$43.16

Unit Count



North America
Australia
New Zealand
9,973
14,332
19,864
26,031
31,298
36,953
43,430
48,041
59,538
77,600
86,240
96,106
108,414
116,488
122,193
126,203
132,703
208,697
217,519
227,149
242,884
9,973
14,332
600
19,264
1,990
24,041
3,158
28,140
4,501
32,452
5,301
38,129
6,102
41,939
9,736
49,802
17,757
59,843
20,955
65,285
24,660
71,446
31,227
1,513
75,674
34,002
2,120
80,366
35,294
2,373
84,526
35,437
2,874
87,892
33,992
5,072
93,639
87,682
14,099
106,916
90,596
14,643
112,280
95,058
15,636
116,455
103,393
18,008
121,483
H1 FY14
H2 FY14
H1 FY15
H2 FY15
H1 FY16
H2 FY16
H1 FY17
H2 FY17
H1 FY18
H2 FY18
H1 FY19
H2 FY19
H1 FY20
H2 FY20
H1 FY21
H2 FY21
H1 FY22
H2 FY22
H1 FY23
H2 FY23
H1 FY24

Free Cash Flow to the Firm By Region



NEW ZEALAND
$21.9

NORTH AMERICA
$8.0m

AUSTRALIA
$0.2m

CORPORATE & DEVELOPMENT
$(30.8)m

H&A Assets - Hardware & Accessory Assets • CA Assets - Customer Acquisition Assets • CE EBITDA – Corporate and Elimination EBITDA • H&A under Construction - Hardware & Accessories +/_ Inventories

OUR PURPOSE:

Delivering intelligence you can **trust** for a better world tomorrow

EROAD

Delivering

Knowing our customers needs, and meeting them where they are and can benefit.

Embracing flexibility, humility, and ruthless dedication

Intelligence

The best people powered by cutting edge technologies that deliver value to our customers.

Real intelligence to drive change.

Trust

Earned trust through the validity of our data, the way it's collected and processed.

And trust in us, to do what we promise.

Better World

Always taking the wider environmental context into view.

Solving immediate customer problems while thinking about the impact to the world around us.

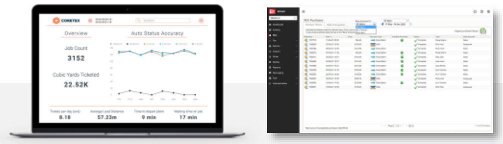
Tomorrow

We think beyond today and into the future.

What we do now, shapes the people, customers and business we have tomorrow.

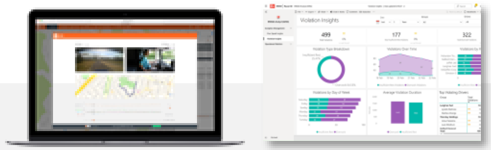
Integrated solutions overview

EROAD provides a **complete connected network** that turns disparate customer data into action



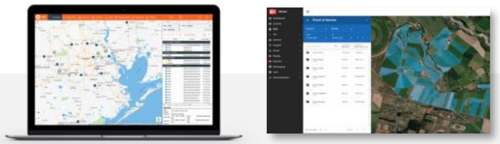
Compliance and assurance

- **RUC and fuel tax compliance**
  - Electronic, automated RUC purchases and claims
  - Fuel tax reporting and IRP1 registration
- **Industry-specific solutions**
  - Cold chain assurance
  - Construction assurance
  - Waste and recycling assurance



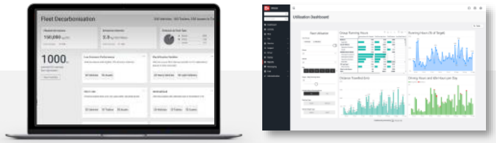
Health & Safety

- Driver behaviour monitoring and feedback
- Electronic logbook
- Vehicle inspections
- Speed monitoring
- Incident detection, alerting and replay



Productivity

- GPS tracking and geofencing
- Fleet maintenance
- Fuel management and idling reports
- Vehicle inspections



Sustainability

- Fuel management and idling reports
- Fleet utilisation
- Decarbonisation assessment & insights[1]

Powered by[2]

Iot hubs

Trackers and sensors

Dashcams

[2] Proprietary and 3rd party hardware

Glossary

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)
A non-GAAP measure representing monthly Recurring Revenue for the last month of the period, multiplied by 12. It provides a 12 month forward view of revenue, assuming unit numbers, pricing and foreign exchange remain unchanged during the year.

ASSET RETENTION RATE
The number of Total Contracted Units at the beginning of the 12 month period and retained as Total Contracted Units at the end of the 12 month period, as a percentage of Total Contracted Units at the beginning of the 12 month period.

CHURN
The inverse of the asset retention rate.

COREHUB
EROAD's next generation telematics hardware that collects rich data, meets electronic logging device certification.

COSTS TO ACQUIRE CUSTOMERS (CAC)
A non-GAAP measure of costs to acquire customers. Total CAC represents all sales & marketing related costs. CAC capitalised includes incremental sales commissions for new sales, upgrades and renewals which are capitalised and amortised over the life of the contract. All other CAC related costs are expensed when incurred and included within CAC expensed.

COSTS TO SERVICE & SUPPORT (CTS)
A non-GAAP measure of costs to support and service customers. Total CTS represents all customer success and product support costs. These costs are included in Administrative and other Operating Expenses.

CY (CALENDAR YEAR)
12 months ended 31 December

EBITDA
A non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Consolidated Statement of Comprehensive Income in Financial Statements.

EBITDA MARGIN
A non-GAAP measure representing EBITDA divided by Revenue.

EHUBO, EHUBO2 and EHUBO 2.2
EROAD's first and second generation telematics hardware. EHUBO is a trade mark registered in New Zealand, Australia and the United States.

ELECTRONIC LOGGING DEVICE (ELD)
An electronic solution that synchronises with a vehicle engine to automatically record driving time and hours of service records

ENTERPRISE
A customer where the $AMRR is more than $100k in NZD for the Financial year reported

FREE CASH FLOW
A non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows.

FREE CASH FLOW TO THE FIRM
A non-GAAP measure representing operating cash flow and investing cash flow net of interest paid and received. For the purposes of this presentation, payments for the acquisition of Coretex have been excluded.

FUTURE CONTRACTED INCOME (FCI)
A non-GAAP measure which represents contracted Software as a Service (SaaS) income to be recognised as revenue in future periods. Refer Revenue Note 2 of the H1 HY24 Financial Statements.

FY (FINANCIAL YEAR)
Financial year ended 31 March.

H1 (HALF ONE)
For the six months ended 30 September.

H2 (HALF TWO)
For the six months ended 31 March.

LEASE DURATION
Future contracted income as a proportion of reported revenue.

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)
A non-GAAP measure that is calculated by dividing the total SaaS revenue for the half year (as reported in Note 2 of the H1 FY24 Financial Statements) minus the contract liability discounting gain (as reported in the H1 FY24 Reconciliation of Operating Cash Flows) by the TCU balance at the end of each month during the year.

NORMALISED EBITDA
Excludes one-off 4G hardware upgrade program costs ($1.5m). H1 FY23 normalisations include acquisition accounting revenue ($7.0m), and integration costs ($2.6m).

NORMALISED EBITDA MARGIN
Excludes one-off items, consistent with the definition provided for Normalised EBITDA

NORMALISED REVENUE
Excludes the one-off acquisition accounting revenue in H1 FY23 ($7.0m).

ROAD USER CHARGES (RUC)
In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.

SAAS
Software as a Service, a method of software delivery in which software is accessed online via a subscription rather than bought and installed on individual computers.

SAAS REVENUE
Software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services and provision of software services.

TOTAL CONTRACTED UNITS
Represents EROAD and Coretex branded units subject to a customer contract both on Depot and pending instalment and Coretex branded units currently billed.

UNIT
A communication device fitted in-cab or on a trailer. Where there is more than one unit fitted in-cab or on a trailer, it is counted as one unit (excluding Philips Connect).

360
A web-based platform that allows customers to access data collected by CoreHub and the associated reports.

EROAD acknowledges the Indigenous Nations, First Peoples, Tangata Whenua and Custodians of the lands and waterways on which our offices reside in New Zealand, Australia and the United States of America. We express gratitude and appreciation to these peoples for sharing their culture and traditions and stewarding these lands. We recognise and pay respect to their elders, past, present and emerging.

ASX & NZX: ERD
investors@eroad.com | eroadglobal.com/investors

EROAD

EROAD
2024 Interim Report

Non-GAAP Measures
EROAD has used non-GAAP measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. Non-GAAP measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS.

The non-GAAP measures EROAD have used are, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, Normalised EBITDA, EBITDA margin, Normalised EBITDA margin, Normalised Revenue, Free Cash Flow and Future Contracted Income (FCI).

Contents

Letter from the Chair

Having reached the midpoint of FY24, I am pleased to report the first 6 months of our financial year demonstrate that EROAD is achieving momentum towards our promise of sustainable profitable growth. EROAD has delivered to plan, with increased revenue, reduced costs, grown connections, launched new products, and gained new enterprise customers. The organisational strategy launched in March this year is translating into value for customers and improved financial performance for EROAD.

This progress is founded on a solid platform of an established, profitable New Zealand business. This is balanced by a high-growth North America opportunity and an emerging Australian enterprise business. Additionally, we now have a well-resourced balance sheet following our recent capital raise, a sound long-term strategy, and excellent positioning to the strong growth in business in accordance with sustainability requirements. We are optimistic about the future. We have laid the foundations for continued growth in New Zealand and Australia, and to target high-growth opportunities in North America and are focused on delivering our plan.

Leading with purpose and empowering sustainability via intelligence

EROAD is committed to our purpose of delivering intelligence our customers can trust, for a better world tomorrow. One key pillar in fulfilling our purpose is through enabling our customers to improve their operations, and in turn steer them toward a more cost-effective and sustainable business across both their direct operations, and environmental footprint.

Our founding products were focused on providing efficient methods for fleet operators to pay their share of funding for roads and infrastructure as well as to manage their health and safety responsibilities. Through the merger with Coretex, that product DNA expanded further to include assurance of the load that our customers carry. Today, our products continue to improve safety outcomes for customers, and importantly for all road users, on a daily basis. While our integrated solutions have always empowered operators to reduce waste and emissions, as well as save fuel and capital, we now have launched a product suite in New Zealand that makes emissions reductions more visible and achievable for businesses.

In September, EROAD, in collaboration with New Zealand's Energy Efficiency and Conservation Authority (EECA), delivered two new sustainability solutions aimed at reducing emissions across the transport sector: the Emissions Calculator, available to the NZ public, and the Sustainability Module, available to EROAD's NZ customer base. Both tools are powered by EROAD's AI technology and data from our base of connected vehicles and assets, providing users with an overview of their fleet's emissions profile and suggestions for emissions reduction, along with the potential savings they can make. We look forward to launching these products into our other markets in the near future.

Delivering free cash flow positive

As well as reconfirming our full year guidance, based on current forecasts, inflation indexation and achievable cost savings, we estimate we will reach free cash flow positive by the latter part of calendar year 2024. This is consistent with our guidance of ending FY25 free cash flow neutral. Importantly, we note EROAD would already be free cash flow positive if we did not have to incur the additional and accelerated costs of the one-off 4G upgrade programme in ANZ as 3G networks are switched off.

Recapitalising our roadmap for growth

Our recent $50 million capital raise strengthened our balance sheet and gives certainty to our stakeholders. Our reduced debt and greater headroom give us more flexibility and optionality to pursue the enterprise customer growth opportunities we see. In the world of enterprise customers, particularly those with substantial fleet sizes and extended contract durations, a robust balance sheet is essential to ensure financial stability throughout the entire contract period. Additionally, this reinforces confidence amongst our institutional investors that we have the resilience to weather any economic challenges.

Board Renewal

Relentless execution needs the right team, and we continue to build this at both the Board and Executive level to ensure we have the right mix of skills, energy and experience.

In July 2023, following my role as Chair of the Finance Risk and Audit Committee, I assumed the position of Board Chair. We are delighted to welcome David Green to the Board, who succeeded the long-standing director Tony Gibson. David held senior executive roles at ANZ and Deutsche Bank, is the Board Chair of BT Funds Management NZ and is also on the Westpac NZ Board. We are actively conducting a search for an additional director to complement the Board's existing skills.

Thank you for your continued support as we continue our strategic programme to deliver sustainable growth and shareholder value.

Susan Paterson
Chair

Letter from the Chief Executive Officer

Our results for the first half of FY24 demonstrate our ability to capitalise on strategic growth combined with our disciplined focus on robust financial management. In March this year, I outlined our focus was on repositioning EROAD's business model to simultaneously reduce costs, drive growth and generate cash. Six months on, we have encouraging results.

Delivering on our strategy

This positive financial outcome has been underpinned by a rigorous focus on both the bottom and top lines, with a 13% increase in normalised revenue[1] and reduced cash burn down from $4.1m per month in H1 FY23 to $0.9m per month for H1 FY24. We have also identified a further $8.5m in annualised costs to be removed from the business and we are on track to remove $10m in annualised costs this financial year on top of the $10m in annualised costs we removed in FY23. Our free cash flow, excluding financing costs, is currently ($0.2)m. Our management team is focused on achieving free cash flow positive in the latter part of calendar year 2024.

Disciplined execution

Since setting our new strategic direction earlier this year, we have been committed to delivering it, and importantly removing any effort and cost which does not serve it. We remain confident we are on track to complete the 4G upgrade programme (internally labelled "Sunrise") in Australia and New Zealand. Our accelerated plan will see us meet our upgrade targets before the relevant sunset dates. The Sunrise programme is projected to impact cash flow within the range of $11m to $13m in FY24.

It's important to highlight that if we weren't undertaking the Sunrise programme, we would be free cash flow positive today.

Our second strategic priority is to grow in North America. Operationally in H1 FY24 we have recruited and onboarded a VP of Sales, implemented a market price uplift of 3% to reflect the greater value provided to customers, and redrawn our product roadmap to focus on this growth market. We are now substantially through installing the 9,000+ vehicles in the fleet of the Fortune 500 company Sysco and have already expanded their penetration through supplying a subsequent 1,400 connections.

Compelling growth

EROAD remains a business with both a stable and profitable base and a high growth future. But we recognise our shareholders require a better understanding of our growth paths to calculate the fair value of the business. EROAD is essentially three complementary business units, in different phases of the business cycle. New Zealand is the established foundation of our business generating strong positive free cash flow and continues to grow at a consistent rate, Australia is capitalising on strong momentum with enterprise opportunities and North America is the future growth engine.

The two key elements of our strategy, which is to turnaround our core by reducing costs and optimising business operations, and to position ourselves for high growth opportunities in our North American market, is starting to deliver. We have now reached the milestone of 100,000 connections in North America, establishing a credible foothold and significant scale in a very large market that is an important part of EROAD's future. This market now represents over 40 percent of our connections, and expansion in North America is pivotal to achieving enduring shareholder value.

To achieve this expansion, strategic partnerships in North America are in development, with active discussions underway. I am pleased to have recently announced our technology collaboration with Microsoft, which allows us to use AI to assist further development of CoreTemp globally and expedite adoption by our Reefer customers and prospects. The Reefer market is one of the largest single verticals in transportation. In North America alone, it consists of over 400,000 trailers. CoreTemp, which is a high value-added predictive analytics software, is just the first in a significant roadmap of AI enhancements the Microsoft collaboration will help us deliver to our markets at speed.

At the same time, our NZ business is profitable and continues to perform well, with further growth being targeted. The NZ business is very complementary to North America, funding product development which benefits growth in all three markets. Gaining scale now in the larger high growth market of North America, on the back of our strong established position in New Zealand and the conversion of enterprise opportunities in Australia, are important elements of EROAD's long-term growth aspirations.

Building momentum

Across the business, I am pleased to report that we are seeing a story of continued success with enterprise customers. We have signed a 5-year 3000-unit deal with Programmed, a significant provider of Staffing, Facility Management, Maintenance and Care services for hundreds of businesses and communities around Australia. We have also renewed or expanded our existing partnerships with 7 enterprise customers in all markets, delivering 11,128 connections. Represented are Sysco (NA), PLM (NA), US Foods (NA), Kinetic (NZ), Hato Hone St John (NZ), Woolworths (AU, subject to completion of final contract) and Boral (AU), all blue-chip organisations, at the forefront of innovation in their industries.

We continue to see momentum from our Coretex integration and our shift to targeting enterprise customers. This is a story we are working hard to continue. We are confident that if we continue to deliver results in line with or above guidance, increased shareholder value will follow. Thank you for your ongoing support.

Mark Heine
Chief Executive Officer

[1] Reported revenue for H1 FY24 is $88.9m, compared to $85.4m in H1 FY23. Normalised revenue for H1 FY23 is $78.4m, taking account of the one-off acquisition accounting adjustment of $7.0m relating to the Coretex merger in H1 FY23.

Case study

Road to Safety: Open Country Dairy's Investment in Truck Dashcams for Driver Protection

Open Country Dairy has grown significantly since they first started using EROAD for RUC management in 2011. As New Zealand's second largest milk processor, the company's fleet has grown from 6 to 75 trucks and 270 professional drivers who deliver and collect billions of litres of milk across New Zealand every year.

National Fleet Manager, Brett Hamilton says the one goal that's never compromised at the company is sending their people home unharmed.

In 2021, Brett and his team decided to upgrade the fleet to EROAD Clarity Connected dashcams. The technology has proven its worth on more than one occasion. As Brett states, "Unfortunately, we have had some significant accidents. The drivers themselves could never have reacted quick enough to avoid these head on situations, and the dashcam footage was an integral part of clearing them."

Brett says the EROAD solution does more than any accident investigation could, because it shows clip-by-clip in high definition how the incident unfolded, "the clarity that the dashcam provides, is tenfold what you would ever be able to investigate".

The protection afforded by the dashcam extends to the business too. Without dashcam footage, the serious incidents they've had could have taken hours of investigation, and there'd be no guarantee, "it would have been our driver's word against someone else," says Brett. Should it have ended in court with a judge or jury, "that could be hundreds of thousands, if not millions of dollars."

As well as easy access to valuable truck dashcam footage, the team use EROAD's full fleet management system day in, day out to know where their vehicles are located, as well as manage their RUC, fleet maintenance and much more. "Logistically we're always using EROAD," says Brett "I don't know how you run a transport company without it."

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue	2	88.9	85.4
Operating expenses		(63.3)	(64.6)
Earnings before interest, taxation, depreciation and amortisation		**25.6**	**20.8**
Depreciation of property, plant and equipment	4	(11.0)	(8.0)
Amortisation of intangible assets	5	(9.3)	(8.1)
Amortisation of contract and customer acquisition assets		(4.9)	(3.7)
Earnings before interest and taxation		**0.4**	**1.0**
Finance expense		(4.9)	(3.7)
Finance income		0.2	-
Net financing costs		**(4.7)**	**(3.7)**
Loss before tax		**(4.3)**	**(2.7)**
Income tax benefit /(expense)	8	3.1	3.3
(Loss)/profit after tax for the period attributable to the shareholders		**(1.2)**	**0.6**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss		2.7	5.0
Total comprehensive income for the period		**1.5**	**5.6**
(Loss)/earnings per share - Basic (cents)		(1.14)	0.50
(Loss)/earnings per share - Diluted (cents)		(1.13)	0.49

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Current assets			
Cash and cash equivalents	3	16.8	8.1
Restricted bank accounts	3	18.2	11.6
Trade and other receivables		36.5	34.4
Contract fulfilment costs		5.8	5.3
Costs to obtain contracts		2.4	2.3
Total Current Assets		**79.7**	**61.7**
Non-current assets			
Property, plant and equipment	4	81.4	77.8
Intangible assets	5	242.6	242.1
Derivative financial asset		-	0.2
Contract fulfilment costs		5.6	4.0
Costs to obtain contracts		2.4	1.8
Deferred tax assets		18.4	15.2
Total Non-Current Assets		**350.4**	**341.1**
Total Assets		**430.1**	**402.8**

Condensed Consolidated Statement of Financial Position (continued)

As at 30 September 2023

	Notes	30 Sept 2023 Unaudited $M's	31 March 2023 Audited $M's
Current liabilities			
Borrowings	6	0.9	1.4
Trade payables and accruals		24.9	23.0
Payables to transport agencies	3	18.3	11.9
Contract liabilities		9.6	7.4
Lease liabilities		1.4	1.7
Employee entitlements		4.3	3.7
Total Current Liabilities		**59.4**	**49.1**
Non-current liabilities			
Borrowings	6	51.6	69.2
Contract liabilities		12.1	12.0
Lease liabilities		5.3	5.8
Derivative financial liabilities		0.3	-
Deferred tax liabilities		16.5	17.9
Total Non-Current Liabilities		**85.8**	**104.9**
Total Liabilities		**145.2**	**154.0**
Net Assets		**284.9**	**248.8**
Equity			
Share Capital	7	337.9	305.7
Share capital premium/discount		(19.9)	(19.9)
Other reserves		1.7	(1.0)
Accumulated losses		(34.8)	(36.0)
Total Shareholders' Equity		**284.9**	**248.8**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Chair,
29 November 2023

Chair of the Finance, Risk and Audit Committee,
29 November 2023

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share Capital	Share Premium / Discount	Accumulated losses	Translation Reserve	Hedging Reserve	Total
	$M's	$M's	$M's	$M's	$M's	$M's
Balance as at 31 Mar 2022 (Audited)	293.3	(6.5)	(35.4)	(3.5)	(0.2)	247.7
Profit after tax for the period	-	-	0.6	-	-	0.6
Other comprehensive income	-	-	-	5.0	-	5.0
Total comprehensive income	**-**	**-**	**0.6**	**5.0**	**-**	**5.6**
Transactions with owners of the Company						
Equity settled share-based payments	1.5	-	(1.5)	-	-	-
Balance as at 30 Sep 2022 (Unaudited)	**294.8**	**(6.5)**	**(36.3)**	**1.5**	**(0.2)**	**253.3**
Balance as at 31 Mar 2023 (Audited)	305.7	(19.9)	(36.0)	(1.2)	0.2	248.8
Loss after tax for the period	-	-	(1.2)	-	-	(1.2)
Other comprehensive income	-	-	-	3.2	(0.5)	2.7
Total comprehensive income	-	-	(1.2)	3.2	(0.5)	1.5
Transactions with owners of the Company						
Equity settled share-based payments	0.4	-	2.4	-	-	2.8
Share capital issued - net of costs	26.7	-	-	-	-	26.7
Funds received in advance for shares	5.1	-	-	-	-	5.1
Balance as at 30 Sep 2023 (Unaudited)	**337.9**	**(19.9)**	**(34.8)**	**2.0**	**(0.3)**	**284.9**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Notes	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Cash flows from operating activities			
Cash received from customers		88.5	78.0
Payments to suppliers and employees		(58.4)	(64.4)
Payments for contract fulfilment assets		(5.6)	(3.6)
Interest received		0.2	-
Interest paid		(4.0)	(1.7)
Net cash inflow from operating activities		**20.7**	**8.3**
Cash flows from investing activities			
Payments for investment in property, plant & equipment	4	(12.8)	(14.3)
Payments for investment in intangible assets	5	(9.8)	(16.1)
Payments for investment in cost to obtain contracts		(2.1)	(1.3)
Net cash outflow from investing activities		**(24.7)**	**(31.7)**
Cash flows from financing activities			
Receipts from bank loans		2.0	24.5
Repayments of bank loans		(20.0)	(9.0)
Payment of lease liability		(1.1)	(1.2)
Receipts from issue of equity		29.2	-
Receipts in advance for equity raise		5.1	-
Payments for costs of raising equity		(2.5)	-
Net cash inflow from financing activities		**12.7**	**14.3**
Net increase/(decrease) in cash held		**8.7**	**(9.1)**
Cash at the beginning of the financial period		**8.1**	**13.9**
Effects of exchange rate changes on cash and cash equivalents		-	(0.4)
Closing cash and cash equivalents		**16.8**	**4.4**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Reconciliation of Operating Cash Flows with Reported Profit After Tax

For the six months ended 30 September 2023

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Reconciliation of operating cash flows with reported profit after tax		
(Loss)/Profit after tax for the six month period attributable to the shareholders	(1.2)	0.6
Add/(less) non-cash items		
Tax asset recognised	(3.2)	(3.3)
Depreciation and amortisation	25.2	19.8
Other non-cash expenses	3.4	1.0
Contingent consideration and revaluation	-	(6.3)
Unwinding of interest expense for discounted contract liabilities	0.5	-
Contract liability discounting gain	(0.9)	(0.1)
	25.0	**11.1**
Add/(less) movements in other working capital items		
Increase in trade and other receivables	(1.7)	(6.3)
Increase in current tax payables	0.1	-
Increase in contract liabilities	2.2	5.9
Increase in trade payables, interest payable and accruals	1.9	0.6
Increase contract fulfilment cost	(5.6)	(3.6)
	(3.1)	**(3.4)**
Net cash from operating activities	**20.7**	**8.3**

Notes to the Financial Statements

For the six months ended 30 September 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements presented for the six months ended 30 September 2023 are for EROAD Limited (EROAD), and its subsidiaries (collectively referred to as the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

EROAD Limited (the "Company") is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) Main Board and Australian Stock Exchange (ASX). The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). NZ GAAP in this instance being New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. These consolidated interim financial statements also comply with the New Zealand equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34: Interim Financial Reporting (IAS 34) and are prepared in accordance with the Financial Markets Conduct Act 2013.

The consolidated interim financial statements for the six months ended 30 September 2023 are unaudited and have been the subject of review by the auditor, pursuant to NZ SRE 2410 (Revised): Review of Financial Statements Performed by the Independent Auditor of the Entity as issued by the External Reporting Board.

These consolidated interim financial statements have been prepared using the same accounting policies as, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2023 ('last annual financial statements'). These consolidated interim financial statements do not include all of the information required for a complete set of NZ IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group's financial position and performance since the last annual financial statements.

These financial statements have been approved for issue by the Board of Directors on 29 November 2023.

(a) Going concern
As at balance the Group's current assets exceeded its current liabilities by $20.3M (31 March 2023: $12.6M). The directors have carefully considered the ability of the Group to continue to operate as a going concern for at least the next 12 months from the date the financial statements are authorised for issue. It is the conclusion of the directors that the Group will continue to operate as a going concern and the financial statements have been prepared on that basis.

In reaching their conclusion the directors have considered the following factors:

- Cash reserves as at 30 September 2023 of $16.8M and bank borrowing facility of $90.0M of which $37.5M was undrawn as at 30 September 2023 after including borrowing costs of $0.1M. This provides sufficient level of headroom to help support the business for at least the next 12 months from the date of issuance of these financial statements;
- The Future Contracted Income of $226.2M provides certainty of forecast revenue;
- 29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M has been raised, of which $5.1M was received in advance on 29 September 2023; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.

(b) Basis of measurement
The financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair value.

(c) Presentation currency
The financial statements are presented in New Zealand dollars ($) which is the Group's presentation currency, and all values are rounded to million dollars to one decimal place ($M's) except where stated. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its New Zealand subsidiaries is New Zealand dollars. The functional currency of the Company's Australian and North American subsidiaries are Australian dollars and United States dollars respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Standards or interpretations issued but not yet effective and relevant to the Group
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after a 1 April 2023.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

(e) Critical accounting estimates and judgements
In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from the judgements, estimates and assumptions.

The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate. These are :

- Taxation - recognition and utilisation of tax losses
- Intangible assets - assumptions used in the impairment tests; capitalisation of development costs
- Property, plant and equipment - determining residual values and useful lives

(f) Comparative information
As 31 March 2023, the statement of cash flow presentation has been amended to reclassify the contract fulfilment assets from investing activities to operating activities cash flows. The impact of this reclassification on the comparative period is shown below. The reclassification better reflects the Group's operation.

	30 Sep 2022 previously reported	Reclass	30 Sep 2022 Reclassified
	$M's	$M's	$M's
Cash flows from operating activities	11.9	(3.6)	8.3
Cash flows from investing activities	(35.3)	3.6	(31.7)

PERFORMANCE

This section focuses on the Group's financial performance. This section includes the following notes:

NOTE 1 SEGMENT REPORTING

EROAD operating segments are based on geographic location for operating companies and corporate and development costs. These operating segments equate to the Group's strategic divisions and are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO"). The CEO is considered to be the chief operating decision maker ("CODM").

The four segments/strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the CODM reviews internal management reports.

The following summary describes the operations in each of the Group's segments.

EROAD reports selected financial information segmented by geographic location for operating companies and corporate and development costs.

- *Corporate & Development:* Corporate head office costs and R&D activities for development of new and existing products and services
- *North America:* Operating companies serving customers in North America
- *Australia:* Operating companies serving customers in Australia
- *New Zealand:* Operating companies serving customers in New Zealand

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax, derivative financial instruments, finance income and expenses.

Inter-segment pricing is determined on an arm's length basis.

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Reportable segment information

Key information related to each reportable segment as provided to the CODM is set out below.

	Corporate & Development		North America		New Zealand		Australia	
	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue								
Software as a Service (Saas) revenue	-	-	36.5	30.6	42.0	36.7	5.0	4.0
Hardware revenue	0.1	-	1.8	2.6	-	-	0.4	0.1
Transaction fee revenue	-	-	-	-	1.2	1.7	-	-
Other revenue [1]	26.7	26.2	0.3	1.0	1.5	1.8	0.2	0.2
Total revenue	**26.8**	**26.2**	**38.6**	**34.2**	**44.7**	**40.2**	**5.6**	**4.3**
Earnings before interest, taxation, depreciation & amortisation	(20.7)	(17.6)	15.9	12.7	28.7	25.0	1.7	0.9
Total assets	290.3	275.8	99.4	102.8	83.7	57.8	16.6	16.1
Depreciation of property, plant & equipment	(1.1)	(1.0)	(5.2)	(3.4)	(4.0)	(3.4)	(0.6)	(0.3)
Amortisation of intangible assets	(6.0)	(4.7)	(2.6)	(2.8)	(0.4)	(0.4)	(0.3)	(0.4)
Amortisation of contract and customer acquisition assets	-	-	(1.5)	(0.8)	(3.1)	(2.6)	(0.4)	(0.3)

[1] Revenue from Corporate & Development Markets includes R&D Grant Income of $0.9m (30 September 2022: $0.8m and reassessment of contingent consideration of $7m).

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Reconciliation of information on reportable segments

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue		
Total revenue for reportable segments	115.7	104.9
Elimination of inter-segment revenue	(26.8)	(19.5)
Consolidated Revenue	**88.9**	**85.4**
EBITDA		
Total EBITDA for reportable segments	25.6	21.0
Elimination of inter-segment EBITDA	-	(0.2)
Consolidated EBITDA	**25.6**	**20.8**
Depreciation		
Total depreciation for reportable segments	(10.9)	(8.1)
Elimination of inter-segment depreciation	(0.1)	0.1
Consolidated Depreciation	**(11.0)**	**(8.0)**
Amortisation of intangible assets		
Total amortisation for reportable segments	(9.3)	(8.3)
Elimination of inter-segment amortisation	-	0.2
Consolidated Amortisation	**(9.3)**	**(8.1)**

Total assets	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Total assets for reportable segments	490.0	462.6
Elimination of inter-segment balances	(59.9)	(59.8)
Consolidated Total Assets	**430.1**	**402.8**

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Allocation of goodwill, property plant and equipment and other intangible assets

Included within Total Assets are Development Assets of $102.4M (31 March 2023: $100.4M) which for the purpose of the segment note have been allocated to the Corporate & Development Market based on the ownership of intellectual property. The amortisation for these assets are also presented in the Corporate & Development segment. The Group's cash generating units (CGUs) are North America, New Zealand and Australia. For impairment testing purposes management allocate the Development Assets to the CGU based on the specific CGU that the Development Asset relates to, or if the Development Asset is developed for use globally across all CGU's, the asset is allocated to CGU's based on the proportionate share of the Group's Contracted Units. Property plant and equipment and other finite intangible assets are also included and tested as part of impairment testing of repective CGU's.

Also included in the total assets is the intangible assets acquired through the acquisition of the Coretex subsidiaries and resulting goodwill. The allocation of these to cash-generating units has been done based on valuation expert advice as part of acquisition accounting during the period ended 31 March 2022.

The allocation of the Development Assets, goodwill and other intangibles to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

	Development Assets	Goodwill	Brand	Customer relationships
	$M's	$M's	$M's	$M's
30 Sep 2023 Unaudited				
North America	47.5	88.8	2.1	19.9
New Zealand	49.3	5.7	-	1.1
Australia	5.6	13.6	-	3.3
	102.4	**108.1**	**2.1**	**24.3**
31 Mar 2023 Audited				
North America	46.3	88.8	2.4	20.7
New Zealand	48.3	5.7	-	1.1
Australia	5.8	13.6	-	3.5
	100.4	**108.1**	**2.4**	**25.3**

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Geographic information

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information revenue has been based on the geographic location of customers and assets were based on the geographic location of the assets. These allocations are not aligned with the Group's reportable segments.

	30 Sep 2023 Unaudited	30 Sep 2022 Unaudited
	$M's	$M's
Revenue		
New Zealand	44.7	47.0
All foreign countries:		
USA	38.6	33.8
Australia	5.6	4.4
Total revenue	**88.9**	**85.2**

	30 Sep 2023 Unaudited	31 Mar 2023 Audited
	$M's	$M's
Non-current assets		
New Zealand	236.4	230.4
All foreign countries:		
USA	83.5	84.6
Australia	12.1	10.7
Total non-current assets	**332.0**	**325.7**

Non-current assets exclude financial instruments and deferred tax assets.

	30 Sep 2023 Unaudited	31 Mar 2023 Audited
	$M's	$M's
Reconciliation of geographical non-current assets to total non-current assets		
Geographical non-current assets	332.0	325.7
Deferred tax assets	18.4	15.2
Derivative financial instruments	-	0.2
Total non-current assets	**350.4**	**341.1**

NOTE 2 REVENUE

	30 Sep 2023 Unaudited $M's	Restated 30 Sep 2022 Unaudited $M's
Revenue from contracts with customers		
Software as a service (Saas) revenue	83.5	71.3
Hardware revenue (subscription basis)	2.3	3.0
Other		
Transaction fee revenue	1.2	1.7
Other revenue and income	1.0	8.6
Grant income	0.9	0.8
Total Revenues	**88.9**	**85.4**

Set out above is the disaggregation of the Group's revenue. The disaggregation reflects the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or a service to a customer.

The Group provides electronic on-board units to its customers, which comprise the provision of hardware and the rendering of services.

For the majority of the Group's customers the supply of electronic on-board units (leased or purchased outright), installation of the units and providing services are not distinct and have one single performance obligation (linked to the service contract). Consequently, the Group does not recognise revenue separately for these goods and services but recognises this revenue together as the provision of software as a service (SAAS) revenue.

Each of the Group's main sources of revenue are described in detail below:

Software as a service revenue
Software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services, training and support services and provision of software services.

As noted above, the Group has determined that for the majority of customers the supply and installation of units and the services are not distinct and treated as one single performance obligation. That is, EROAD's customers do not have the right to direct the use of EROAD's assets (such as the Ehubo, Corehub and TMU units) as EROAD continues to have the right and ability to change how the asset operates during the customer's contract period. These contracts are therefore accounted for as service contracts. The Group generates revenue through the sale of hardware assets, rental of hardware assets, installation of hardware assets and provision of software services as part of contracts with customers as part of a bundled package. These hardware units enable customers to access the software platform offered by the Group. The transaction involving hardware and accessories do not convey a distinct good or service. The sale does not transfer control to the customer as the Group provides a significant service of integrating the software service to produce a combined output. The sale of the hardware, accessories and software service are referred to as Software as a Service (SaaS) revenue, which is recognised on a straight line basis over the contract period to reflect the fulfilment of the performance obligations as they arise. There are no variable consideration terms within the contracts.

The Group offers installation services as part of a number of promises to transfer goods and services within each contract. Installation services do not convey a distinct good or service and therefore are not a separate performance obligation as the installation is a set-up activity that does not provide the customer a direct benefit other than access to the software services. As a result, the installation service is considered as part of the single performance obligation referred to as software as a service (SAAS) revenue, which includes the software service and hardware sale or rental for which the customer simultaneously receives and consumes the benefit of the service.

NOTE 2 REVENUE *(CONTINUED)*

A contract liability is recognised where consideration is received in advance of the completion of associated performance obligations. The contract liability is derecognised over time evenly over the period of the contract as the customer derives the benefit evenly from the services provided over the contract period. The majority of contracts are for 3 years and can be for a term of up to 5 years. As a result there is a financing component which the group recognise as a finance cost when consideration is received in advance.

Hardware revenue (subscription)
Hardware revenue purchased with a subscription is recognized over the first month's subscription. Hardware revenue reflects hardware sales where a subscription must be separately purchased to utilise the hardware and obtain access to services. The hardware together with the monthly subscription is considered a single performance obligation. A receivable is recognised by the Group when the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The installation revenue associated with uncontracted hardware units is included in the hardware revenue line and recognised when the installation is completed.

The services revenue associated with the uncontracted hardware units is included in the software as a service revenue line and is recognised when the performance obligation is completed.

Transaction fees
Transaction fee revenue relates to the collection of Road User Charges (RUC) fees. The Group acts as an agent for transport authorities in the market that is operates in. Where fees are collected on their behalf, the Group charges a commission. The revenue recognised is the net amount of the commission fee earned by the Group.

Grant income
Government grants are recognised at fair value in the statement of comprehensive income over the same periods as the costs for which the grants are intended to compensate. No unfulfilled conditions or contingencies exist related to the government grants.

Other revenue and income
Included in other income and revenue in 30 September 2022 is $7.0M related to the reassessment of contingent consideration related to the acquisition of Coretex Limited.

Future contracted income
The Group reports the Non-GAAP measure, Future Contracted Income. The definition of Future Contracted Income includes all future hardware and SaaS cash inflows relating to income under non-cancellable long-term agreements. The disclosure below aligns with the Future Contracted Income reported by the Group.

Transaction price allocated to the remaining performance obligations
The below table represents the revenue allocated to performance obligations that are unsatisfied or partially unsatisfied at the period end. The revenue amounts yet to be recognised under non-cancellable contract agreements at 30 September 2023 are expected to be recognised by EROAD based on the time bands disclosed below.

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Software as a Service (SaaS) revenue		
No later than one year	93.9	98.9
Later than one year, no later than five years	132.3	116.8
Total price allocated to remaining performance obligations	**226.2**	**215.7**

WORKING CAPITAL

This section provides information about the primary elements of the Group's working capital. This section includes the following note:

NOTE 3 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

NOTE 3 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Cash and cash equivalents	16.8	8.1
Restricted bank accounts	18.2	11.6
	35.0	**19.7**

Cash and cash equivalents exclude restricted bank accounts. Restricted bank accounts are presented separately from cash and cash equivalents on the face of the Statement of Financial Position and movements in restricted bank accounts are excluded from the Statement of Cash Flows. The restricted bank accounts relate to Road Users tax collected from clients due for payment to the appropriate government agency.

Payables to transport agencies	(18.3)	(11.9)

LONG-TERM ASSETS

This section provides information about the investment the Group has made in long-term assets to operate the business. This section includes the following notes:

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

NOTE 5 INTANGIBLE ASSETS

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

	Right of use assets $M's	Hardware assets $M's	Plant and equipment $M's	Leasehold improvements $M's	Motor vehicles $M's	Office equipment $M's	Computers $M's	Total $M's
Year ended 31 Mar 2023 (Audited)								
Opening net book amount	4.5	54.1	0.1	1.2	0.3	0.6	0.9	61.7
Additions	3.1	31.4	0.1	0.7	0.1	0.2	0.6	36.2
Disposals	-	(7.9)	-	(0.6)	(0.5)	-	-	(9.0)
Depreciation charge	(1.9)	(14.0)	(0.1)	(0.3)	(0.1)	(0.2)	(0.6)	(17.2)
Depreciation recovered	-	2.4	-	0.6	0.4	-	-	3.4
Effect of movement in exchange rates	-	2.7	-	-	-	-	-	2.7
Closing net book amount	**5.7**	**68.7**	**0.1**	**1.6**	**0.2**	**0.6**	**0.9**	**77.8**
Cost	9.8	106.1	0.8	3.1	0.8	2.0	4.9	127.5
Accumulated depreciation	(4.1)	(37.4)	(0.7)	(1.5)	(0.6)	(1.4)	(4.0)	(49.7)
Net book amount	**5.7**	**68.7**	**0.1**	**1.6**	**0.2**	**0.6**	**0.9**	**77.8**

NOTE 4 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Right of use assets	Hardware assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	$M's	$M's	$M's	$M's	$M's	$M's	$M's	$M's
Six months ended 30 Sep 2023 (Unaudited)								
Opening net book amount	5.7	68.7	0.1	1.6	0.2	0.6	0.9	77.8
Additions	-	13.8	-	-	-	-	0.2	14.0
Disposals	-	(2.8)	-	-	(0.3)	-	-	(3.1)
Depreciation charge	(0.9)	(9.4)	-	(0.2)	-	(0.1)	(0.4)	(11.0)
Depreciation recovered	0.1	1.7	-	-	0.3	-	-	2.1
Effect of movement in exchange rates	0.1	1.5	-	-	-	-	-	1.6
Closing net book amount	**5.0**	**73.5**	**0.1**	**1.4**	**0.2**	**0.5**	**0.7**	**81.4**
At 30 Sep 2023								
Cost	9.3	119.2	0.8	3.1	0.5	2.0	5.1	140.0
Accumulated depreciation	(4.3)	(45.7)	(0.7)	(1.7)	(0.3)	(1.5)	(4.4)	(58.6)
Net book amount	**5.0**	**73.5**	**0.1**	**1.4**	**0.2**	**0.5**	**0.7**	**81.4**

Included in the Hardware Assets is equipment under construction to be leased or sold of $27.2M (31 March 2023: $27.8M). Due to the majority of the equipment under construction being ultimately sold under contract and forming part of hardware assets on the Group's fixed asset register it has been accordingly classified under hardware assets.

Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent costs
The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense in the period they are incurred.

Impairment
Property plant and equipment is tested for impairment when there are indicators of impairment. It is not possible to identify separately identifiable cash flows for property, plant and equipment as hardware assets are sold together with various SAAS services as a package. Property plant and equipment is allocated to the Group's CGU's as described in note 1 for the purposes of impairment testing.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Depreciation
Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The following rates have been used on a straight line basis:

Leasehold improvements	3 to 9 years
Hardware assets	3 to 6 years
Plant and equipment	3 to 11 years
Computer/Office equipment	1 to 5 years
Motor vehicles	3 to 5 years
Right of use assets	3 to 9 years

The above rates reflect the estimated useful lives of the respected categories. Consideration was given to how long assets can be deployed and any expected network changes. Leasehold improvements are depreciated over the contracted lease term.

NOTE 5 INTANGIBLE ASSETS

	Development	Software	Goodwill	Brand	Customer relationships	Patents, trademarks and other rights	Total
	$M's	$M's	$M's	$M's	$M's	$M's	$M's
Year ended 31 Mar 2023 (Audited)							
Opening net book amount	88.3	3.9	108.1	3.1	28.0	-	231.4
Additions	25.5	2.6	-	-	-	0.1	28.2
Disposals	-	-	-	-	-	-	-
Effect of movement in foreign exchange rate	0.2	-	-	-	0.2	-	0.4
Amortisation charge	(13.6)	(0.7)	-	(0.7)	(2.9)	-	(17.9)
Closing net book amount	**100.4**	**5.8**	**108.1**	**2.4**	**25.3**	**0.1**	**242.1**
Cost	154.6	12.1	108.1	3.3	28.8	0.1	307.0
Accumulated amortisation	(54.2)	(6.3)	-	(0.9)	(3.5)	-	(64.9)
Net book amount	**100.4**	**5.8**	**108.1**	**2.4**	**25.3**	**0.1**	**242.1**
Six months ended 30 Sep 2023 (Unaudited)							
Opening net book amount	100.4	5.8	108.1	2.4	25.3	0.1	242.1
Additions	9.6	0.2	-	-	-	-	9.8
Disposals	-	-	-	-	-	-	-
Amortisation charge	(7.6)	(0.4)	-	(0.3)	(1.0)	-	(9.3)
Restated closing net book amount	**102.4**	**5.6**	**108.1**	**2.1**	**24.3**	**0.1**	**242.6**
Cost	164.2	12.3	108.1	3.3	28.8	0.1	316.8
Accumulated amortisation	(61.8)	(6.7)	-	(1.2)	(4.5)	-	(74.2)
Net book amount	**102.4**	**5.6**	**108.1**	**2.1**	**24.3**	**0.1**	**242.6**

The useful lives of the Group's Intangible Assets are assessed to be finite except for goodwill. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

NOTE 5 INTANGIBLE ASSETS *(CONTINUED)*

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of comprehensive income when incurred. There is judgement involved in relation to whether a project meets the capitalisation criteria, and whether the expenditure can be directly attributable to the respective project.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, brand, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income when incurred.

Amortisation

Patents	10 to 20 years
Development Hardware & Platform	7 to 15 years
Development Products	5 to 10 years
Software	5 to 7 years
Customer relationships	15 years
Brand	5 years

Impairment

The acquisition of Coretex on 1 December 2021, meant goodwill was recognised for the excess between the fair value consideration paid and the fair value of the net assets acquired. Net assets acquired included finite life intangibles assets such as customer relationships, brands, software and development assets. The goodwill and finite life intangibles were then allocated to the cash generating units of the business with the assistance of external specialists. When goodwill is acquired in a business combination, under the accounting standards, NZ IAS 36 requires an impairment test to be completed annually (for cash-generating units in which goodwill has been allocated) irrespective of whether there is any indication of impairment. An impairment test is also required when there is an indicator of impairment identified each reporting period. Refer to note 1 for the allocation of goodwill, property plant and equipment and other finite life intangible assets to cash generating units (CGUs). The CGU's are considered the lowest level for which there are separately identifiable cashflows. Corporate costs attributable to the CGUs are allocated to the respective CGUs as part of impairment testing. Unallocated corporate costs and assets are also tested for impairment using a top down approach.

NOTE 5 INTANGIBLE ASSETS *(CONTINUED)*

Impairment testing of CGU's

Under the accounting standards one of the external sources of information that may indicate that an impairment exists is when the carrying amount of the net assets of the entity exceeds the entity's market capitalisation. At 30 September 2023 this is the case for the EROAD Group. The share price of EROAD at 30 September 2023 being $0.68 equating to a market capitalisation of $105.3 million compared to net assets of $279.1 million at the same date.

To complete the impairment testing management assessed the recoverable amount of each of the cash-generating units ('CGU') of which goodwill, property plant and equipment and finite life intangible assets have been allocated by reference to its value in use ('VIU') determined using a discounted cash flows model. The recoverable amounts of the CGU were estimated based on the following significant assumptions:

	Amount the VIU exceeds the carrying value	Connected unit CAGR	ARPU CAGR	WACC
	$M's			
New Zealand	220.5	6.20%	0.80%	12.75%
North America	48.7	17.60%	(2.60)%	12.75%
Australia	3.5	25.00%	(0.10)%	12.75%

The inputs used for the growth in connected units and ARPU in the CGUs reflect past experience and the forecast performance of the group.

- Terminal growth rate of 2.0% applied to 2029 and thereafter

Sensitivity analysis was undertaken which concluded that New Zealand results are not particularly sensitive to changes in the underlying assumptions. Australia and North America are sensitive to the achievement of forecast unit growth, ARPU and changes in the discount rate.

Results of the sensitivity analysis as follows:

	Input required for the VIU to equate to the carrying value		
	Connected unit CAGR	ARPU CAGR	WACC
New Zealand	Not sensitive	Not sensitive	Not sensitive
North America	14.74%	(5.09)%	14.81%
Australia	24.02%	(0.84)%	13.44%

The Group concluded that the recoverable amount of each of the CGU were higher than their respective carrying values and therefore no impairment was considered necessary at 30 September 2023.

DEBT AND EQUITY

This section outlines the Group's capital structure and the related financing costs. This section includes the following notes:

NOTE 6 BORROWINGS

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Current borrowings		
Bank overdraft	0.9	1.4
	0.9	**1.4**
Non-current borrowings		
Term Loans	30.0	30.0
Revolving Credit Facility	21.7	39.7
Capitalised borrowings cost	(0.1)	(0.5)
	51.6	**69.2**

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	30 Sep 2023 Unaudited Face Value $M's	30 Sep 2023 Unaudited Carrying amount $M's	31 Mar 2023 Audited Face Value $M's	31 Mar 2023 Audited Carrying amount $M's
Tem Loans	7.63%	2025	30.0	30.0	30.0	30.0
Capex facility/bank overdraft	7.63%	2025	0.9	0.9	1.4	1.4
Revolving credit facility	7.63%	2025	21.7	21.7	39.7	39.7
Capitalised borrowing costs			-	(0.1)	-	(0.5)
			52.6	**52.5**	**71.1**	**70.6**

The above nominal interest rate represents the weighted average rate of the entire facility.

NOTE 6 BORROWINGS *(CONTINUED)*

The Group has a syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ). At 30 September 2023, EROAD had the following facilities in place:

$30.0M (NZD) Term Loan Facility A – to refinance debt from the prior financial year. The Term Loan has a term of 36 months from the March 2022 refinance date, with the facility having a maturity date in March 2025. The interest rate is variable with reference to a base rate (BKBM bid rate) for the selected interest period plus a margin of 2.95%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility with full repayment on the termination date.

$55.0M (NZD) Revolving Credit Facility B – for general corporate purposes. The Revolving Credit Facility has a term of 36 months from the March 2022 refinance date with a periodic roll over feature at the end of each interest period (90 days) that is subject to continued compliance with the terms of the loan agreement, with the facility having a maturity date in March 2025. Funds may be drawn in NZ Dollars, AU Dollars, or US Dollars. The interest rate is variable with reference to the base rate (BKBM bid rate for NZ Dollar drawings, BBSY bid rate for AU Dollar drawings, and US Federal Open Market Committee short-term interest rate target for US Dollar drawings) for the selected interest period plus a margin of 1.5%. EROAD may select an interest period of 1,2,3 or 6 months. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

$5.0M Capex /overdraft facility– for general working capital purposes. In the prior year this has been replaced by an overdraft facility. This is an on demand facility with the interest rate to be agreed between the lender and borrower at the time of borrowing plus a margin of 1.5%. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

EROAD's operating covenants to support the above facilities include Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 30 September 2023.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Financial Services Limited, EROAD Australia Pty Limited, EROAD Inc, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate). in respect of the obligations of EROAD Limited, and a General Security Agreements granted by EROAD Limited, EROAD Financial Services Limited, EROAD Inc, EROAD Australia Pty Limited, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 6 BORROWINGS *(CONTINUED)*

Amended syndicated debt facility

On 29 September 2023, the Group amended its syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ) and added Kiwibank Limited (Kiwibank). The effective date of the amendment is 4 October 2023. EROAD put the following facilities in place:

$25.0M (NZD) Term Loan Facility A – to refinance debt from the prior facility. The Term Loan has a term of 36 months from 4 October 2023 refinance effective date, with the facility having a maturity date in October 2026. The interest rate is variable with reference to a base rate (BKBM bid rate) for the selected interest period plus a margin of 3.75%. EROAD may select an interest period of 1,2,3 or 6 months. On 31 December 2024, total facility commitments will reduce $1.25m on a quarterly basis until the maturity of the facility. The full outstanding balance is payable on the termination date.

$50.0M (NZD) Revolving Credit Facility B – to refinanace debt from the prior facility and for general corporate purposes. The Revolving Credit Facility has a term of 36 months from 4 October 2023 effective refinance date with a periodic roll over feature at the end of each interest period (90 days) that is subject to continued compliance with the terms of the loan agreement, with the facility having a maturity date in October 2026. Funds may be drawn in NZ Dollars, AU Dollars, or US Dollars. The interest rate is variable with reference to the base rate (BKBM bid rate for NZ Dollar drawings, BBSY bid rate for AU Dollar drawings, and US Federal Open Market Committee short-term interest rate target for US Dollar drawings) for the selected interest period plus a margin of 2.25% where the company's net leverage ratio is below 1.0x and 2.45% where the company's net leverage ratio is above 1.0x . EROAD may select an interest period of 1,2,3 or 6 months. In addition, a Commitment Fee of 2.25% per annum is payable where the company's net leverage ratio is below 1.0x, and 2.45% per annum is payable where the company's net leverage ratio is above 1.0x, is payable on the committed balance of the facility quarterly in arrears. On 31 December 2024, total facility commitments will reduce $1.25m on a quarterly basis until the maturity of the facility. The full outstanding balance is payable on the termination date.

$5.0M Multi-option working capital facility – for capital expenditure and general working capital purposes. This is an on demand facility with the interest rate to be agreed between the lender and borrower at the time of borrowing plus a margin of 2.25%. In addition, a Commitment Fee of 2.25% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

EROAD's operating covenants to support the above facilities include Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with covenants during the period and at 30 September 2023. Covenant compliance under the new facility will be effective from December 2023 quarter end.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Financial Services Limited, EROAD Australia Pty Limited, EROAD Inc, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate). in respect of the obligations of EROAD Limited, and a General Security Agreements granted by EROAD Limited, EROAD Financial Services Limited, EROAD Inc, EROAD Australia Pty Limited, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

NOTE 7 EQUITY

Paid up capital

All issued shares are fully paid up and have equal voting rights and share equally in dividends and surplus on winding up.

	Number of ordinary shares	Issue price $	Issued Capital $
31 Mar 2023 (Audited)	**112,628,412**		**305.7**
Shares issued to employees	511,134	0.79	0.4
Shares issued in September 2023 equity placement	41,742,072	0.70	29.2
Costs of raising capital	-	-	(2.5)
			332.8
Funds received in advance for shares issued in October 2023			5.1
30 Sep 2023 (Unaudited)	**154,881,618.0**		**337.9**

At 30 September 2023 there was 154,881,618 authorised and issued ordinary shares (31 March 2023: 112,628,412). 386,166 (31 March 2023: 386,166) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M had been raised, of which $5.1M was received in advance on 29 September 2023.

Share capital premium/discount

This account is for the difference between the issued share price and the trading share price (or fair value share price) on date of issue and includes contigent consideration portion classified as equity related to the acquisition of Coretex.

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Opening balance	19.9	6.5
Contingent Shares issued	-	9.7
Contingent shares forfeited	-	3.7
	19.9	**19.9**

Other components of equity include:

- *Translation reserve* - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries into New Zealand dollars.
- *Hedging reserve* - the hedging reserve is used to record gains or losses on instruments used as cash flow hedges. The amounts are recognised in profit and loss when the hedged transaction affects profit and loss.
- *Retained earnings* - includes all current and prior period retained profits and losses and share-based employee remuneration.

OTHER

This section contains additional notes and disclosures that aid in understanding the Group's position and performance but do not form part of the primary sections. This section includes the following notes:

NOTE 8 INCOME TAX EXPENSE

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
(a) Reconciliation of effective tax rate		
Loss before income tax	**(4.3)**	**(2.7)**
Income tax using the Company's domestic tax rate of 28%	(1.2)	(0.8)
Non-deductible expense/(non-assessable income)	(0.3)	(2.0)
Adjustment related to prior period	(2.1)	0.5
Utilisation of tax losses previously unrecognised and tax losses not recognised	0.6	(0.6)
Effect of different tax rates of subsidiaries operating overseas	(0.1)	(0.4)
Income tax expense/(benefit)	**(3.1)**	**(3.3)**
(b) Current tax expense		
Current year	0.1	-
	0.1	**-**
(b) Deferred tax expense		
Current year	(1.1)	(3.8)
Adjustments in respect of prior periods	(2.1)	0.5
	(3.2)	**(3.3)**
Income tax expense	**(3.1)**	**(3.3)**

At 30 September 2023 there were no imputation credits available to shareholders (31 March 2023: Nil)

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

NOTE 8 INCOME TAX EXPENSE *(CONTINUED)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 9 RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported in 31 March 2023.

NOTE 10 CAPITAL COMMITMENTS

(a) Capital commitments
As at 30 September 2023 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to $11.2M (31 March 2023: $18.4M).

NOTE 11 CONTINGENT LIABILITIES

As at 30 September 2023 the Company had no contingent liabilities or assets (31 March 2023:$Nil).

NOTE 12 NET TANGIBLE ASSETS PER SHARE

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	31 Mar 2023 Audited $M's
Net assets (equity)	284.9	253.3	248.8
Less Intangibles	(242.6)	(236.7)	(242.1)
Total net tangible assets	**42.3**	**16.6**	**6.7**
Net tangible assets per share ($)	**0.27**	**0.15**	**0.06**

The non-GAAP measure above is disclosed for consistency with the information disclosed in EROAD's results announced under the NZX listing rules.

NOTE 13 EVENTS SUBSEQUENT TO BALANCE DATE

On 29 September 2023, the Group amended its syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ) and added Kiwibank Limited (Kiwibank). The effective date of the amendment is 4 October 2023. Please refer to note 6 for additional details.

29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M has been raised, of which $5.1M was received in advance on 29 September 2023. Please refer to note 7 for additional details.

There were no further events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

KPMG

Independent Review Report

To the shareholders of EROAD Limited

Report on the interim condensed consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements on pages 11 to 37 do not:

i. present fairly in all material respects the Group's financial position as at 30 September 2023 and its financial performance and cash flows for the six month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim condensed consolidated financial statements which comprise:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)"). Our responsibilities are further described in the *Auditor's Responsibilities for the review of the financial statements* section of our report.

We are independent of, in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has also provided other services to the group in relation to taxation compliance and transfer pricing services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as reviewer of the group. The firm has no other relationship with, or interest in, the group.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

KPMG

Responsibilities of the Directors for the interim condensed consolidated financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of interim condensed consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the interim condensed consolidated financial statements

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 (Revised) . NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

A review of interim condensed consolidated financial statements in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

KPMG

KPMG
Auckland

29 November 2023

Glossary

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)
A non-GAAP measure representing monthly Recurring Revenue for the last month of the period, multiplied by 12. It provides a 12 month forward view of revenue, assuming unit numbers, pricing and foreign exchange remain unchanged during the year.

ASSET RETENTION RATE
The number of Total Contracted Units at the beginning of the 12 month period and retained as Total Contracted Units at the end of the 12 month period, as a percentage of Total Contracted Units at the beginning of the 12 month period.

CHURN
The inverse of the asset retention rate.

COREHUB
EROAD's next generation telematics hardware that collects rich data, meets electronic logging device certification.

COSTS TO ACQUIRE CUSTOMERS (CAC)
A non-GAAP measure of costs to acquire customers. Total CAC represents all sales & marketing related costs. CAC capitalised includes incremental sales commissions for new sales, upgrades and renewals which are capitalised and amortised over the life of the contract. All other CAC related costs are expensed when incurred and included within CAC expensed.

COSTS TO SERVICE & SUPPORT (CTS)
A non-GAAP measure of costs to support and service customers. Total CTS represents all customer success and product support costs. These costs are included in Administrative and other Operating Expenses.

CY (CALENDAR YEAR)
12 months ended 31 December.

EBITDA
A non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Consolidated Statement of Comprehensive Income in Financial Statements.

EBITDA MARGIN
A non-GAAP measure representing EBITDA divided by Revenue.

EHUBO, EHUBO2 and EHUBO 2.2
EROAD's first and second generation telematics hardware. EHUBO is a trade mark registered in New Zealand, Australia and the United States.

ELECTRONIC LOGGIING DEVICE (ELD)
An electronic solution that synchronises with a vehicle engine to automatically record driving time and hours of service records

ENTERPRISE
A customer where the $AMRR is more than $100k in NZD for the Financial year reported

FREE CASH FLOW
A non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows.

FREE CASH FLOW TO THE FIRM
A non-GAAP measure representing operating cash flow and investing cash flow net of interest paid and received. For the purposes of this presentation, payments for the acquisition of Coretex have been excluded.

FUTURE CONTRACTED INCOME (FCI)
A non-GAAP measure which represents contracted Software as a Service (SaaS) income to be recognised as revenue in future periods. Refer Revenue Note 2 of the H1 FY24 Financial Statements.

FY (FINANCIAL YEAR)
Financial year ended 31 March.

H1 (HALF ONE)
For the six months ended 30 September.

H2 (HALF TWO)
For the six months ended 31 March.

LEASE DURATION
Future contracted income as a proportion of reported revenue.

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)
A non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the H1 FY24 Financial Statements, by the TCU balance at the end of each month during the year.

NORMALISED EBITDA
Excludes one-off 4G hardware upgrade program costs ($1.5m). H1 FY23 normalisations include acquisition accounting revenue ($7.0m), and integration costs ($2.6m).

NORMALISED EBITDA MARGIN
Excludes one-off items, consistent with the definition provided for Normalised EBITDA.

NORMALISED REVENUE
Excludes the one-off acquisition accounting revenue in H1 FY24 ($7.0m).

ROAD USER CHARGES (RUC)
In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.

SAAS
Software as a Service, a method of software delivery in which software is accessed online via a subscription rather than bought and installed on individual computers.

SAAS REVENUE
Software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services and provision of software services.

TOTAL CONTRACTED UNITS
Represents EROAD and Coretex branded units subject to a customer contract both on Depot and pending instalment and Coretex branded units currently billed.

UNIT
A communication device fitted in-cab or on a trailer. Where there is more than one unit fitted in-cab or on a trailer, it is counted as one unit (excluding Philips Connect).

360
A web-based platform that allows customers to access data collected by CoreHub and the associated reports.

Directory

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Managing your Shareholding Online

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www.computershare.co.nz/investorcentre.

You will need your CSN and FIN numbers to access this service.

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Bankers

ANZ
ASB
Bank of New Zealand
HSBC
Wells Fargo

EROAD

EROAD

Results for announcement to the market		
Name of issuer	EROAD Limited	
Reporting Period	6 months to 30 September 2023	
Previous Reporting Period	6 months to 30 September 2022	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	$88,859	13%
Total Revenue	$88,866	4%
Net profit/(loss) from continuing operations	$249	108%
Total net profit/(loss)	($1,216)	(318%)
Interim/Final Dividend		
Amount per Quoted Equity Security	No dividend declared	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	$0.26	$0.16
A brief explanation of any of the figures above necessary to enable the figures to be understood	For commentary on the result, please refer investor presentation and interim report for the six-months ended 30 September 2023.	
Authority for this announcement		
Name of person authorised to make this announcement	Margaret Warrington	
Contact person for this announcement	Margaret Warrington	
Contact phone number	(09) 927 4700	
Contact email address	margaret.warrington@eroad.com	
Date of release through MAP	29 November 2023	