EROAD

Half Year 18 Presentation and Business Update

28 November 2017

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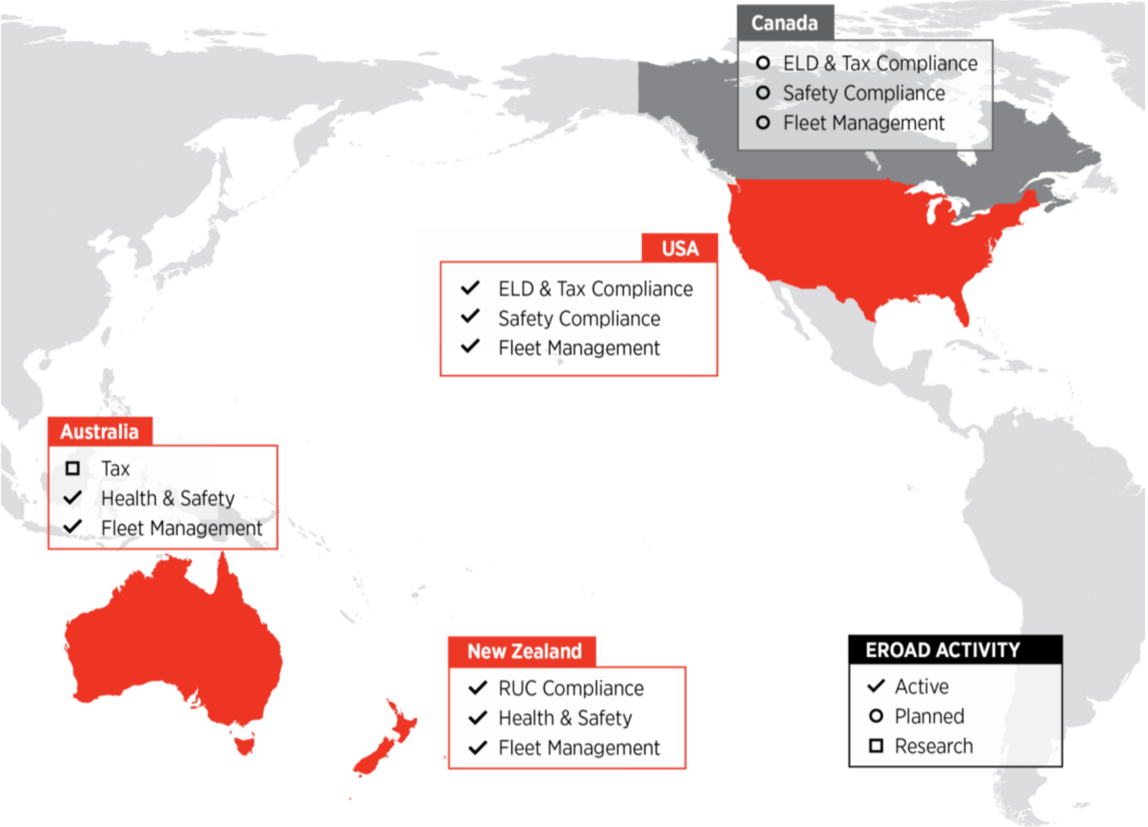
EROAD OVERVIEW

EROAD modernises tax compliance and health & safety for commercial vehicles

- **World first** GPS based road user charging system in New Zealand
- Operations in **Australia & New Zealand (ANZ)** and **North America (NA)**
- Sole heavy vehicle technology supplier for **California Road User Charge Pilot**, and recently selected to participate in a mileage-based user pilot for **I-95 corridor coalition**
- **59,538 total contracted units** across three countries as at September 2017, with an additional 2,299 units contracted in October 2017
- EROAD's services offered include:
  - **Tax compliance**
  - **Health & Safety**
  - **Fleet management**
- EROAD's world class system consists of:
  - Electronic Distance Recorder (In-cab Hardware)
  - Electronic Logbook application (Mobile Software)
  - Cloud based online applications portal (Software)
  - Bank Grade Payment Gateway
- EROAD's customers range from owner drivers to large fleet operators



Value proposition - EROAD differentiates via value adding compliance products

- EROAD's unique selling proposition comes from its tax compliance and health & safety solutions differentiating it from its fleet management focused peers
- Whilst growth in the ANZ business has historically been driven by EROAD's tax compliance solutions, health & safety compliance services (such as driver behaviour) are now as strong a driver of EROAD's sales in ANZ

More value-added services

Less competition

Tax Compliance
- Calculation and payment of Weight Mile Tax (WMT) - NA
- Calculation of International Fuel Tax (IFTA) - NA
- Calculation of International Registration (IRP) - NA
- Electronic Logging Device (ELD), Hours of Service - NA
- Storage enabling customer audit reporting
- Calculation and payment of Road User Charges (RUC)

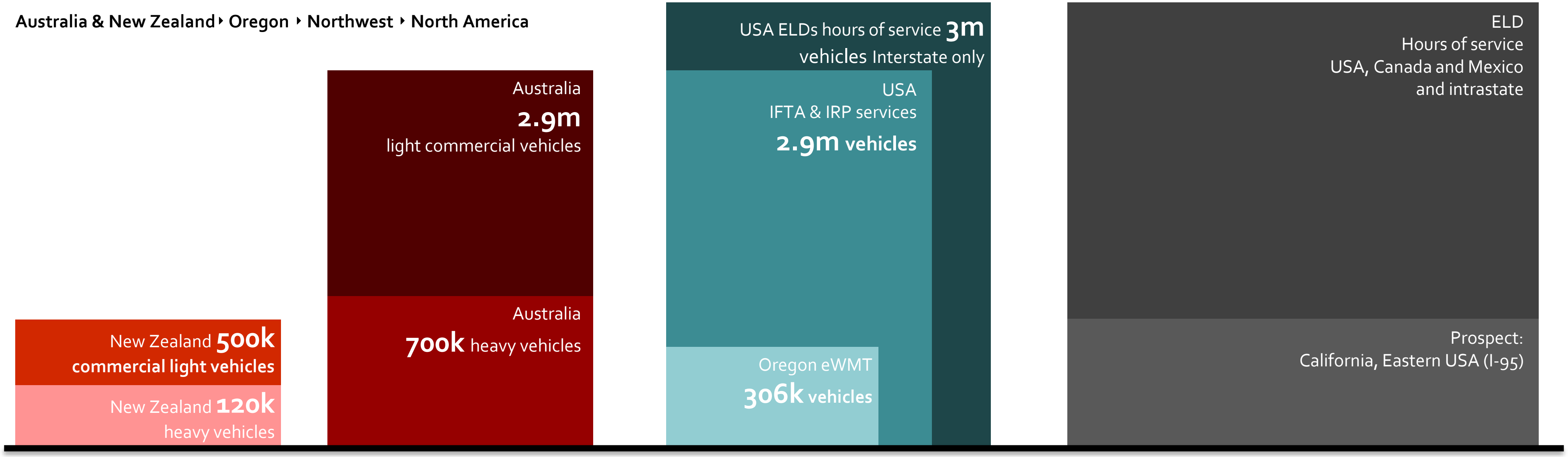
Health & Safety Compliance
- Driver Logbook for hours of service -NZ
- Driver Vehicle Inspection Recording (DVIR) - NA
- Driver health and safety management and reporting
- Storage enabling internal and external audit reporting

Fleet Management
- Driver identification
- Vehicle maintenance scheduling
- Vehicle tracking and fleet activity
- Fuel and idling reporting
- Driver messaging

Opportunity - EROAD is operating in a large total addressable market

- EROAD is well established in the ANZ market
  - In New Zealand EROAD now collects 39% of all heavy vehicle RUC with strong growth also being achieved in the light commercial vehicle segment
  - EROAD's Australian business (operationally managed from New Zealand) provides commercial services primarily to trans-tasman customers
- EROAD's focus has widened to North America as ELD, WMT and IFTA have opened large new opportunities

LARGE TOTAL ADDRESSABLE MARKET IS AVAILABLE



EROAD is leveraging its platform, initially built for NZ RUC, to access significantly larger market opportunities

Current operations | **Potential operations**

HY18 total ANZ units
49,802

HY18 total North American units
9,736

HALF YEAR RESULTS

Achievements and key events in HY18 - EROAD continues to gather momentum

Australia & New Zealand

↑$$ 2 Achieved record sales quarters in ANZ

Electronic RUC hit 50% of all Heavy Vehicle RUC in New Zealand

EROAD collects 80% of all Heavy Vehicle electronic RUC in New Zealand

Introduced charging for new features such as **Inspect** and **Speed on box**

North America

↑$$ 2 Achieved record sales quarters in North America

#3 Ranked ELD Out of 26 by ELDratings.com

ELD legal challenge **Rejected** ELD remains on track for December 2017

EROAD's ELD received unqualified independent verification from PIT Group

Corporate and R&D

Right sized R&D team post completion of major R&D projects (including ELD)

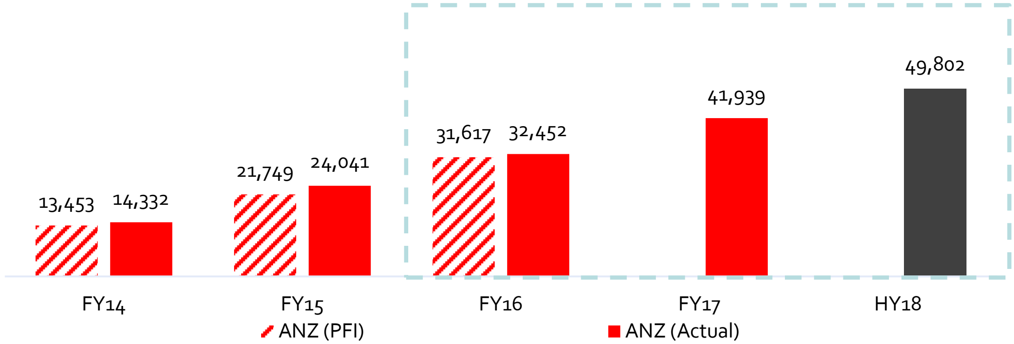
Continued product enhancement >300 improvements launched

New Multi-Option Credit Facility Secured Put in place July 2017

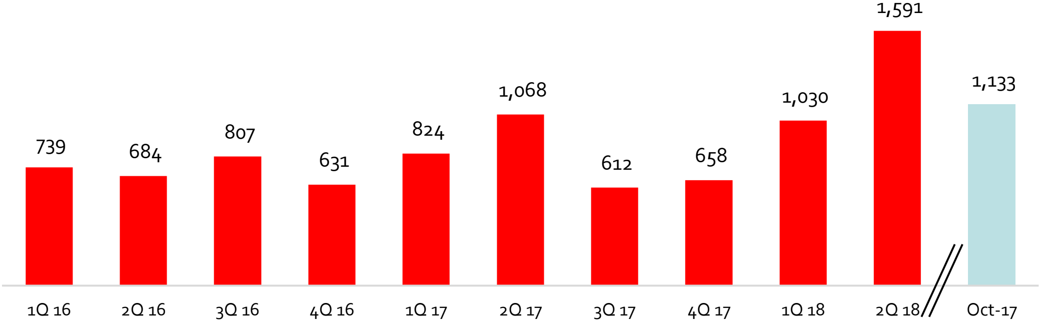
Unit sales - ongoing ANZ growth and increasing momentum in North American unit sales

- EROAD performed in line with Prospective Financial Information (PFI) expectations in its ANZ business, and has continued to grow strongly
- Whilst growth in North America did not meet PFI, momentum has increased materially following the rejection of the ELD legal challenge in June 2017
- Unit growth in North America outstripped ANZ for the first time in October 2017

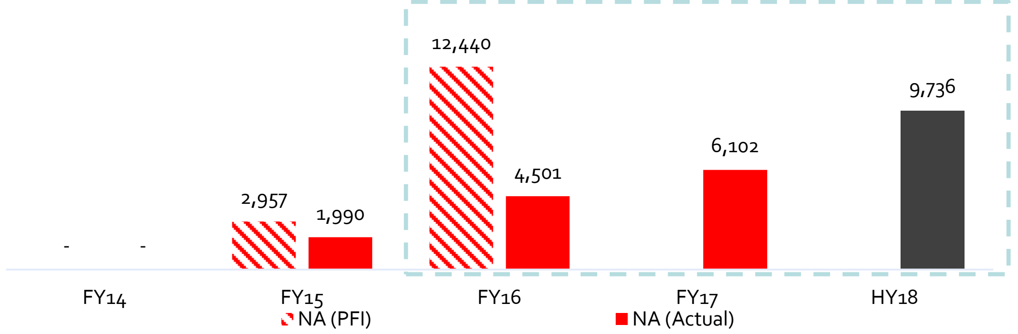
ANZ: TOTAL CONTRACTED UNITS (PFI vs ACTUAL)[1]



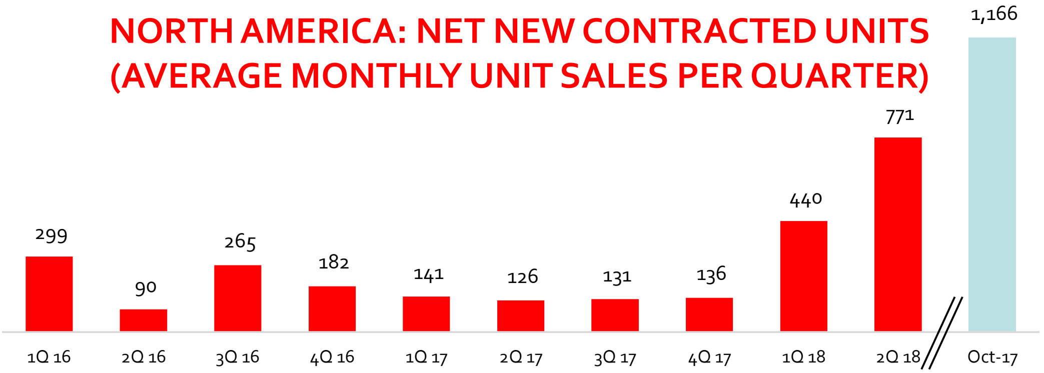
ANZ: NET NEW CONTRACTED UNITS (AVERAGE MONTHLY UNIT SALES PER QUARTER)



NORTH AMERICA: TOTAL CONTRACTED UNITS (PFI vs ACTUAL)[1]



NORTH AMERICA: NET NEW CONTRACTED UNITS (AVERAGE MONTHLY UNIT SALES PER QUARTER)



1. *Note that PFI figures are for "Total Units on Depot", while actual units represent "Total Contracted Units"*

Recurring revenue per unit - mix shift to lighter vehicles resulted in small decline

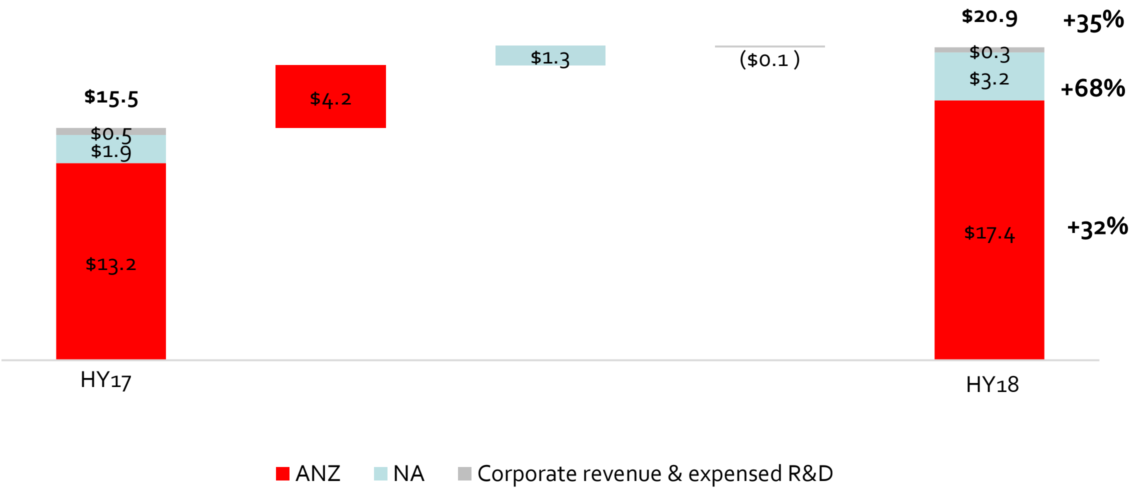
- Recurring revenue[1] per unit fell from $55 to $54 over the prior year driven by:

DOWNWARD DRIVERS	UPWARD DRIVERS
• Continued penetration into lighter vehicles • Lower RUC transaction fees for lighter vehicles • Increasing number of contracts up for renewal • Large enterprise customer and partner contracts	• Customers upgrading service plans • Customers upgrading to Ehubo2 • North America is an Ehubo2 only market • Customers adding newly launched features – Inspect and Speed on box

1. *For a full description of recurring revenue see the Appendix to this presentation*

Revenue growth - driven by unit sales

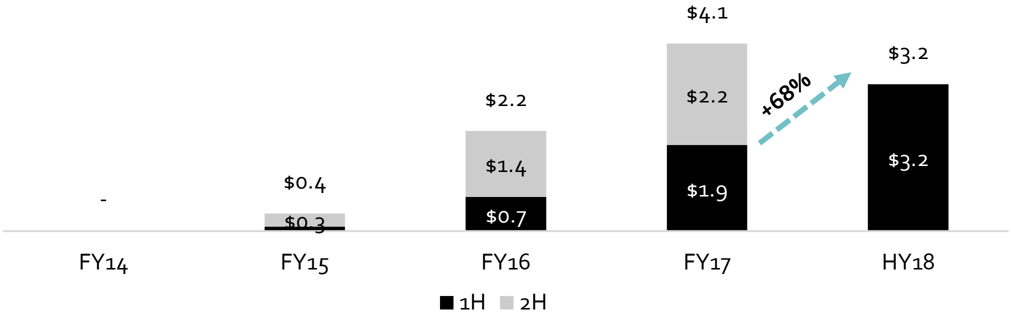
REVENUE GROWTH HY17 TO HY18 (NZ$m)



- From HY17 to HY18, revenue increased by $5.4m (35%), predominantly driven by:
  - Increases in total contracted units and recognition of a full year of revenue for units sold partway through the prior period
  - Partially offset by reduced average unit pricing (an impact of $0.3m)

ANZ: REVENUE (NZ$m)[1]

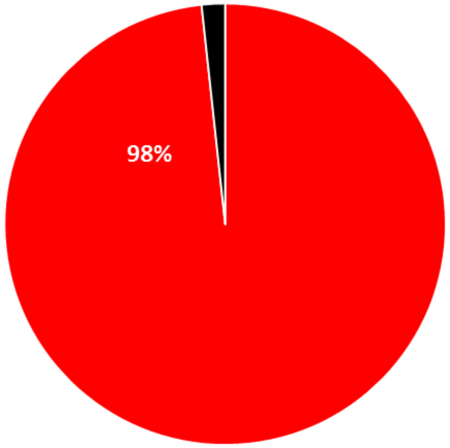
NORTH AMERICA: REVENUE (NZ$m)



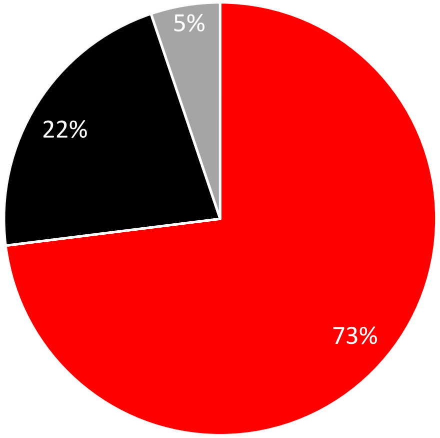
1. *Excludes intercompany revenue*

Revenue dynamics - remain favourable in the medium to long term

HIGH CUSTOMER RETENTION RATE

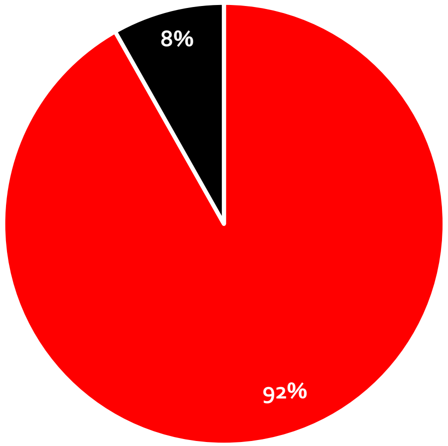


POSITIVE PRODUCT MIX



Ehubo / Ehubo2 / Tubo | EhuboLITE | Elocate

RENTAL VERSUS SALE



Rented | Sold

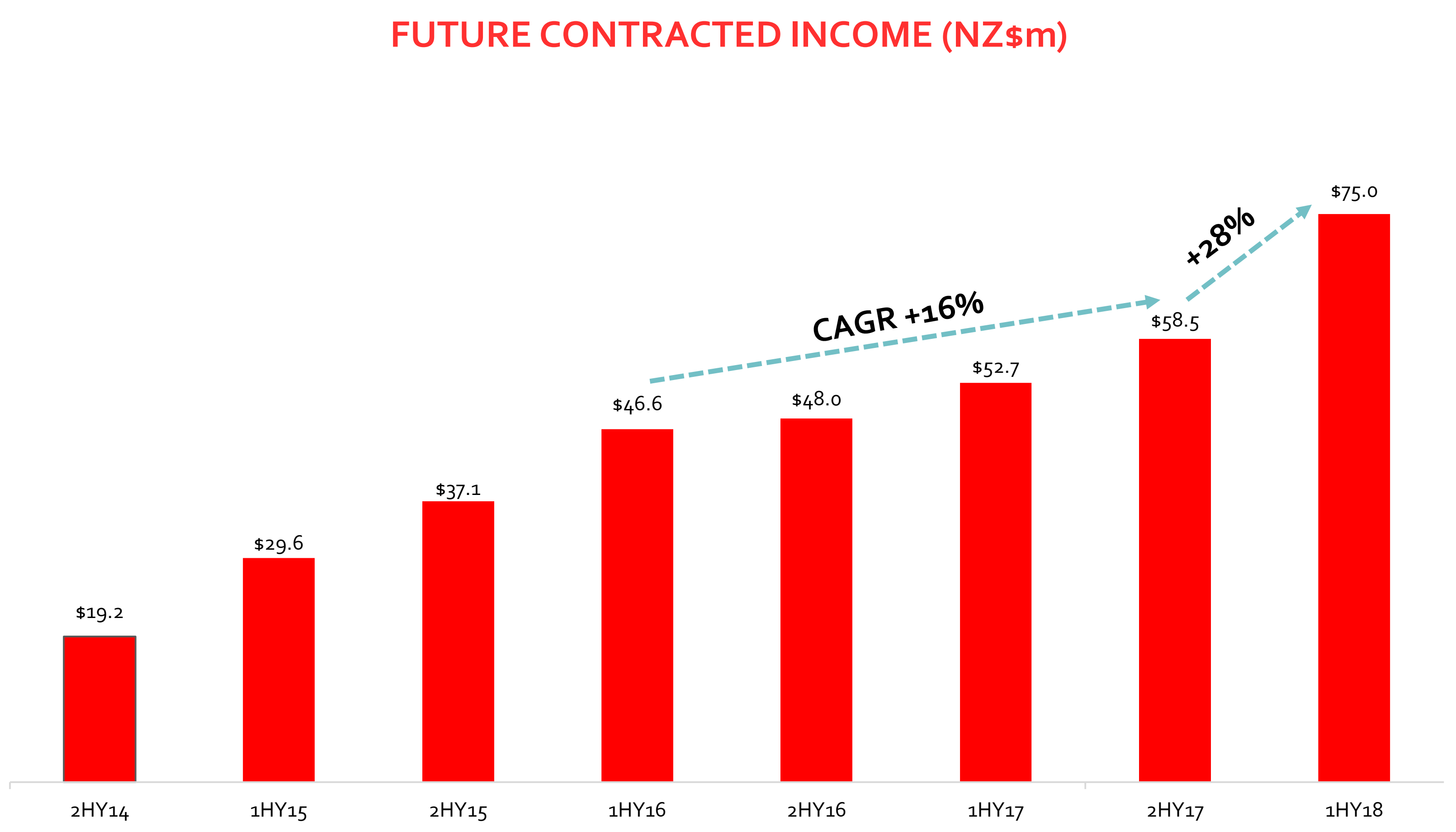
- Retention rate remains high at 98%, unchanged at 98%

- Product mix has shifted toward Ehubos (70% last year) due to:
  - North America (which is an Ehubo2 market) continuing to grow
  - Large enterprise customers seeking the full range of Health and Safety features only available on Ehubo2

- Rented units continue to be the dominant model for our customers with just 8% of units sold outright

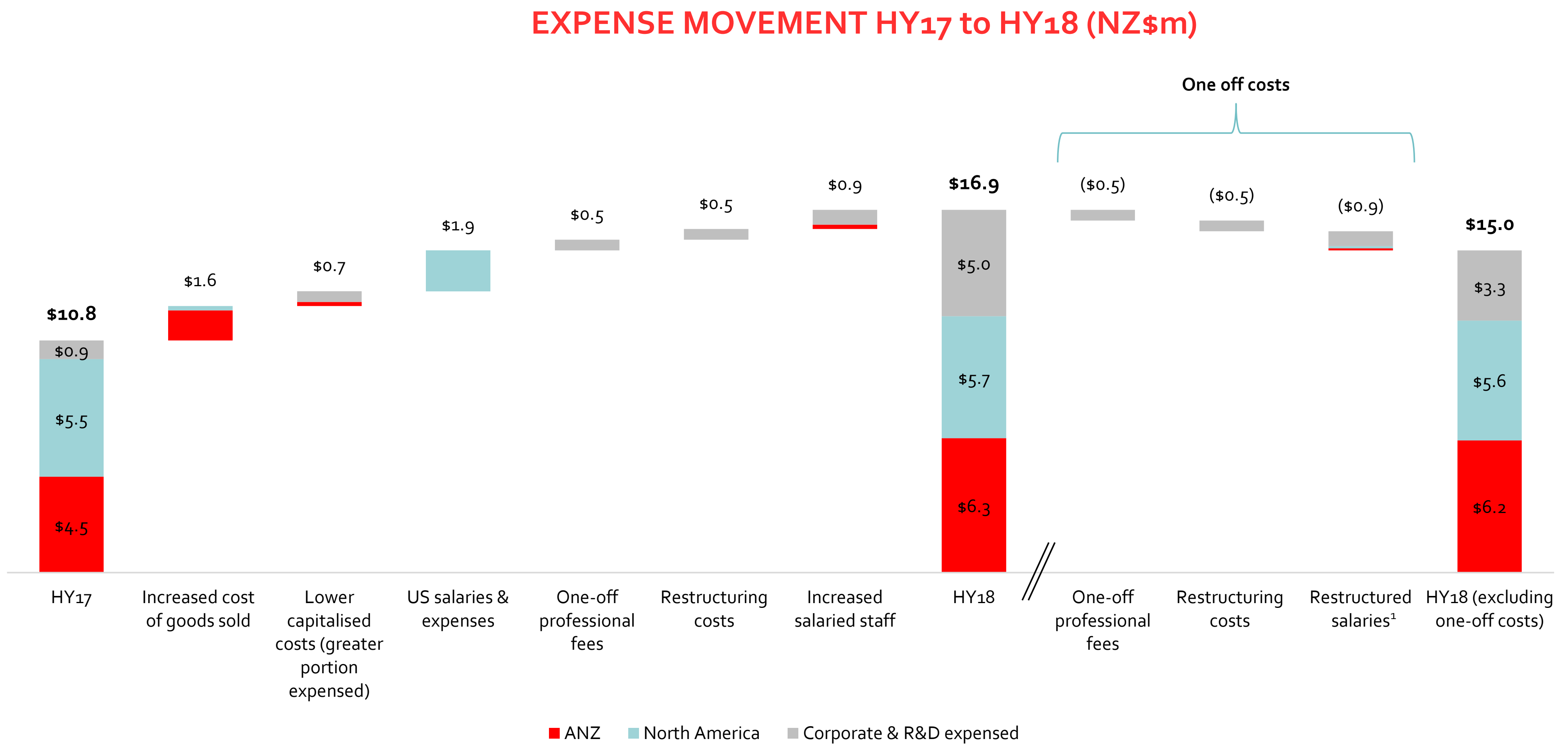
For a full description of Retention Rate see the Appendix to this presentation

Future contracted income - increasing due to new unit sales and contract renewals



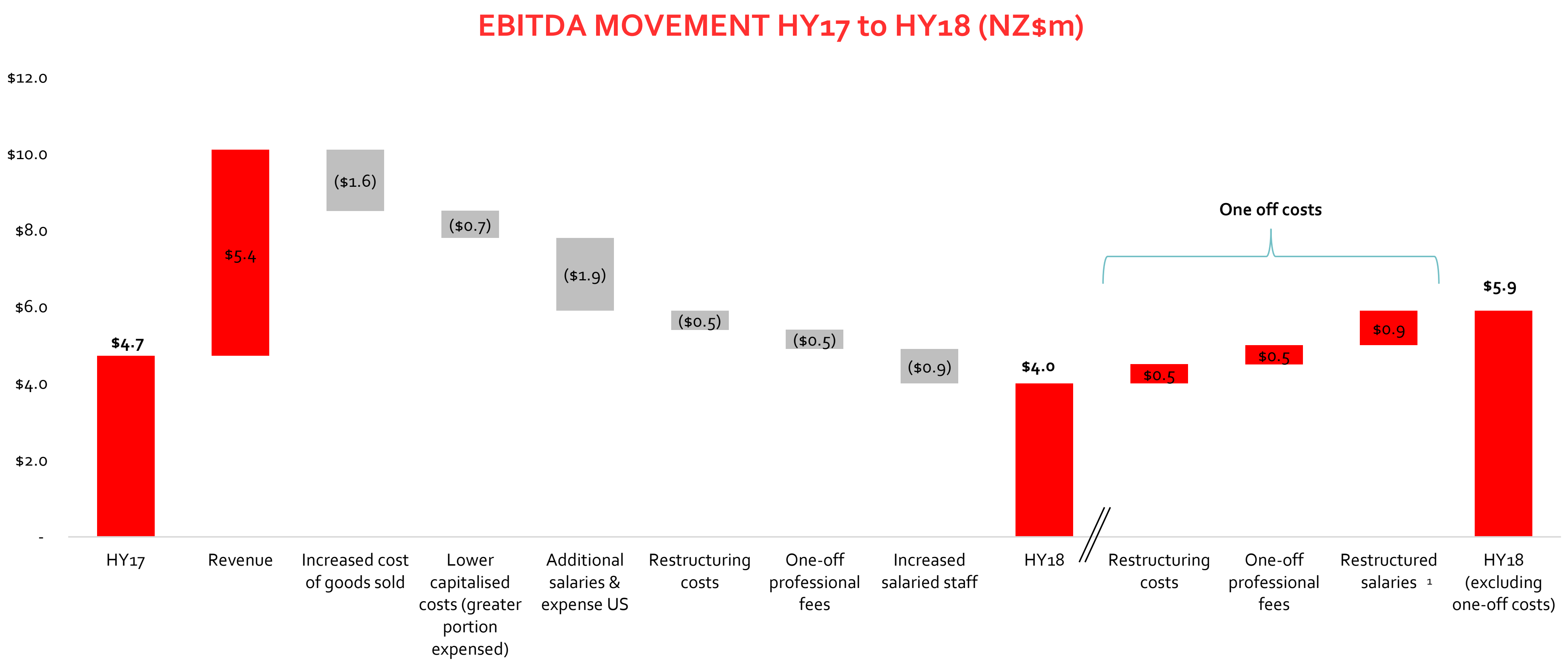
For a full description of Future Contracted Income (FCI) measure see the Appendix to this presentation

Expenses - increasing over the period, a number of these are non-recurring



1. Removal of salaries for restructured staff not expected to be incurred after September 2017

EBITDA - also impacted by non-recurring expenses; excluding those trending positively



1. *Removal of salaries for restructured staff not expected to be incurred after September 2017*

Funding - new debt facilities put in place to ensure capacity to fund unit growth

- During HY18, EROAD secured a new credit facility with the BNZ totalling $33.4 million, which was first drawn in July 2017
- Subsequent to the end of HY18, EROAD signed a credit approved facility letter with the BNZ to further extend its facilities by approximately $16 million ($14 million of growth facility and $2 million of overdraft), to support expected increases in the sales pipeline
- The subsequent facility will be used primarily to provide growth funding for the financing of new units leased to customers in New Zealand, Australia and North America– to be drawn down in accordance with the execution of new rental contracts
- The subsequent facility has a revised expiry date of 1 April 2019
- Covenants and funding rates are in line with the previous agreement, however margins have increased by 25 bps across all facilities – an umbrella limit of $35 million also applies

New Multi-Option
Credit Facility Secured
First drawn in July 2017,
Revised in November 2017

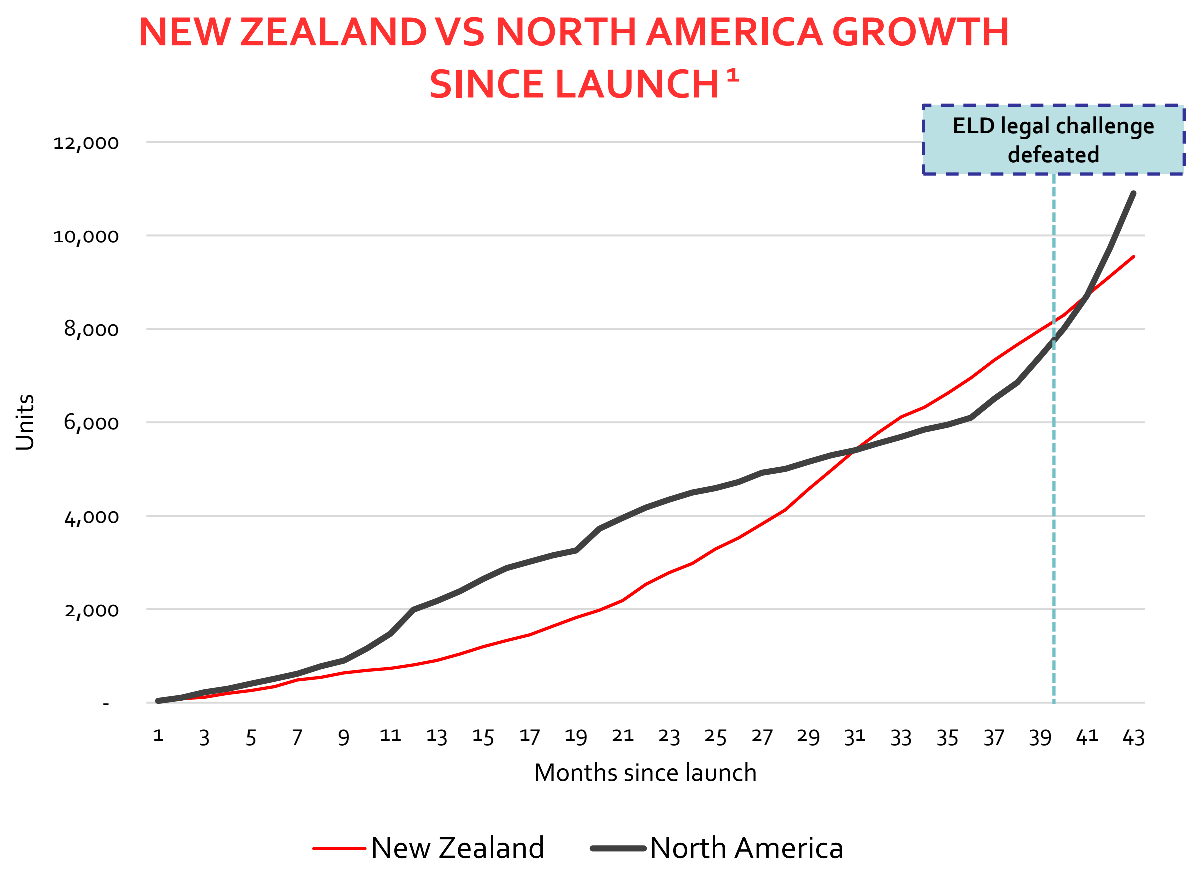
NEW DEBT FACILITES

- Term Debt: $9.5 million amortising over 30 months, repaid quarterly
- Second Term Debt Facility representing Capped Committed Cash Advance Facility[1]: approximately $12.5 million, amortising over 33 months
- Committed Cash Advance Facility[1]: $21 million to fund unit growth, amortising over 36 months
- Overdraft facility $5 million (increased from $3 million)

1. Facilities are in local currencies and to local market rates

EROAD
IN NORTH AMERICA

North America - material growth follows sales focus



- Whilst sales in North America have picked up materially, they continue to track historical experience in New Zealand since launch
- EROAD remains focused on lifting sales and the scale of the North American business, to create a high growth, self sustaining business to match its ANZ operation in performance

Strategic review:

- EROAD has engaged First NZ Capital to undertake a strategic review of its North American business
- The review is focused on evaluating options to further capture the compelling growth opportunity in North America
- Review will consider potential partnership, joint venture and other opportunities to enhance US distribution

1. *North America includes new contracted units added up to October 2017*

North America - the ELD landscape is evolving as the deadline approaches

TODAY

- Late adopters
- Price key rather than value
- Compliance focused users
- Focused on being compliant by deadline

DEADLINE (Dec-17)

- Final rule compliance date:
    - 18 December 2017 (excluding AOBRDs)
- Enforcement deadline:
    - 1 April 2018 (excluding AOBRDs)
- Expect initial soft enforcement as users incorporate technology into business practices

POST DEADLINE

- Buyers remorse
- In cab vs tablet functionality, complexity, compliance
- Return to value focus
- Value selling over price & simple compliance
- Intra-state adoption
- AOBRD users must transition to ELD by 18 December 2019

APPENDIX


I could not imagine trying to accomplish our day to day duties without EROAD. We now have the ability to give real-time updates to our clients, our maintenance needs are tracked, and weight-mile taxes are done at the push of a button.
Redmond Heavy Hauling

Non GAAP measures

1. **Units on Depot**
   The number of EROAD devices installed in vehicles and subject to a service contract with a customer

2. **Units Pending Installation**
   The number of EROAD devices subject to a service contract with a customer but pending Installation

3. **Total Contracted Units (TCU)**
   TCU is made up of Units on Depot plus Units Pending Installation

4. **Future Contracted Income (FCI)**
   Total revenue to be earned from existing customer contracts in future accounting periods

5. **Retention Rate**
   The number of Units on Depot at the beginning of the 12 month period and retained on Depot at the end of the 12 month period, as a percentage of Units on Depot at the beginning of the 12 month period.

6. **Recurring Revenue**
   The current monthly revenue EROAD receives from existing Units on Depot from charging of services, hardware rentals and transaction fees.

Half year update for the six months to 30 September 2017

	6 months ended 30-Sep-17	6 months ended 30-Sep-16	*% increase*
Revenue ($000)	20,906	15,524	*35%*
Expenses ($000)	16,941	10,799	*57%*
EBITDA[1,2] ($000)	3,965	4,725	*-16%*
EBITDA[1] margin	*19.0%*	*30.4%*	
Depreciation & Amortisation ($000)	(7,294)	(5,008)	*46%*
EBIT [2] ($000)	(3,329)	(283)	*-1076%*
Net Profit Before Tax ($000)	(3,766)	(345)	*-992%*
Total Contracted Units	59,538	43,430	*37%*
Future Contracted Income ($million)	75	53	*42%*
Retention Rate (12 months to 30 Sept)	98%	98%	*N/A*

1. Earnings before interest, tax, depreciation and amortisation. For full description of non GAAP measures see the Appendix to this presentation
2. EBIT and EBITDA for the HY included restructure costs of $0.5m and costs that will not continue to be incurred in future periods of $1.4m, a total of $1.9m in the HY

Divisional results for the six months to 30 September 2017

	ANZ business	North American business	Corporate & R&D expensed	Total
	30-Sep-17	30-Sep-17	30-Sep-17	30-Sep-17
Revenue ($000)	17,367	3,198	340	20,906
EBITDA[1] ($000)	11,093	(2,500)	(4,628)	3,965
Depreciation	3,689	602	348	4,638
Amortisation	0	0	2,656	2,656
EBIT[1] ($000)	7,405	(3,102)	(7,632)	(3,329)
Net Profit before tax ($000)	7,449	(3,102)	(8,113)	(3,766)

1. The segmental note in the financial statements includes reportable segments prior to elimination of inter-segment revenue and expenses. The table above shows the reportable segments after elimination of inter-segment revenue and expenses.

Statement of Income

PERIOD END	FY2014	FY2015	FY2016	FY2017	HY2017	HY2018
	$'000	$'000	$'000	$'000	$'000	$'000
Continuing operations						
Revenue	9,964	17,550	26,164	32,764	15,524	20,906
Expenses	(5,935)	(12,511)	(20,477)	(25,708)	(10,799)	(16,941)
Earnings before interest, taxation, depreciation, amortisation and non-operating costs	**4,029**	**5,039**	**5,687**	**7,056**	**4,725**	**3,965**
Depreciation	(2,320)	(3,561)	(5,812)	(8,086)	(3,632)	(4,638)
Amortisation	(648)	(1,140)	(1,676)	(3,991)	(1,375)	(2,656)
EBIT before non-operating costs	**1,062**	**338**	**(1,801)**	**(5,021)**	**(283)**	**(3,329)**
Finance income	80	844	736	100	53	45
Finance expense	(122)	(86)	(245)	(336)	(115)	(482)
Net financing costs	**(42)**	**758**	**491**	**(236)**	**(62)**	**(438)**
Profit/(loss) before tax expense and non-operating costs	**1,020**	**1,096**	**(1,310)**	**(5,257)**	**(345)**	**(3,766)**
Non-operating costs	0	(2,023)	0	0	0	0
Profit/(loss) before tax expense	**1,020**	**(927)**	**(1,310)**	**(5,257)**	**(345)**	**(3,766)**
Income tax (expense)/benefit	1,922	(294)	211	(17)	104	150
Profit/(loss) from continuing operations	**2,942**	**(1,221)**	**(1,099)**	**(5,274)**	**(241)**	**(3,617)**
Other comprehensive income	0	(61)	(48)	(234)	(167)	(81)
Total comprehensive income/(loss) for the period	**2,942**	**(1,282)**	**(1,147)**	**(5,508)**	**(408)**	**(3,697)**

Statement of Financial Position

PERIOD END	FY2014	FY2015	FY2016	FY2017	HY2017	HY2018
	$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS						
Cash and cash equivalents	2,521	24,610	7,873	935	6,702	830
Restricted Cash	6,635	9,507	5,505	9,208	7,885	9,910
Trade and other receivables	1,219	4,308	5,113	6,801	6,664	8,818
Finance lease receivable	0	0	295	498	450	777
Loan to Directors (to acquire shares)	0	0	280	0	0	0
Current tax receivable	0	0	457	362	359	19
Total Current Assets	**10,375**	**38,425**	**19,522**	**17,804**	**22,060**	**20,353**
NON-CURRENT ASSETS						
Property, plant and equipment	9,324	15,139	21,361	23,764	22,637	26,092
Intangible assets	9,974	15,816	23,269	28,663	26,436	30,272
Finance lease receivable	0	0	731	906	1,004	1,434
Deferred tax assets	1,922	1,650	1,953	1,925	2,009	2,085
Loans to Directors (to acquire shares)	0	280	0	0	0	0
Total Non-Current Assets	**21,220**	**32,885**	**47,314**	**55,258**	**52,086**	**59,883**
TOTAL ASSETS	**31,595**	**71,310**	**66,835**	**73,062**	**74,147**	**80,236**
CURRENT LIABILITIES						
Bank overdraft	0	0	0	0	0	940
Borrowings	3,101	0	1,002	0	6,019	17,170
Trade payables and accruals	1,263	1,866	3,261	5,632	3,730	4,345
Payable to NZTA	6,629	9,567	5,558	9,243	7,954	9,886
Current tax payable	0	0	0	0	0	19
Deferred revenue	4,632	4,082	3,379	2,657	2,895	2,520
Employee entitlements	549	719	920	1,201	1,097	1,187
Total Current Liabilities	**16,174**	**16,234**	**14,121**	**18,733**	**21,695**	**36,069**
NON-CURRENT LIABILITIES						
Borrowings	0	0	0	7,029	0	0
Deferred revenue	3,871	3,313	1,996	1,744	1,952	1,749
Total Non-Current Liabilities	**3,871**	**3,313**	**1,996**	**8,773**	**1,952**	**1,749**
TOTAL LIABILITIES	**20,046**	**19,547**	**16,117**	**27,506**	**23,647**	**37,818**
NET ASSETS	**11,549**	**51,763**	**50,718**	**45,556**	**50,499**	**42,418**
EQUITY						
Share capital	17,472	58,820	58,820	58,965	58,820	59,467
Retained earnings	(5,923)	(7,057)	(8,101)	(13,409)	(8,321)	(17,049)
TOTAL SHAREHOLDERS' EQUITY	**11,549**	**51,763**	**50,718**	**45,556**	**50,499**	**42,418**

Statement of Cash Flows

PERIOD END	FY2014	FY2015	FY2016	FY2017	HY2017	HY2018
	$'000	$'000	$'000	$'000	$'000	$'000
Cash flows from operating activities						
Cash received from customers	7,885	13,354	22,145	29,722	12,935	17,951
Payments to suppliers and employees (including $2.0 million of one-off listing costs)	(2,462)	(13,697)	(18,924)	(22,953)	(10,069)	(17,872)
Net interest received/ (paid)	(42)	758	491	(236)	20	(397)
Net tax paid	0	(123)	(288)	95	98	362
Net cash inflow from operating activities	5,381	292	3,424	6,628	2,983	45
Cash flows from investing activities						
Payments for purchase of property, plant & equipment	(5,822)	(9,376)	(12,035)	(10,488)	(4,909)	(6,967)
Payments for purchase of intangible assets	(5,303)	(6,982)	(9,129)	(9,386)	(4,542)	(4,265)
Net cash outflow from investing activities	(11,125)	(16,358)	(21,164)	(19,874)	(9,451)	(11,231)
Cash flows from financing activities						
Loan from bank	1,611	0	1,002	6,027	5,017	10,141
New shares issued	7,015	41,068	0	0	0	0
Payment of bank loan	0	(3,101)	0	0	0	0
Loan from /(repayment) shareholders	(500)	0	0	280	280	0
Net cash outflow from financing activities	8,126	37,967	1,002	6,307	5,297	10,141
Net increase/(decrease) in cash held	2,382	21,901	(16,738)	(6,939)	(1,171)	(1,045)
Cash at beginning of the financial period	328	2,710	24,611	7,873	7,873	934
Closing cash and cash equivalents (net of overdrafts)	2,710	24,611	7,873	934	6,702	(111)