



Quarterly Operational Update

30 July 2020

Transport technology services company EROAD today released its quarterly update for the three months ended 30 June 2020. Key points include:

- EROAD is continuing to operate and achieve growth across its three markets despite challenging operating conditions;
- EROAD's New Zealand sales have returned to near normal growth levels across both the Small and Medium (SMB) and Enterprise growth segments;
- Delay in implementation decisions by customers and impacts of COVID 19 on businesses have largely contributed to suppressed growth in Australia and North America respectively;
- Continued investment in additional functionality and products during the quarter will help to extend EROAD North America product suite into larger fleet sizes; and
- EROAD's FY21 outlook remains unchanged from the FY20 result announcement.

Business operations and growth continued during the quarter

EROAD continued to operate and grow during the quarter. During the lockdowns in its markets, operating conditions have been challenging and these remain in the North American and Australian markets where some element of restrictions due to lockdowns remain.

In New Zealand, where post lockdown economic activity has recovered somewhat, EROAD is operating normally, while in North America, many customers remain in lockdown. In Australia, the recent re-imposition of lockdown in Victoria has meant further restrictions for our Australian sales team and customers alike.

Growth continues in Q1, despite continuing COVID-19 restrictions

During the first quarter of financial year 2021, EROAD grew by 2,326 units. Although this is lower than EROAD's usual growth rate, this reflects the COVID-19 lockdowns that have occurred, or are continuing to occur, across its three markets. While many of EROAD's customers provide essential services that are keeping economies running, implementation decisions have been either deferred or have been slowed down by prospective customers.

In New Zealand, April's growth was significantly suppressed by the Level 4 lockdown. However, during May and June EROAD experienced near normal growth levels across both the SMB and Enterprise growth segments. With a continued focus on growing ARPU, in July EROAD launched its new EROAD Day Logbook which supports drivers to keep on top of their work or rest hours, through either Android or iOS devices.

Unit growth in our North American business was generated from SMB customers and was in line with prior quarter's level. The net growth consisted of sales of 824 units which was offset by returns of 568 units. 273 of these units were returned due to COVID-19 related impacts and 199 related to churn to competitors. While conditions in North America continue to be more challenging, EROAD



continues to work to improve the SMB pipeline and close out sales despite the lockdown restrictions in many states. Additional functionality and product launches at the end of the first half of financial year 2021 will help to extend EROAD North America product suite into larger fleet sizes.

Australia saw continued, but suppressed, growth levels in the SMB segment, but buying decisions by potential Enterprise customers have continued to be deferred in the quarter due to the ongoing impact of COVID-19 in that market.

Year to date asset retention rates are above 98% across all markets.

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

Quarterly and YTD Units	Total at 31 March 2020	Total at 30 June 2020	Units added in quarter
Total Contracted Units	116,488	118,814	2,326
New Zealand	80,366	82,304	1,938
North America	34,002	34,258	256
Australia	2,120	2,252	132

** 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.*

FY21 Outlook remains unchanged

EROAD's expectations for the FY21 financial results remain unchanged from the FY20 result announcement. As anticipated, COVID-19 continues to have an impact delaying the finalisation of a number of contracts with customers, and on new unit growth following lockdown restrictions in EROAD's markets.

Given the continuing uncertainties across these markets, EROAD considers that the quarter's unit growth result is not sufficiently indicative to definitively assess the impact on incremental growth for the remainder of FY21. However, EROAD remains confident in continued unit growth across all three markets, albeit it is likely to be lower than delivered in FY20 and previously anticipated for FY21.

EROAD will also continue to focus on growing Monthly SaaS Average Revenue per Unit and investing to improve operating leverage.

Ends

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