



Quarterly Operational Update and COVID-19 Update

28 April 2020

Transport technology services company EROAD today released its regular quarterly update for the three months ended 31 March 2020 and provided an update on the impacts of COVID-19 on its business. Key points include:

- EROAD is operating effectively under its business continuity plan to support its customers that are providing essential services;
- EROAD's expectations for the FY20 financial results remain; and
- EROAD is well positioned and remains in a solid financial position despite the current uncertain economic environment.

Business operations continue to operate effectively to support essential services

EROAD's priority during these challenging times is the safety of our staff and supporting our customers. Operating effectively under its global business continuity plan, EROAD's products and services continue to support the supply chain and activities of transport and service providers.

Many of EROAD's customers provide essential services that are keeping economies running, with over 30% of New Zealand heavy customer vehicles, over 50% of total Australian customer vehicles and over 60% of total American customer vehicles continuing to operate despite the restrictions implemented to stop the spread of COVID-19.

In New Zealand, EROAD was designated an essential service and has continued to operate during the Level 4 lock-down to support customers that were also classified as essential service providers. With the transition to Level 3 on Tuesday 28 April, EROAD will return to installing its EHUBO and EROAD Where products for all its New Zealand customers. We expect, with the return to operations of freight, civil construction and forestry under Level 3, most of EROAD's New Zealand customers will resume operations.

There is some temporary disruption in the manufacturing of EROAD's EHUBO units, however current inventory levels will support customers until at least the end of July.

Growth continues in Q4, despite COVID-19

Growth during the final quarter of the 2020 financial year saw 3,951 units being added, resulting in an annualised growth rate of 14%. This was slightly lower than expected.

In New Zealand we continued to see growth in the Small to Medium Business (SMB) segment across a range of industries. Some deals were delayed in late March, as the country entered Level 4 lockdown, but it is anticipated that many of these will flow through in the following quarter as businesses commence fuller operations in Level 3 and lower levels.

Australia saw continued growth in the SMB segment, but some Enterprise customers deferred buying decisions due to COVID-19. During the quarter a medium sized Trans-Tasman customer fleet was deployed. This customer was acquired through EROAD's Australian sales team.



Unit growth in our North American business was generated from SMB customers in line with prior quarter's level but remains slightly below EROAD's expectations. EROAD continues to build a solid pipeline for this quarter, mainly in the mid-market fleet segment. COVID-19 lockdown has extended sales closure timings but has not negatively impacted the overall pipeline at this point. Plans to release additional functionality in Q1 will help to extend EROAD North America into larger fleet sizes.

EROAD's Total Contracted Units* as at 31 March 2020 are as follows:

Quarterly Units	Total at 31 Dec 2019	Total at 31 Dec 2019 (restated)**	Total at 31 March 2020	Units added in quarter	% Growth annualised
Total Contracted Units	113,219	112,537	116,488	3,951	14%
New Zealand	78,229	78,229	80,366	2,137	11%
North America**	33,307	32,625	34,002	1,377	17%
Australia	1,683	1,683	2,120	437	106%
YTD Units	Total at 31 March 2019	Total at 31 Dec 2019 (restated)**	Total at 31 March 2020	Units added in 12 months	% Growth annualised
Total Contracted Units*	96,390	96,106	116,488	20,382	21%
New Zealand	70,110	70,110	80,366	10,256	15%
North America**	24,944	24,660	34,002	9,342	38%
Australia	1,336	1,336	2,120	784	59%

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

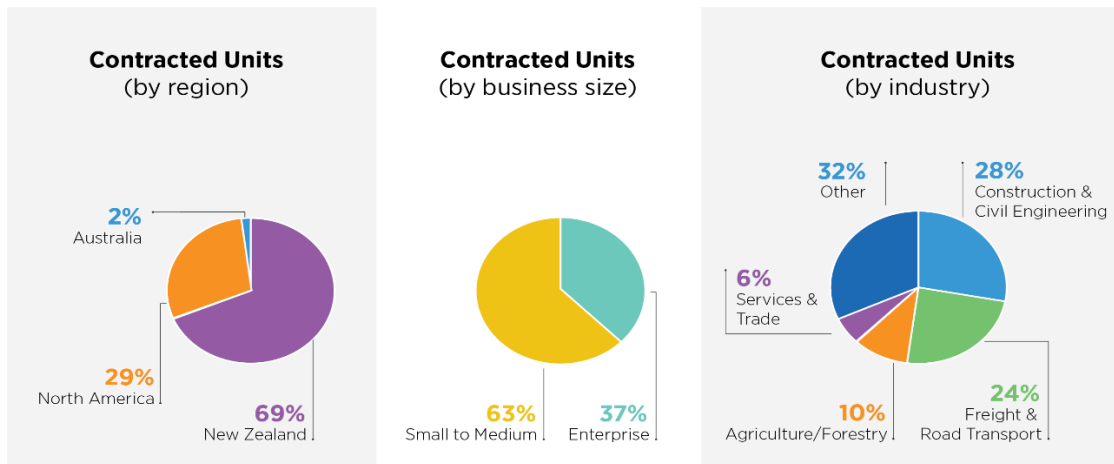
** North American units have been restated for data cleansing adjustments identified as part of pre and post go live migration work for new ERP systems implementation. The adjustments relate to the cumulative effect of the misclassification of 284 Ehubo 2.0 units and 682 Ehubo 2.1 units in the Depot platform.

FY20 Outlook Unchanged

EROAD's expectations for the FY20 financial results remain unchanged as a result of COVID-19. However, as outlined above, COVID-19 has meant some delay in finalising contracts with customers, and there has been a short-term impact on new unit growth since tight government restrictions have been implemented globally. With operations continuing to support essential services, since 27 March EROAD has sold 430 units to essential businesses across New Zealand, North America and Australia.

EROAD in a solid financial position

EROAD's Board and Management remain confident that the Company is in a solid financial position, with \$135 million of future contracted income and an average remaining contract length of 2 years. EROAD's customer base is diverse across regions, business size and industry.



A combination of positive contribution to operating cash flow from the New Zealand and North American businesses, together with the recent increase in banking facilities to \$60 million, means EROAD has sufficient headroom to support anticipated ongoing organic growth.

However, given the evolving COVID-19 situation, EROAD has undertaken a full review and scenario analysis on future cashflow and expenditure and taken a number of prudent steps to manage its cost base. These include cessation of short-term recruitment, non-essential travel, external research and development expenditures as well as deferral of some marketing events and activities. More severe measures have been identified and can be implemented should some of our worst case scenarios eventuate. It is considered too early to definitively assess the impact of COVID-19 on incremental growth for the remainder of FY21.

FY20 Financial Results to be released on 19 June 2020.

EROAD intends to release its Financial Results and Annual Report for the year ended 31 March 2020 on Friday 19 June 2020. This represents a delay of three weeks, using the extension available under NZX class waiver of Rule 3.5.1, which was included in the NZX and FMA measures announced in response to the impact of COVID-19. EROAD will not be utilising the extension available under the waiver of Rule 3.6.1 as it intends to release its Annual Report at the same date as the release of its financial results.

Ends

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