EROAD

Market Release **26 November 2020**

EROAD continues to grow, despite difficult macro-economic conditions

Transportation technology services company EROAD today released its financial results for the first half of the 2021 financial year.

All numbers are stated in New Zealand dollars (NZ$) and relate to the six months ended 30 September 2020 (H1 FY21) and comparisons relate to the six months ended 30 September 2019 (H1 FY20) or the six months ended 30 June 2020 (H2 FY21), unless stated otherwise.

Key highlights:

- Revenue continued to grow to $45.8m, up 19% from H1 FY20 and 7% from H2 FY20 reflecting growth across all regions
- EBITDA of $15.3m was up 29% from H1 FY20 and flat on H2 FY20 reflecting accelerated R&D and spend-to-save initiatives
- EROAD grew contracted units by 5,705, while keeping ARPU and asset retention stable in the six months despite challenging macro-economic conditions
- Launched EROAD Day Logbook, EROAD Go and EROAD Clarity Dashcam which will support future growth
- EROAD listed on the ASX as a Foreign Exempt Listing and raised $53m to accelerate growth strategies

"EROAD delivered a 19% increase in Revenue and 29% improvement in EBITDA period-on-period. In a period of extreme uncertainty and operating restrictions across our markets, the continued growth in contracted units, stable SaaS Average Revenue Per Unit and asset retention rate is reflective of EROAD's strong customer value proposition." said Steven Newman, Chief Executive Officer.

EROAD Chair Graham Stuart says: "Now, more than ever before our customers face significant change and increasingly require telematics solutions that give visibility, data and insights to manage vehicles, reduce costs and improve efficiencies within their business. As the pioneer of regulatory telematics, we are in the ideal position to find and deliver the solutions to their problems. Now is the time to be bold and accelerate our growth strategies to capture the significant growth opportunity for EROAD once uncertainty recedes."

Revenue increased period on period by 19% from $38.5m to $45.8m, reflecting both the growth in contracted units from 108,414 to 122,193 as well as an increase in Average Monthly Revenue per Unit (ARPU) from $57.60 to $58.80. In the same period our asset retention rate remained steady at 95%. Our Annualised Monthly Recurring Revenue metric (AMRR) provides a forward view of revenue. This increased from $84.0m at 31 March 2020 to $84.8m as at 30 September 2020, reflecting the growth in both new units and SaaS Average Revenue per Unit, partly offset by foreign exchange translation impacts.

Operating expenditure increased from $27.5m to $30.5m period on period reflecting increased research and development operating expenditure and further ongoing spend on initiatives to deliver longer-term improvements in operating leverage.

New Zealand

New Zealand was the least impacted of EROAD's markets by COVID-19 restrictions, and growth rates in the markets returned to pre-COVID-19 levels relatively quickly once restrictions were lifted. New Zealand revenue increased by 13% period on period to $27.4m and EBITDA increased period on period by 14% to $18.5m. The growth in units of 4,160 since 31 March 2020 was driven predominantly from new customers across a range of industries with medium sized fleets, as well as further extension into the fleets of several larger existing customers.

North America

Revenue for North America increased by $2.6m to $13.9m and EBITDA increased period on period from $3.2m to $5.9m. North America's growth slowed adding only 1,292 units during the period, reflecting the challenging market conditions. The majority of these units added were from new customers. The launch of 'EROAD Go' and 'EROAD Clarity Dashcam' are considered critical steps in further expanding the North America addressable market and being able to win more medium and enterprise customers.

Australia

Growth in Australia was also heavily impacted by COVID-19 restrictions, particularly in Victoria. 253 units were added during the six-month period. Revenue for the Australian business was $0.5m, compared to H1 FY19 of $0.3m. EBITDA was $(0.4)m, as EROAD continued to invest into this new market to support future growth.

Launching innovative products to solve customers' problems

Continuing to launch innovative products into our markets aimed at solving key customer issues is expected to deliver further growth in contracted unit numbers and ARPU as well as retaining customers.

During the period EROAD launched the new EROAD Day Logbook for New Zealand. This simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet. EROAD customers can then use the investigative tools on the web portal to examine the driver's workday, enabling easier compliance and reporting. Since the launch in Q1 FY21, EROAD has sold 1,373 logbook subscriptions by 30 September.

In September 2020, 'EROAD Go', a mobile workflow application that connects with customers' transport management systems, was launched in North America. This product allows critical data to flow between the driver, dispatch, safety, compliance, accounts and back office which allows real-time management of logistics, routing between deliverables and monitoring driver safety and compliance improving safety and cash-flow for the customer.

A virtual launch event for EROAD Clarity Dashcam was held during October 2020. 'EROAD Clarity Dashcam', which is integrated into EROAD's Ehubo, improves safety, enables driver coaching and incident prevention, and provides proof of facts. Strong demand is anticipated as customers look to improve safety and reduce insurance premiums. 'EROAD Clarity Dashcam' sales from Q3 FY21 are expected to grow ARPU, retain customers, and help EROAD win more medium and enterprise customers.

Improving capital structure and investing for growth

In a significant milestone for the company, EROAD was admitted onto the Australian Stock Exchange (ASX) on 16 September as a Foreign Exempt Listing. The Board determined that it was also the appropriate time to raise capital to accelerate the execution of our growth strategies, increase liquidity and to broaden EROAD's investor base. EROAD successfully raised $53m via a private placement ($42m) and an oversubscribed share purchase plan ($11m)

These funds will be used to extend and increase the scalability of the platform to focus on winning medium and enterprise customers in North America and Australia, developing integration and data analytics capability further and increase sales and marketing activity.

H2 FY21 and FY22 Outlook

Looking ahead to the second half of the financial year, EROAD is anticipating a small increase in revenue compared to the first half. EBITDA is anticipated to be similar to the first half's figure (adjusted for one-off items) reflecting the acceleration of product development and increased sales and marketing costs associated with the launches of key products.

For FY22, EROAD anticipates that the percentage revenue growth in FY22 will strengthen, but not be at the level experienced in FY20. In New Zealand, EROAD expects similar growth to the last four years. In North America, targeting an increased addressable market through improved product market fit, to deliver increased unit growth. In Australia, growth during the next 2 years will come predominantly from an Enterprise pipeline of 15-20,000 vehicles. As EROAD continues to accelerate new product delivery for future growth in FY23 and FY24, it anticipates spending 24-27% of revenue on R&D during FY22. However, the company anticipates EBITDA margin to be maintained but improving at the end of FY22, to provide further increased EBITDA margin.

Conference Call details:

EROAD's Chief Executive Officer, Steven Newman, and Chief Financial Officer, Alex Ball, will give a presentation on the company's financial and operational performance for the FY20 Half Year via a teleconference commencing at 10.30am NZDT.

Register in advance for this webinar:
https://us02web.zoom.us/webinar/register/WN_kiL0P29mSECiDj7-ngLKxA

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/

Ends

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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 Adjusted EBITDA, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, EBITDA margin, Free Cash Flow and Future Contracted Income (FCI). The definitions of these can be found on pages 37 of the investor presentation.

All numbers relate to the six months ended 30 September 2020 (H1 FY21) and comparisons relate to the six months ended 30 September 2019 (H1 FY20), unless stated otherwise. All dollar amounts are in NZD.

About EROAD

EROAD Limited (ASX: ERD; NZX: ERD) ("EROAD") purpose is safer, more productive roads. EROAD develops and markets technology solutions to manage vehicle fleets, support regulatory compliance, improve driver safety and reduce the costs associated with operating a fleet of vehicles and inventory of assets. EROAD has a proven SaaS business model and is experiencing continuing growth in installed units and revenue. EROAD has operations in New Zealand, North America and Australia with customers ranging in size from small fleets through to large enterprise customers. For more information visit https://www.eroadglobal.com/global/investors/

EROAD

Results announcement

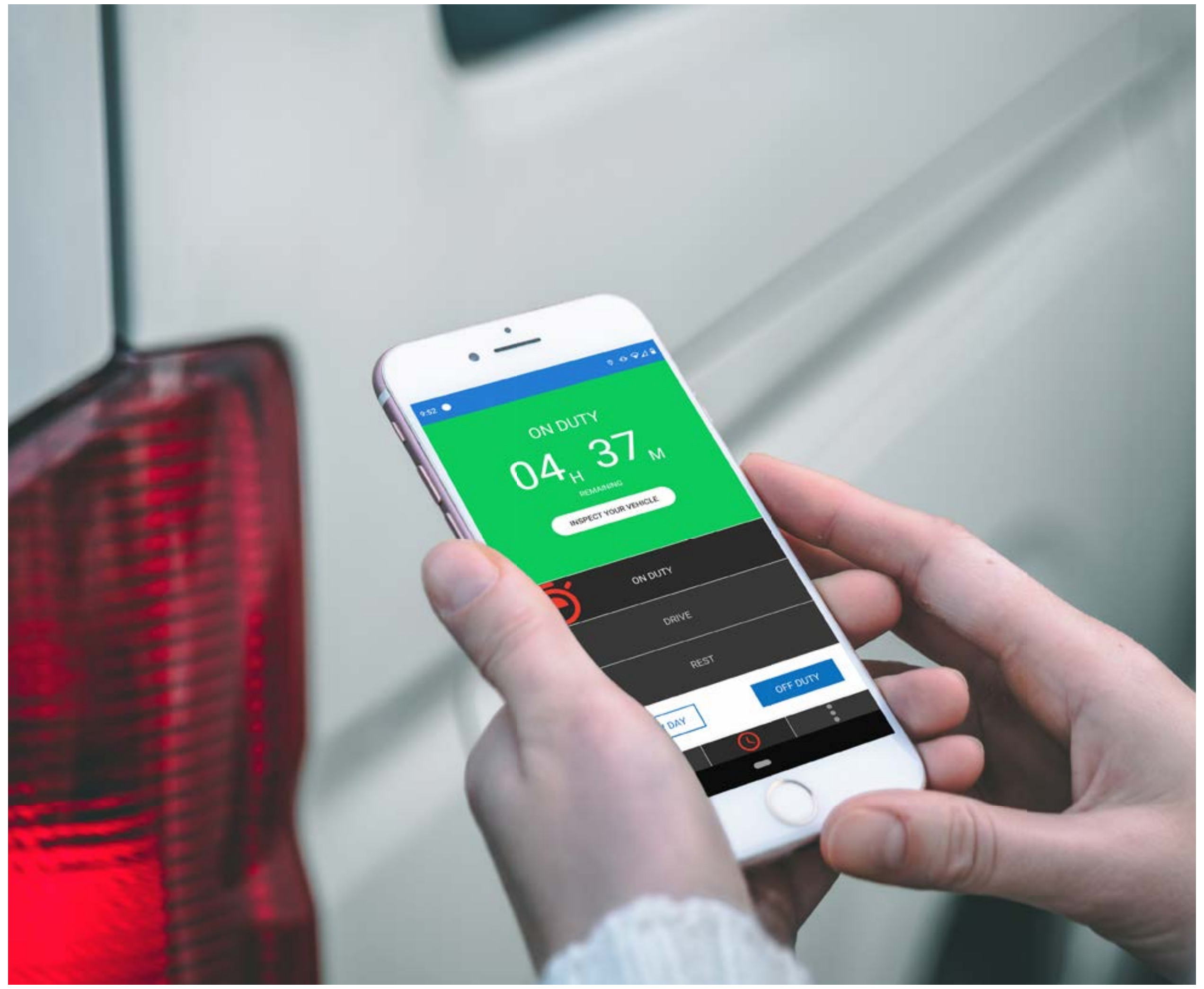
(for Equity Security issuer/Equity and Debt Security issuer)

26 November 2020

Results for announcement to the market		
Name of issuer	Eroad Limited	
Reporting Period	6 months to 30 September 2020	
Previous Reporting Period	6 months to 30 September 2019	
Currency	New Zealand Dollars	
	Amount ($m)	**Percentage change**
Revenue from continuing operations	$45.8	up 19%
Total Revenue	$45.8	up 19%
Net profit/(loss) from continuing operations	$1.0	up 1200%
Total net profit/(loss)	$1.0	up 1200%
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	$0.62	$0.20
A brief explanation of any of the figures above necessary to enable the figures to be understood	For commentary on the result, please refer to the Interim Report for the six months ended 30 September 2020.	
Authority for this announcement		
Name of person authorised to make this announcement	Alex Ball	
Contact person for this announcement	Alex Ball	
Contact phone number	+64 29 772 5631	
Contact email address	alex.ball@eroad.com	
Date of release through MAP	22 November 2019	

Unaudited financial statements are contained in the Interim Report for the six months ended 30 September 2020 that accompanies this announcement.

EROAD
FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 (H1 FY21)



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.

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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AGENDA

CONTINUE TO GROW DESPITE DIFFICULT MACRO-ECONOMIC CONDITIONS

↑19%
IN REVENUE

reflecting continued growth in units and ARPU

(H1 FY21: $45.8m • H1 FY20: $38.5m)

↑$3.4m
EBITDA

which includes a non-recurring items (+$0.8m) and COVID-19 debtor provision (-$0.9m)

(H1 FY21: $15.3m• H1 FY20: $11.9m)

↑$3.9m
OPERATING EXPENDITURE

reflecting accelerated R&D and spend-to-save initiatives

(H1 FY21: $30.5m • H1 FY20: 26.6m)

$1.2m
PROFIT BEFORE TAX

reflecting growth in EBITDA and increased depreciation and amortisation

(H1 FY20: Loss of $0.2m)

$9.3m
SPENT ON R&D

representing 20% of revenue

(H1 FY20: $8.2m)

$84.8m
AMRR

reflecting unit sales, FX impacts and timing of renewals

(H2 FY20: $84.0m H1 FY20: $75.8m)

ACCELERATING GROWTH STRATEGIES

↑13%

CONTRACTED UNIT GROWTH

on H1 FY20 and 5% growth since year-end, despite COVID-19 operating restrictions

95.3%

ASSET RETENTION RATE

reflecting quality of service and product offering

(H2 FY20: 95.2% H1 FY20: 94.9%)

$58.80

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)

with customers subscribing to additional SaaS services and FX impacts

(H1 FY20: $57.60)

5

KEY RELEASES OF SAAS PRODUCTS

adding to our customer value proposition

$53m[1]

CAPITAL RAISED TO ACCELERATE GROWTH STRATEGIES

ASX

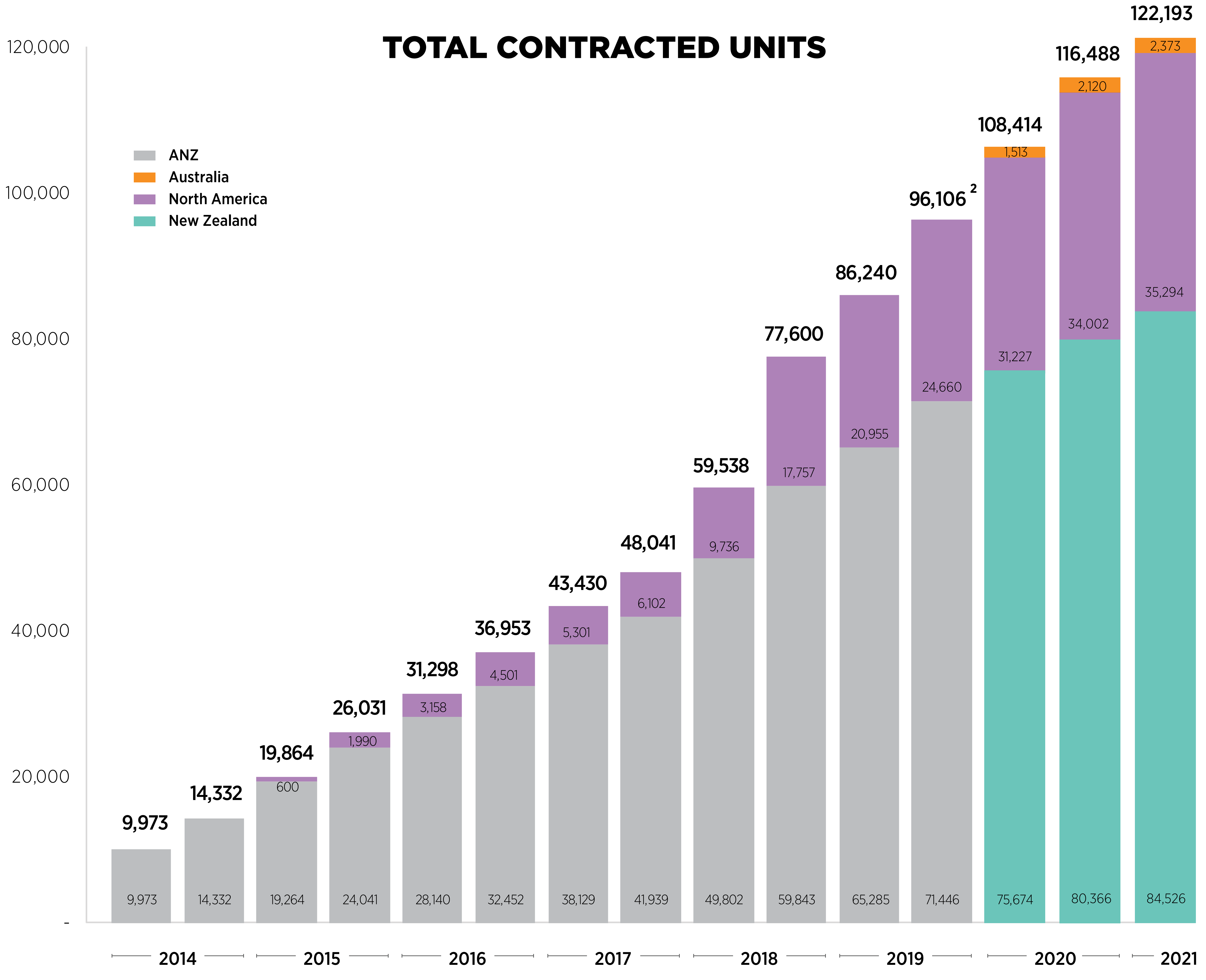
LISTED ON 16 SEPTEMBER

to increase liquidity and broaden investor base

[1] $40m raised (net of $2m transaction costs) via placement. A further $11m was raised via share purchase plan which completed after period end.

OPERATIONAL UPDATE

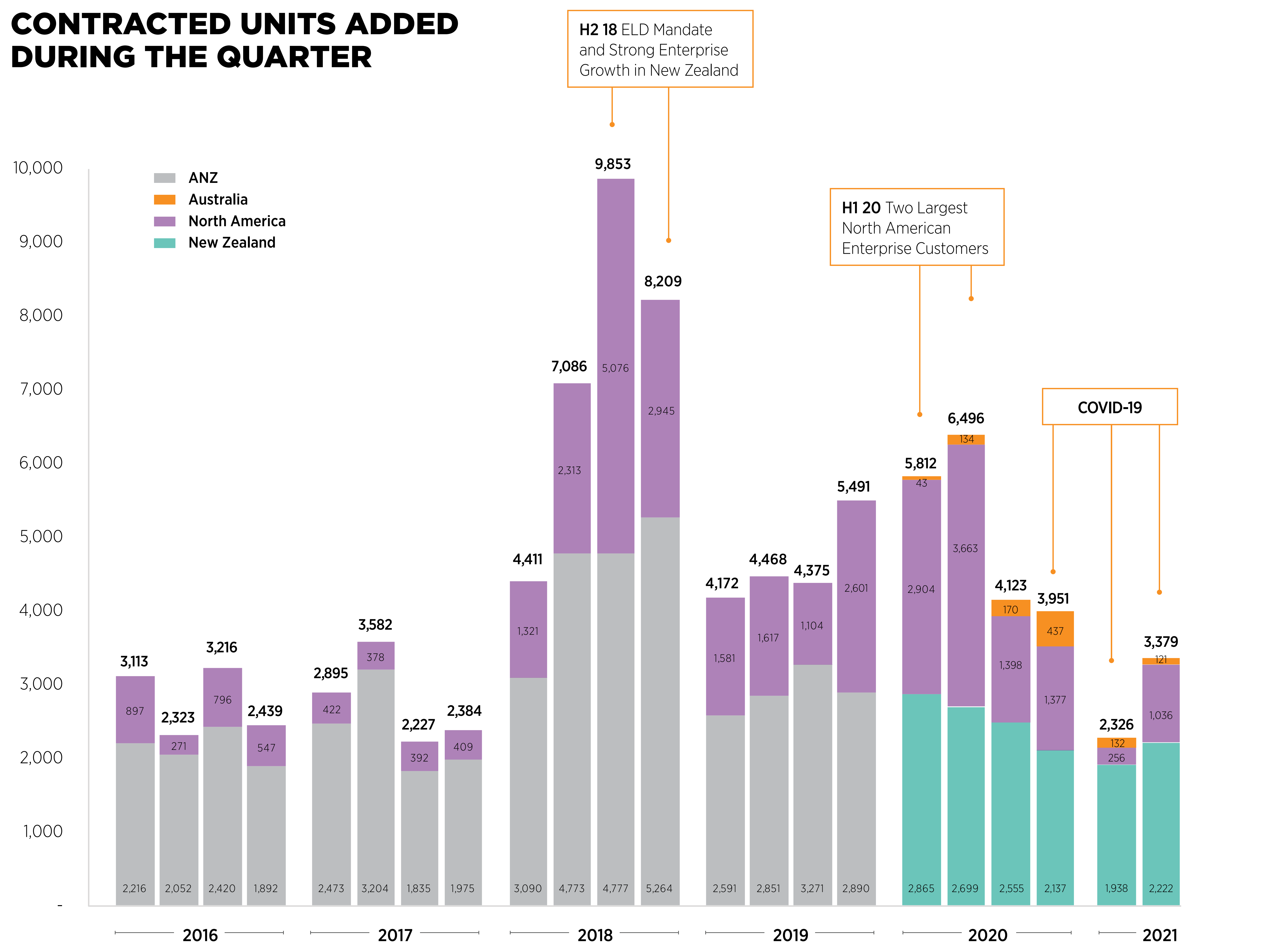
Steven Newman
Chief Executive Officer



[2] North America units for FY19 are restated for data cleansing adjustments identified as part of the new business systems implementation

5% GROWTH SINCE FY2020, DESPITE COVID-19

- Contracted units continued to grow
- However, slower growth rates across all markets, reflecting longer sales lead times
- Continue to progress strong pipeline of Enterprise opportunities in Australia and North America



H1 GROWTH IMPACTED BY COVID-19

- Growth in New Zealand quickly returned close to pre COVID-19 levels once operating restrictions lifted
- Growth in North America significantly impacted by COVID-19 in Q1. New product launches will help improve SMB run-rates and Enterprise opportunities
- Growth in Australia significantly impacted by COVID-19 trading conditions and specifically for Victoria due to state-wide lockdown

NEW ZEALAND REMAINS A SIGNIFICANT GROWTH OPPORTUNITY

↑5%

GROWTH IN UNITS SINCE H2 FY20

(H1 FY21: 84,526 H2 FY20: 80,366)

95.7%

ASSET RETENTION RATE

(H1 FY20: 95.2%)

$55.36

NZ MONTHLY SAAS ARPU

(H1 FY20: $54.15)

$18.5m

EBITDA

(H1 FY20: $16.2m)

CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- Initial lockdown sales limited to essential services. Run-rates returned close to normal following removal of restrictions. Regional lockdown in August slightly tempered recovery
- Increase in aged debtors leading to increased doubtful debtor provisioning

CONTINUED EXECUTION OF STRATEGY

- Asset Retention Rate of 95.7%
- Renewed 4,142 contracted units. 1,300 of these were Ehubo1, of which 31% upgraded to Ehubo2
- Increased contracted units by 4,160, of which 30% were new customers across a range of industries
- Launched 'EROAD Day Logbook' in Q1 FY21. Strong take-up with 1,373 subscriptions sold by 30 September 2020[3]
- Continued progress in broadening range of customers' assets traced with 3,200 EROAD Where tags sold in H1 FY21

GROWTH OPPORTUNITY

- Going forward expect similar growth to the last 4 years (added 9,000+ connected vehicles p.a)

[3] Restated from 1,070 as previously disclosed in the Q2 Operational Update on 28 October 2020

NORTH AMERICA IS NOW AN ESTABLISHED MARKET

↑4%

GROWTH IN UNITS SINCE H2 FY20

(H1 FY21: 35,294 H2 FY20: 34,002)

94.3%

ASSET RETENTION RATE

(H1 FY20: 94.2%)

$67.30

NZ MONTHLY SAAS ARPU[5]

(H1 FY20: $64.87)

$5.9m

EBITDA

(H1 FY20: $3.2m)

CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- COVID-19 restrictions for the whole of H1 FY21
- Initially growth reduced very significantly. Growth run-rates now back toward pre COVID levels as remote selling capability has increased and customers have become used to purchasing remotely
- Increase in aged debtors leading to increased doubtful debtor provisioning

CONTINUED EXECUTION OF STRATEGY

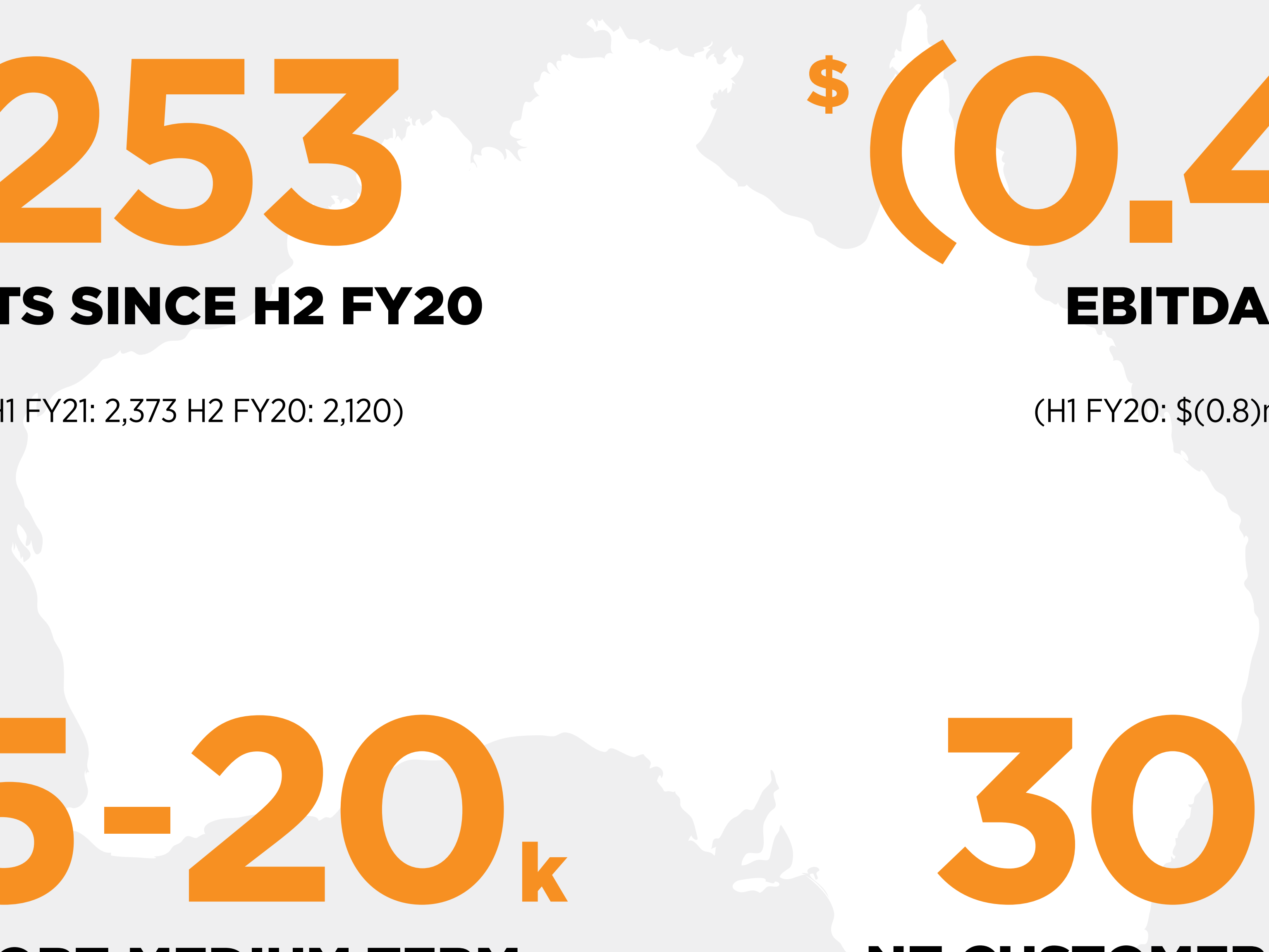
- Added 236 contracted units in Q1 FY21 and 1,026 units in Q2 FY21
- ELD rating improved from #2 to #1 /33 on ELD Ratings[4]
- Launched 'EROAD Go' and 'EROAD Go+' workflow logistics management late September

GROWTH OPPORTUNITY

- Targeting ~2.62 million vehicles. Launch of our 'EROAD Go' and 'EROAD Clarity Dashcam' will increase addressable market

[4] ELD Ratings supplies ratings of 33 of the top tier ELD solution providers out of 313 that supply a solution that is self certified with the FMCSA
[5] Weaker USD v NZD contributed - $1.61 of the increase from H1 FY20

BUILDING THE BRAND IN AUSTRALIA



253

UNITS SINCE H2 FY20

(H1 FY21: 2,373 H2 FY20: 2,120)

$(0.4)m

EBITDA

(H1 FY20: $(0.8)m)

15-20k

SHORT-MEDIUM TERM ENTERPRISE PIPELINE

300

NZ CUSTOMERS HAVE TRANS-TASMAN FLEETS FOR EROAD TO TARGET

CHALLENGING MACRO-ECONOMIC ENVIRONMENT

- COVID-19 restrictions in place in some states for most of H1 FY21
- Growth has continued but at low levels that have not seen significant improvement on FY20 monthly run-rate
- Growth was further impacted by severe lockdown in Victoria for Q2 FY21

CONTINUED EXECUTION OF STRATEGY

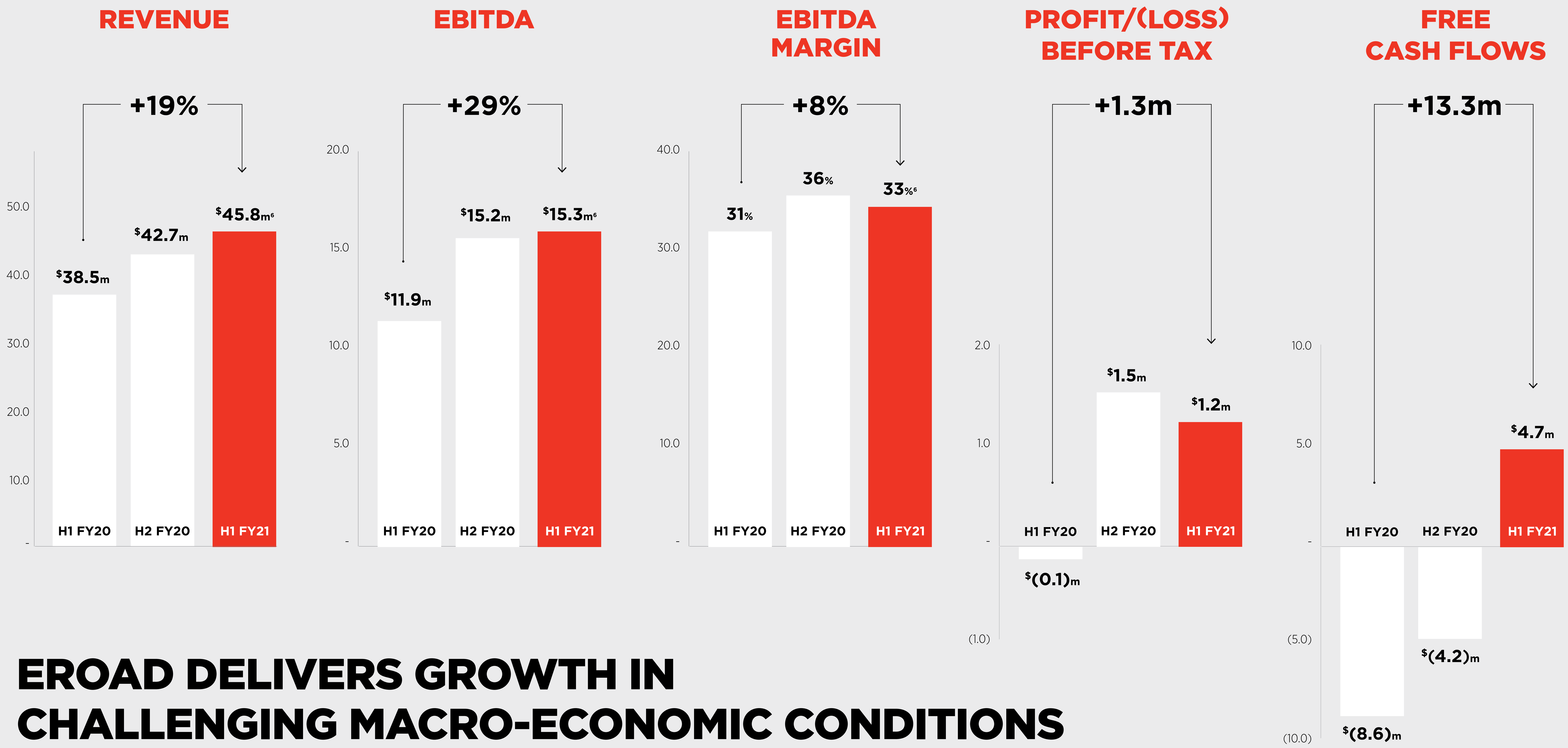
- During H1 FY20 only added 253 units
- Had expected some contracts finalised by year-end, now delayed due to COVID-19
- Will continue to invest in Enterprise marketing and sales team over the next 12 months

GROWTH OPPORTUNITY

- Expect a significant proportion of our ~300 Trans-Tasman fleets to convert their Australia side of the fleet
- Short-medium term enterprise pipeline of some 15-20k connected vehicles

FINANCIAL UPDATE

Alex Ball
Chief Financial Officer



EROAD DELIVERS GROWTH IN CHALLENGING MACRO-ECONOMIC CONDITIONS

[6] Includes one-off non-recurring items as outlined in detail on slide 14

STATEMENT OF INCOME (NZ$m)

YEAR ENDED	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
Revenue	45.8	42.7	38.5	7.3
Expenses	(30.5)	(27.5)	(26.6)	(3.9)
Earnings before interest, taxation, depreciation and amortisation	**15.3**	**15.2**	**11.9**	**3.4**
Depreciation of Property, Plant & Equipment	(4.6)	(4.6)	(4.0)	(0.6)
Amortisation of Intangible Assets	(4..8)	(3.9)	(3.6)	(1.2)
Amortisation of Contract and Customer Acquisition Assets	(3.5)	(3.6)	(2.9)	(0.6)
Earnings before interest and taxation	**2.4**	**3.1**	**1.4**	**1.0**
Net Financing Costs	**(1.2)**	**(1.5)**	**(1.6)**	**0.4**
Profit/(loss) before tax	**1.2**	**1.5**	**(0.2)**	**1.2**
Income tax (expense) benefit	(0.2)	(0.5)	0.1	(0.2)
Profit/(loss) after tax for the year attributable to the shareholders	**1.0**	**1.1**	**(0.1)**	**1.2**
Other comprehensive income	(0.7)	(1.1)	(0.2)	(0.5)
Total comprehensive income/(loss) for the year	**0.3**	**-**	**(0.3)**	**0.6**

- Revenue increased 19% on H1FY20 to $45.8m, reflecting growth in contracted units and ARPU. Revenue in H1 FY21 also benefited from the forgiveness of a COVID-19 government support loan in North America of $USD1.0m (NZD revenue increase of $1.6m).
- Operating expenditure increased by $3.9 million reflecting accelerated R&D operating expenditure and ongoing spend on company-wide initiatives to deliver further longer-term improvements in operating leverage.
- Operating expenditure also included a non-recurring increase in the doubtful debt provision of $0.9m, relating to the impact of COVID-19, and a one-off adjustment for superannuation costs in North America of $0.8m.
- Profit before tax was $1.2m (H1 FY20: $(0.2)m). The increase in EBITDA was partly offset by an increase in depreciation and amortisation charge of $2.4m, reflecting our growing customer base (and related assets), the increase in our R&D programme and significant investment in new generation and business systems during FY20.

EBITDA FLAT ON H2 FY20 DESPITE ACCELERATING GROWTH STRATEGIES

($m)	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
New Zealand	18.5	18.7	16.2	2.3
Australia	(0.4)	(0.5)	(0.8)	0.4
North America	5.9	4.3	3.2	2.7
Corporate & Development	(8.9)	(7.3)	(6.7)	(2.2)
Elimination of inter-segment EBITDA	**0.2**	**-**	**-**	**-**
EBITDA	**15.3**	**15.2**	**11.9**	**3.4**
EBITDA Margin	**33%**	**36%**	**31%**	**8%**

NEW ZEALAND

Continued growth into existing customer fleets, attracting new customers and high asset retention resulted in a 14% increase in EBITDA on H1 FY20 for the NZ business to $18.5m.

NORTH AMERICA

The North American EBITDA result of $5.9m is 84% ahead of the same time last year (H1 FY20 $3.2m) as a result of ongoing market growth and recognition of the government loan forgiveness as grant income. ($1.6m). Excluding the grant EBITDA grew 34% on H1 FY20.

AUSTRALIA

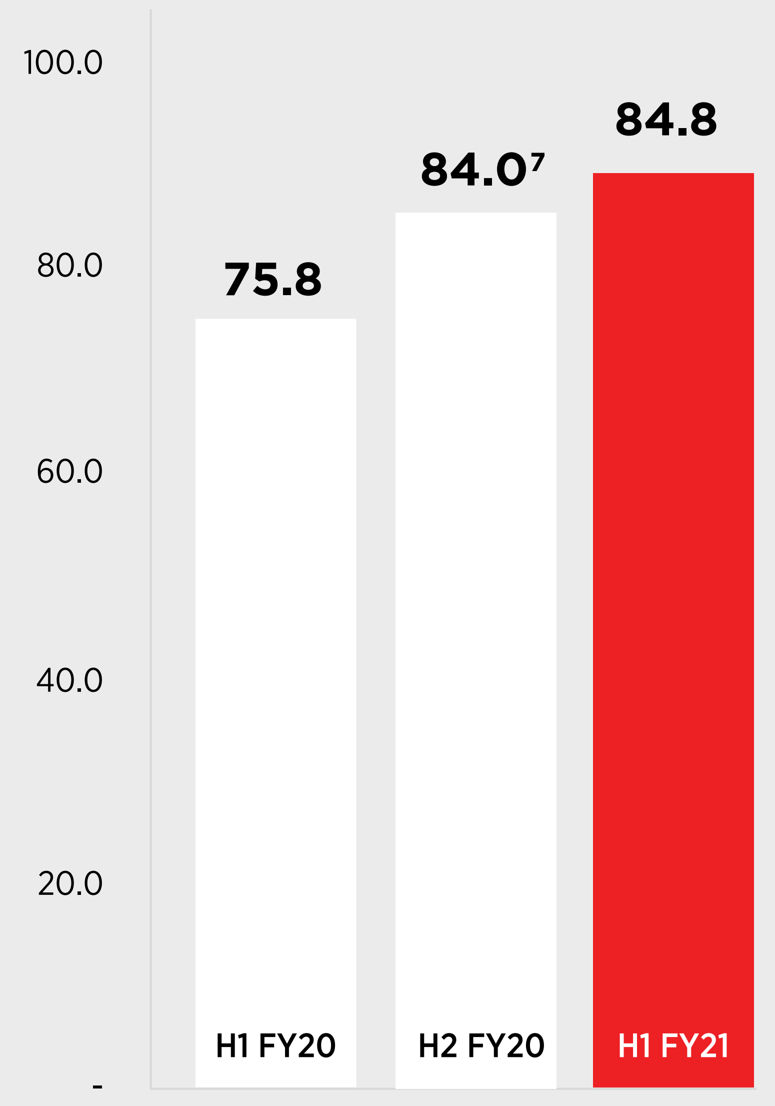
Continuing revenue growth (up 51% from H1 FY20) and reduced spending as a result of COVID-19 (for example less marketing investment) has produced the EBITDA result of $(0.4)m.

CORPORATE

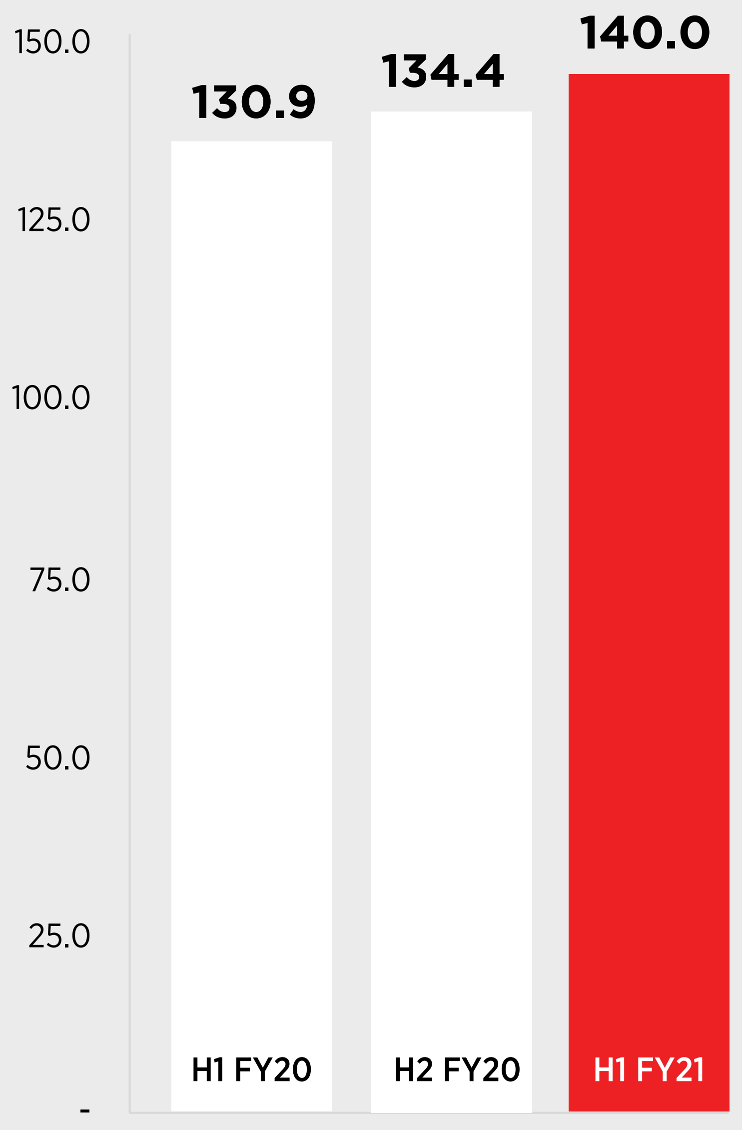
The Corporate segment's EBITDA was $(8.9)m from $(6.7)m in H1 FY20 reflecting the combination of continuing accelerated investment in R&D activities.

MONITORING PERFORMANCE LEADING GROWTH INDICATORS

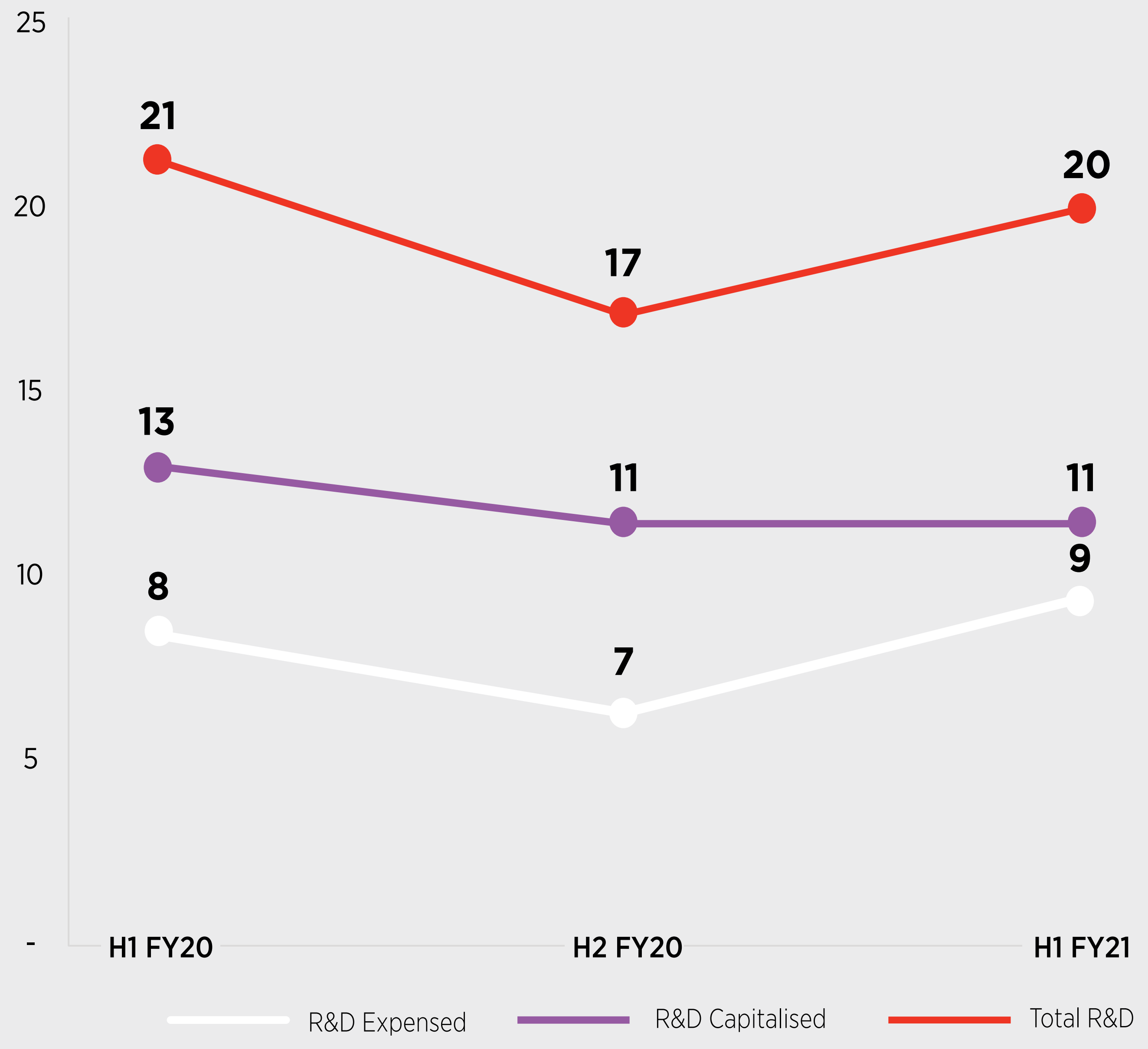
ANNUALISED MONTHLY RECURRING REVENUE ($m)



FUTURE CONTRACTED INCOME ($m)



RESEARCH AND DEVELOPMENT AS % OF REVENUE



AMRR increase reflects growth in recurring revenues from new units and SaaS ARPU, partly offset by an FX impact of $2.8m in H1 FY21.

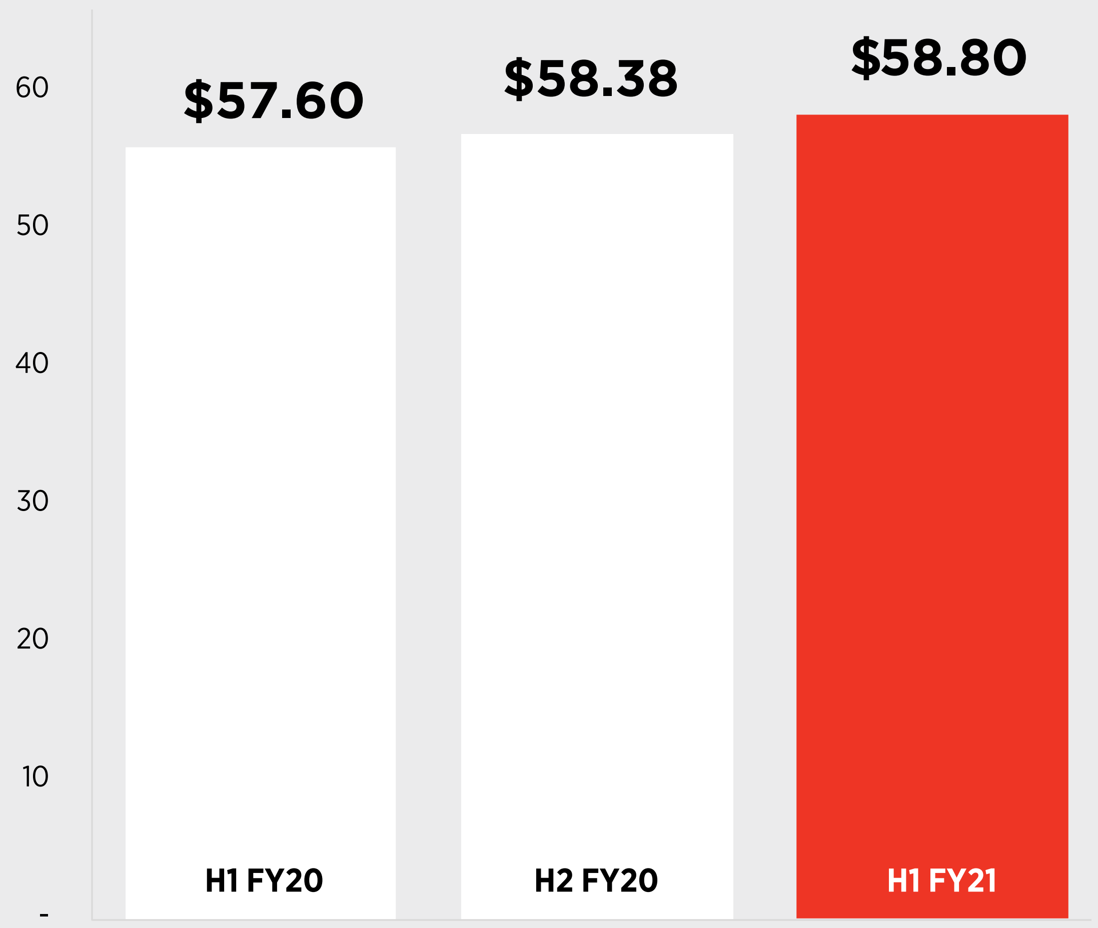
FCI increased with new incremental contracted units added and renewals, partially offset by recognition of revenues for new and existing contracts.

R&D as % of Revenue has been in the range of 18-22% in recent years. For the next two years expect to spend 24-27% as investment for growth accelerates.

[7] Restated by $2m from $86m due to SaaS revenue washup of $0.17 included in full in March which related in part to earlier periods

MONITORING PERFORMANCE ENTERPRISE VALUE FROM EXISTING CUSTOMER BASE

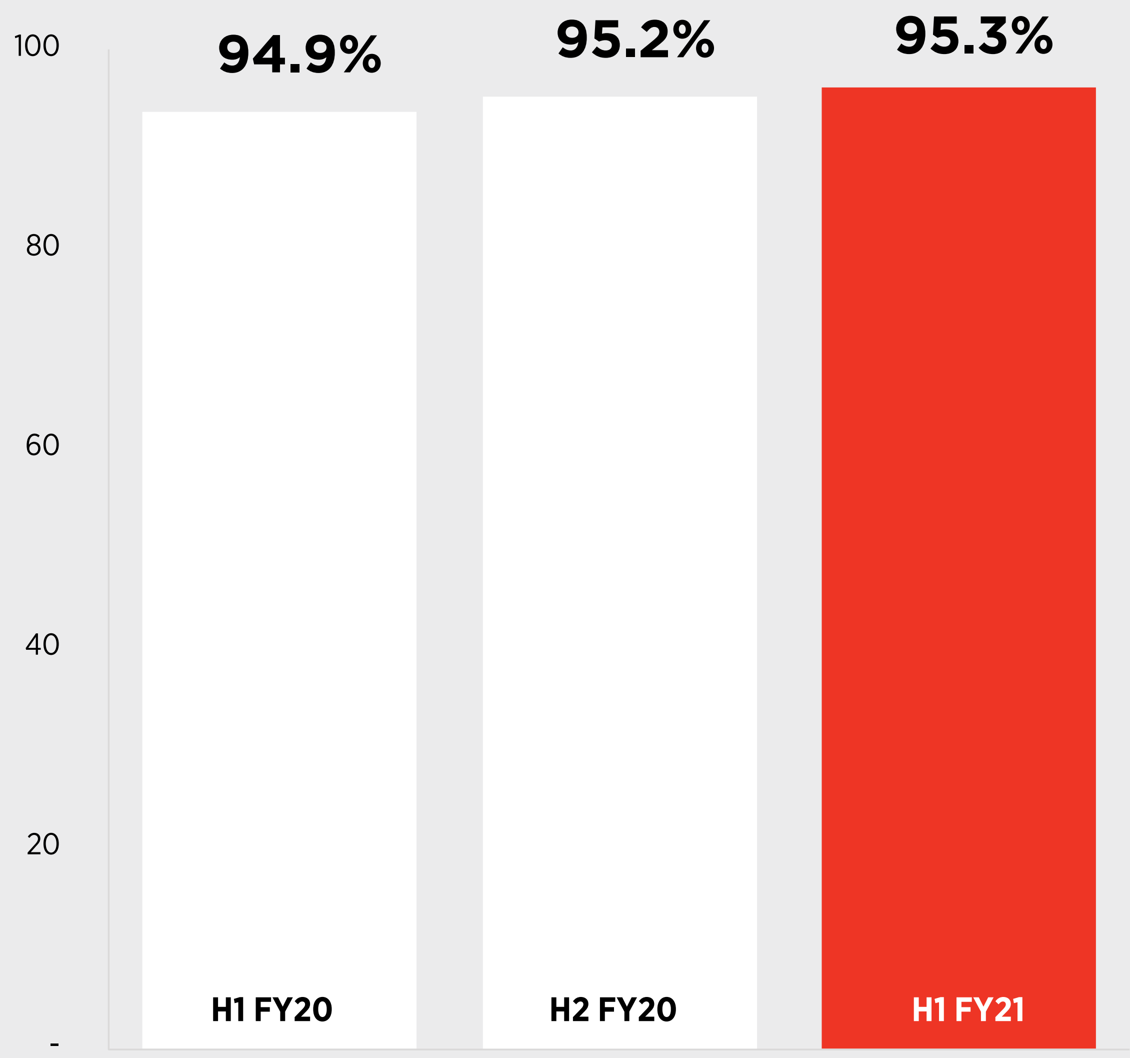
ARPU



Monthly SaaS ARPU has been trending upwards over past 12 months.

- Plan and hardware upgrades
- Above average pricing for new sales, including NA enterprise accounts
- Weaker USD vs NZD contributed 0.46 of the growth from H1 FY20
- Stronger USD vs NZD reduced ARPU growth (0.07) from H2 FY20

ASSET RETENTION RATE



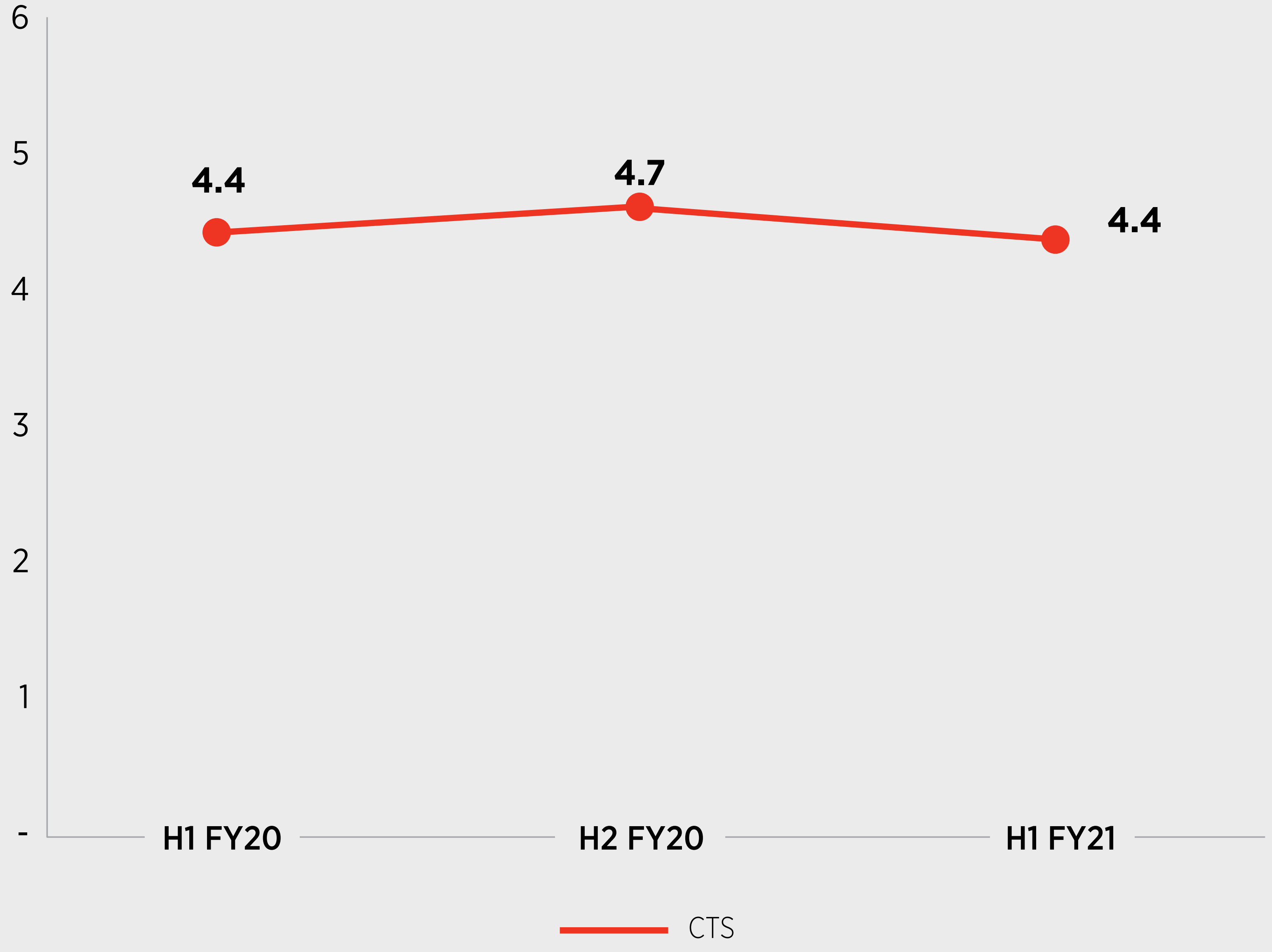
Asset Retention Rate has remained stable and continues to be a focus through renewal programmes in key markets.

MONITORING PERFORMANCE PROFITABILITY

COST TO ACQUIRE CUSTOMERS AS % OF REVENUE

CAC as a % of revenue would be expected to trend downwards over time as revenue grows, reductions will be partly offset by investment in CAC ahead of revenues in Australia.

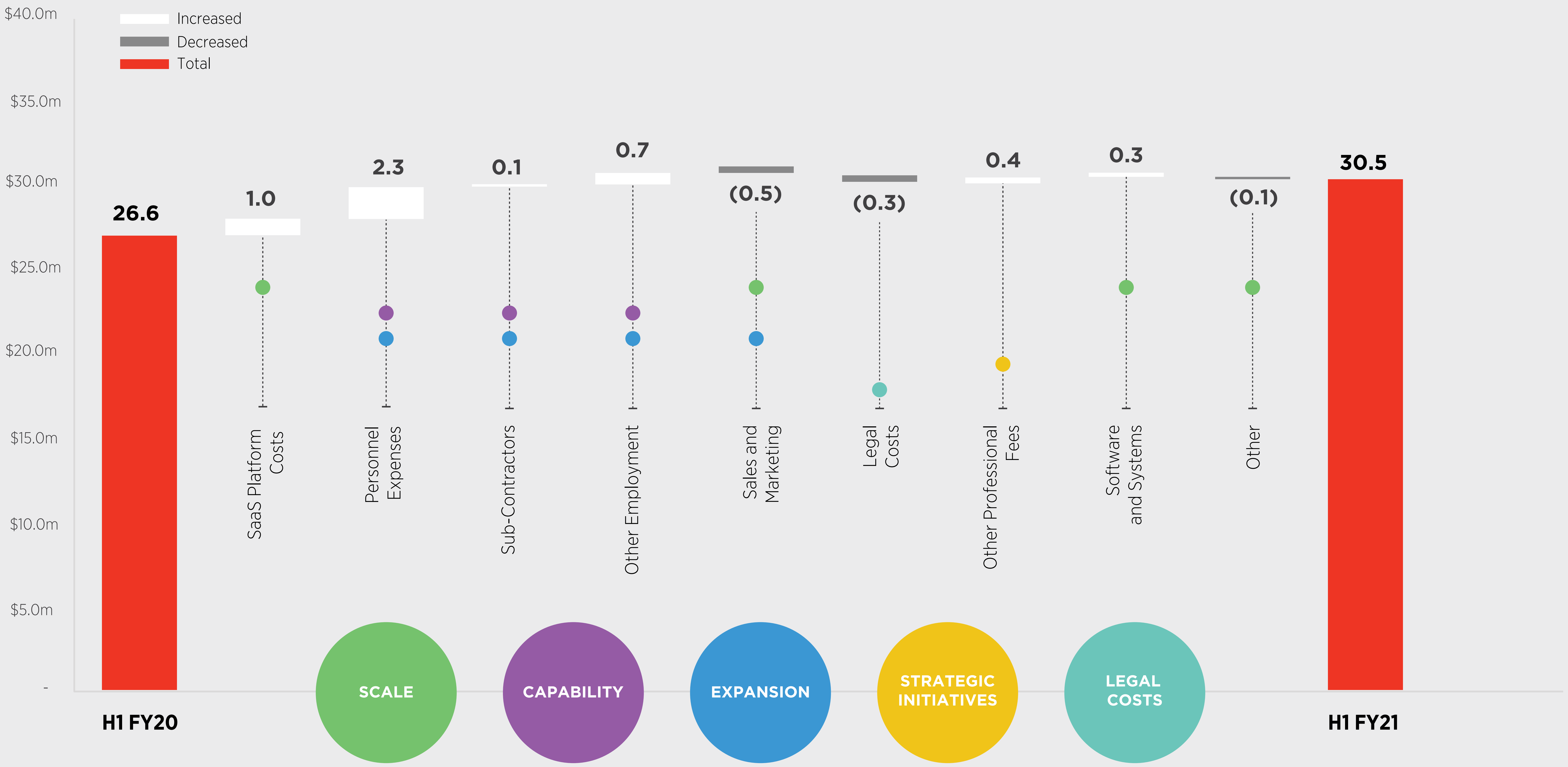
COST TO SERVICE AND SUPPORT AS % OF REVENUE



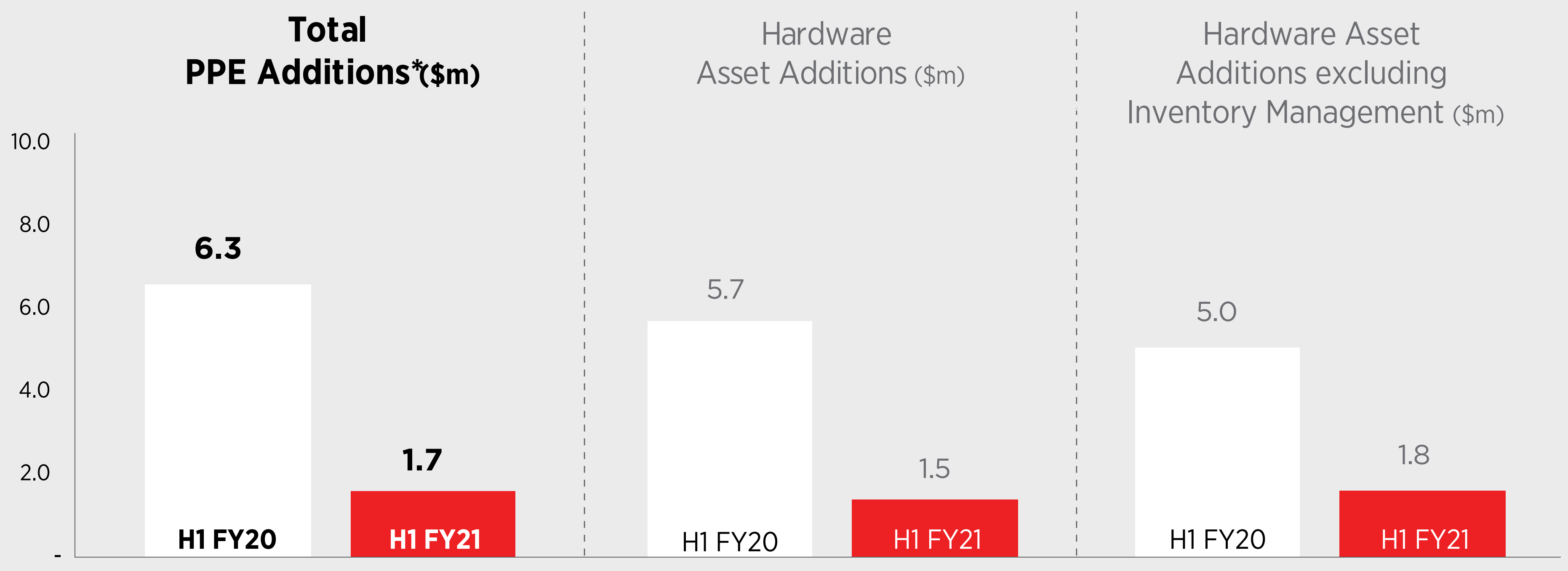
CTS has remained within 4-5% of revenue range.

CTS will improve over time as scale and leverage increases.

OPERATING EXPENSES

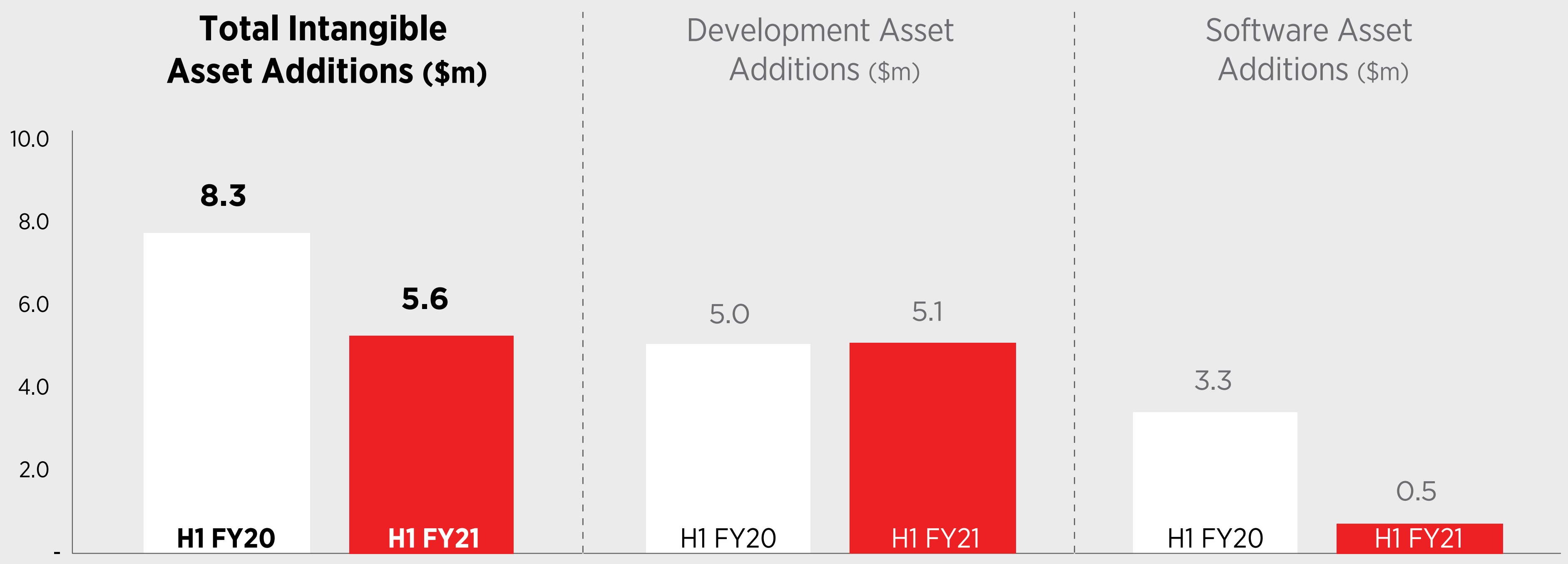


ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT



*Excluding Additions to Right of Use Assets

ADDITIONS TO INTANGIBLE ASSETS



PROPERTY PLANT & EQUIPMENT

- PPE spend is $4.6m lower than H1 FY20 due to lower new unit volumes.

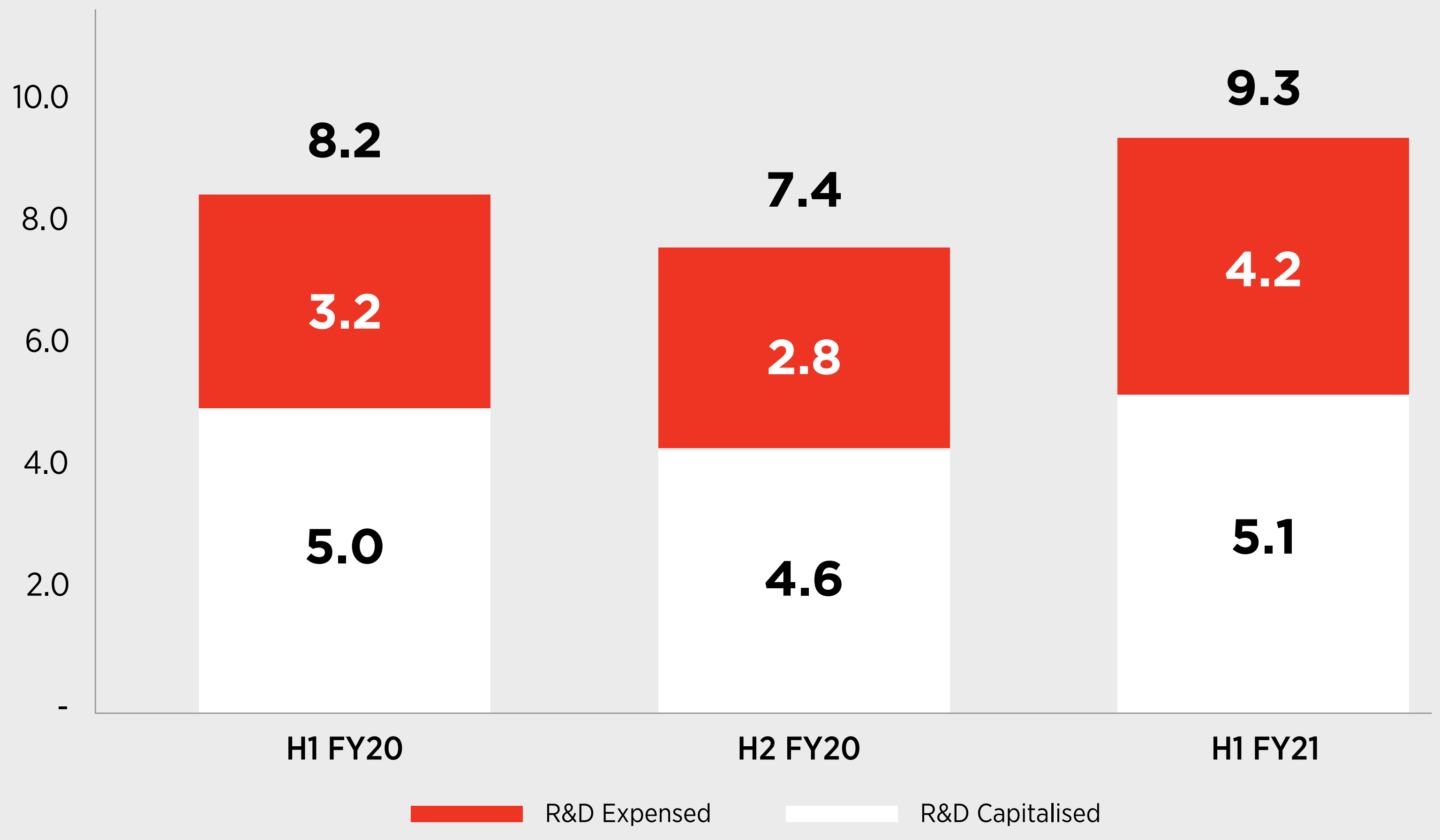
INTANGIBLE ASSETS

- R&D spend of $9.3m is within the signalled range of 18-22% of revenues, $5.1m of which was capitalised as Development Assets, an increase of $0.1m on H1 FY20
- Software additions are $2.8m lower given the investment in new generation business systems and processes during the prior period.

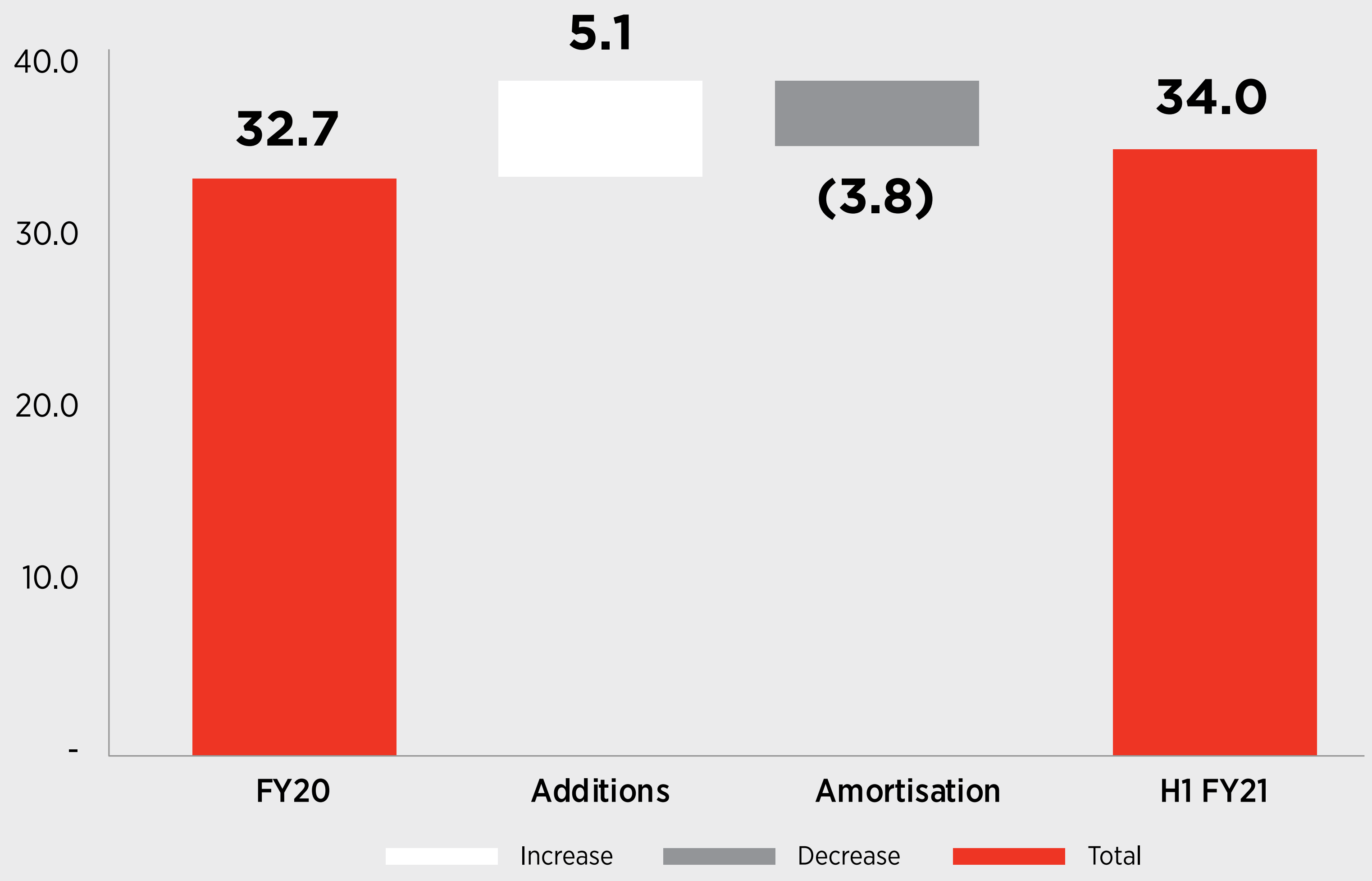
CONTINUED INVESTMENT IN R&D

CRITICAL TO DELIVERING RELIABILITY, SCALABILITY, QUALITY AND GROWTH

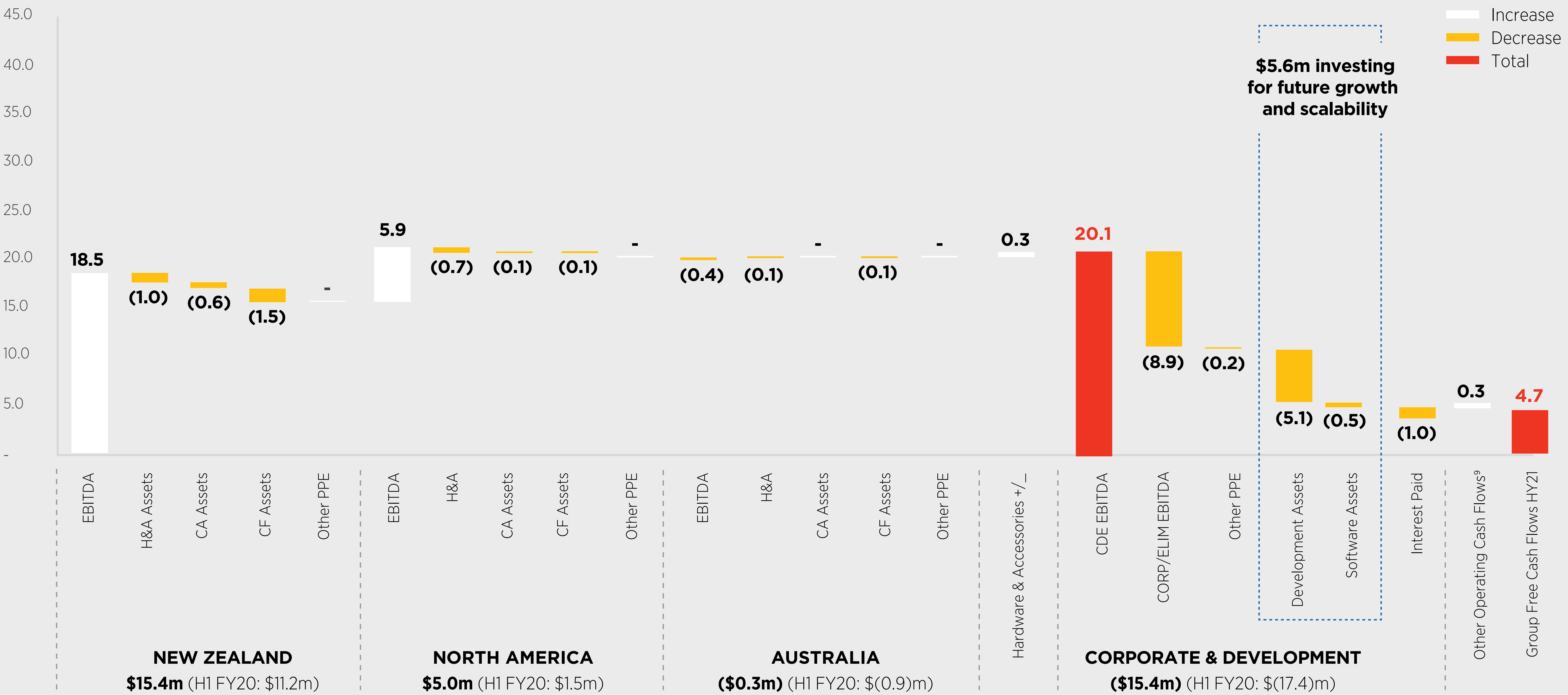
RESEARCH AND DEVELOPMENT ($m)



MOVEMENT IN DEVELOPMENT ASSETS ($m)



FREE CASH FLOW ANALYSIS BY SEGMENT[8]



H&A Assets - Hardware & Accessory Assets • **CA Assets** - Customer Acquisition Assets • **CF Assets** - Contract Fulfilment Assets • **CDE EBITDA** - Corporate, Development and Elimination EBITDA • **H&A under Construction** - Hardware & Accessories under Construction

[8] Group Free Cash Flows (FCF) for the purpose of this analysis refers to Operating Cash Flows Less Investing Cash Flows.

[9] This FCF by market analysis provides an indicative view of FCF. Note that this does not represent actual FCF by market: Hardware & Accessories under Construction (inventories held) are presented in total and Other Operating Cash Flows (non-cash and working capital movements) are presented in total and not allocated to specific seg ments. These amounts relate to all operating segments.

CASH FLOW STATEMENT (NZ$m)

YEAR ENDED	H1 FY21	H2 FY20	H1 FY20	Movement H1 FY21 vs H1 FY20
Cash flows from operating activities				
Other operating cash flows	15.3	14.5	11.3	4.0
Interest paid	(1.0)	(1.3)	(1.4)	0.4
Net cash inflow from operating activities	**14.3**	**13.2**	**9.9**	**4.4**
Cash flows from investing activities				
Property, Plant and Equipment (including hardware assets)	(1.7)	(5.3)	(6.3)	4.6
Intangible Assets	(5.7)	(8.2)	(8.3)	2.6
Contract Fulfillment and Customer Acquisition Assets	(2..3)	(3.9)	(3.9)	1.6
Net cash outflow from investing activities	**(9.7)**	**(17.4)**	**(18.5)**	**8.8**
Cash flows from financing activities				
Bank loans	1.8	(17.1)	18.3	(16.5)
Issue of Equity	42.0	-	-	42.0
Cost of raising capital	(2.0)	-	-	(2.0)
Other financings cash flows	(0.8)	14.5	(15.6)	14.8
Net cash inflow/(outflow) from financing activities	41.0	(2.6)	2.7	38.3
Net increase/(decrease) in cash held	45.6	(6.8)	(5.9)	51.5
Cash at beginning of the financial period	3.4	10.2	16.1	(12.7)
Closing cash and cash equivalents	**49.0**	**3.4**	**10.2**	**38.8**

- For H1 FY21, EROAD was Free Cash Flow positive
- Investing cash flows fell from $18.5m to $9.7m reflecting the investment in business systems and processes in H1 FY20 and the lower spend on hardware units due to lower growth in H1 FY21
- Financing cash flows grew as result of $42m raised via placement. A further $11m was raised via share purchase plan which completed after period end.

BALANCE SHEET (NZ$m)

AS AT PERIOD END	H1 FY21	FY20	Movement
Cash	49.0	3.4	45.6
Restricted Bank Account	9.2	14.0	(4.8)
Costs to Acquire and Contract Fulfilment Costs	5.5	5.9	(0.4)
Other	9.1	10.7	(1.6)
Total Current Assets	**72.8**	**34.0**	**38.8**
Property, Plant and Equipment	34.8	37.4	(2.6)
Intangible Assets	42.9	42.1	0.8
Costs to Acquire and Contract Fulfilment Costs	4.1	4.8	(0.7)
Other	7.5	7.5	-
Total Non-Current Assets	**89.3**	**91.8**	**(2.5)**
TOTAL ASSETS	**162.1**	**125.8**	**37.3**
Payables to Transport Agencies	9.2	13.9	(4.7)
Contract Liabilities	7.2	8.2	(1.0)
Borrowings	37.6	35.8	1.8
Other Liabilities	16.3	16.6	(0.3)
Total Liabilities	**70.3**	**74.5**	**(4.2)**
NET ASSETS	**91.8**	**51.3**	**40.5**

- Cash has increased by $45.6m as a result of the placement during September and the free cash positive result for H1 FY21 of $4.7m
- PPE has reduced as depreciation of hardware assets has exceeded the value of new hardware assets capitalised from growth in the period
- The decrease in other assets within current assets category is primarily as a result of the increase in our doubtful debt provision ($0.9m) reflecting uncertainty due to the current economic conditions
- Contract Fulfilment and Customer Acquisition Assets decreased by $0.4m due to subdued growth during the 6 months as a result of COVID-19 lockdowns
- Intangibles increase relates to the ongoing capitalisation of R&D development

GROWTH OPPORTUNITY AND OUTLOOK

Steven Newman
Chief Executive Officer

GLOBAL TREND FOR TELEMATICS

- Transportation and logistics companies face significant change and increasingly require telematics solutions that give visibility, data and insights to manage vehicles
- As the cost to track reduces, companies want to track and manage all their mobile and remote assets, beyond trucks, trailers and cars
- During recessions, adoption of telematics continues to increase as businesses look to reduce fleet related costs and improve supply chain
- Government supported/mandated regulatory telematics solutions are forecasted to be a significant growth driver forcing telematics adoption over the next five+ years
- Many global enterprise businesses want a global solution but which also addresses their localised needs
- Continued growth in customers ESG reporting requirements will drive demand for low-cost telematics solutions
- Declining transportation revenues due to a changing vehicle fleet (increasing fuel efficient and electric vehicles) and continued growth in road congestion will accelerate moves to road pricing globally

TRENDS WITHIN OUR MARKETS

NEW ZEALAND

- Health and Safety remain driver of telematics adoption
- Many enterprise businesses are requiring sub-contractors to use their technology solutions to manage Health and Safety obligations
- Video telematics is seen as an important added service to improve Health and Safety outcomes

NORTH AMERICA

- Almost 100% adoption of telematics in interstate vehicles over 10,000 pounds, following the Federal 2017-19 ELD mandate
- Expect many Small to Medium Businesses to upgrade to more than an ELD only solution when their 36-month contracts are renewed
- Expect a significant number of vehicles to upgrade, following AT&T & 3G network shutdown in Feb 2022
- Many insurers requiring video telematics operators to get acceptable premiums
- 2020-2021 National mileage-based user fee truck pilot of the Eastern Transportation Coalition went live on October 1st 2020

AUSTRALIA

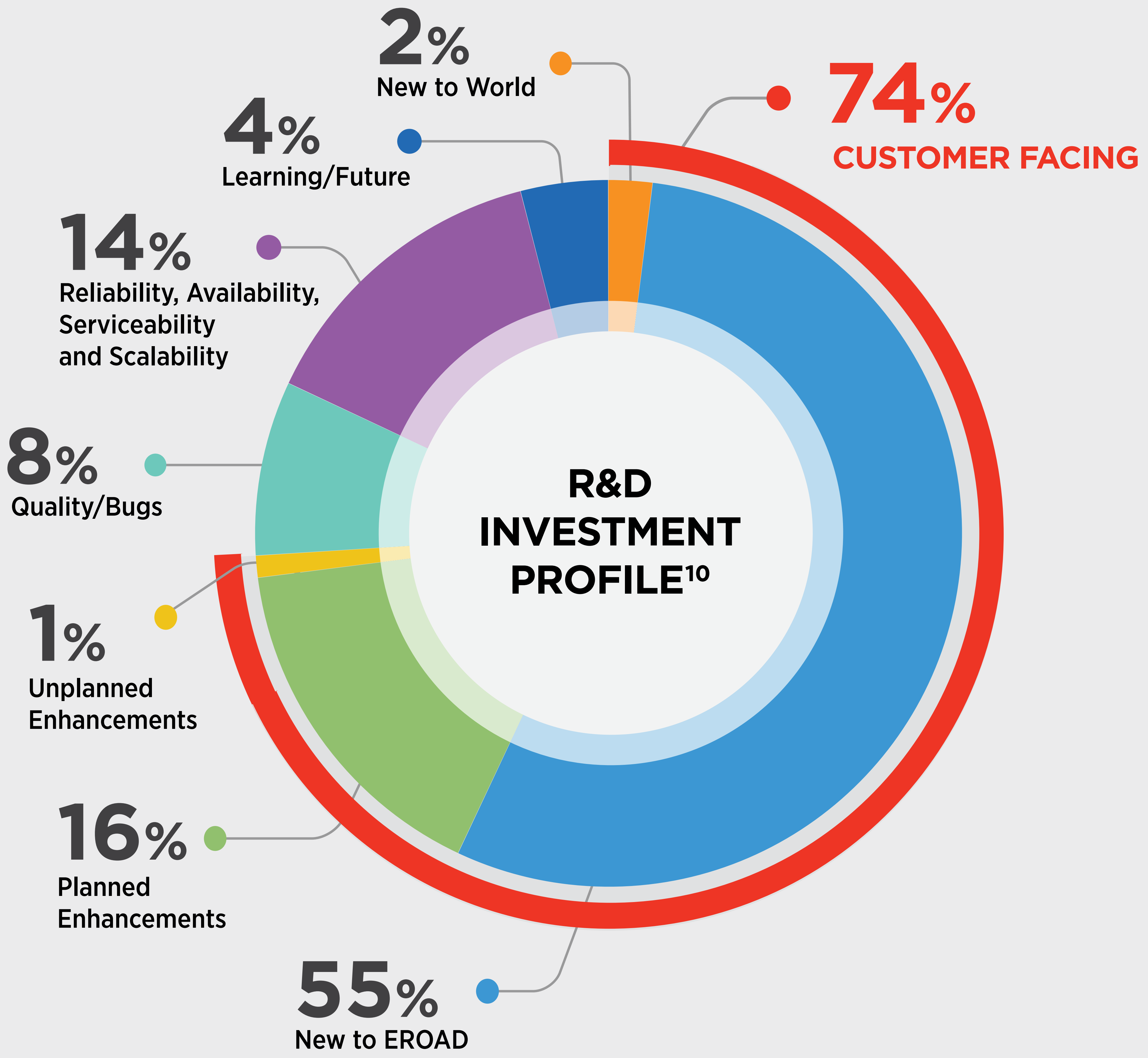
- Chain of Responsibility obligations were expanded in October 2018.
- Expect further significant regulatory change over next 5 years with Electronic Work Diary (EWD), National ERUC pilot and from the review of the Heavy Vehicle National Law
- Video telematics is seen as an important added service to improve Health and Safety outcomes
- Increasingly, enterprise businesses operating across Australia and New Zealand see it as one market, requiring one solution

NOW IS THE TIME TO BE BOLD

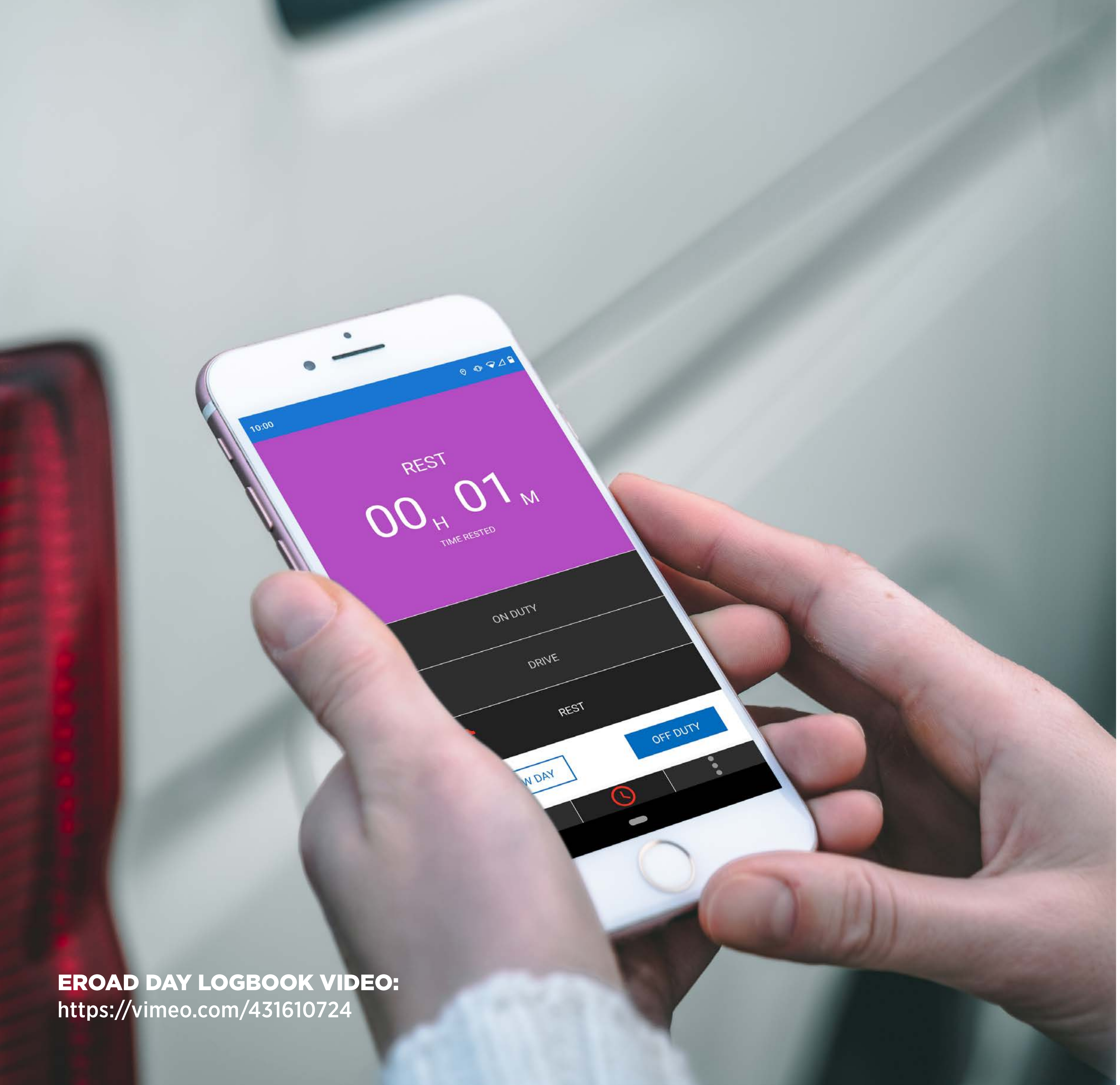
- Extending the platform to focus on winning medium and enterprise customers in North America and Australia
- Increasing scalability of the platform to enable EROAD to target larger enterprise fleets
- Developing Integration & Data Analytics capability to provide customers innovative solutions enabling greater insights, benchmarking and targeted action
- Increased, focused and effective sales and marketing is critical to maximise the return on investment from investing in these products and capability

R&D INVESTMENT

- R&D is critical in developing new products and services to retain customers, open up the addressable market, grow connected vehicles and grow average SaaS monthly revenue per unit
- Target ~60% of R&D spend on customer facing elements
- Executed five key launches in H1 FY21 as a result of previous R&D investment
- In recent years spent 18-22% of revenue on R&D. For the next two years EROAD expects to spend 24-27% of revenue as it accelerates its investment for growth
- Focused on product development that opens up the addressable market for enterprise customers



[10] For the six months ended 30 September 2020.



EROAD DAY LOGBOOK VIDEO:
https://vimeo.com/431610724

EROAD DAY LOGBOOK

WHAT IS THE PRODUCT

- Simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet

LAUNCH

- Q1 FY21 in New Zealand

BENEFIT TO CUSTOMERS

- Reduce the administrative burden of managing driver compliance. 'EROAD Day Logbook' removes paper from the cab, simplifies record keeping and provides investigative tools to examine the driver's workday. Establishing compliance confidence with an efficient workflow to manage driver violations and keeps record of actions to resolve them.

BENEFIT TO EROAD

- It provides a further opportunity to grow ARPU and aids in customer retention.

UPTAKE

- Sold 1,373 'EROAD Day Logbook' subscriptions from launch to 30 September

EROAD GO VIDEO:
https://vimeo.com/460661683

EROAD GO

WHAT IS THE PRODUCT

- A workflow application that connects with the transport management system

LAUNCH

- Q2 FY21 in North America

BENEFIT TO CUSTOMERS

- Improve communications between dispatch and the driver, tracking proof of delivery and integrate into customer transportation management systems (generally required for fleet sizes over 100 trucks)

BENEFIT TO EROAD

- Opens up addressable market

EROAD CLARITY DASHCAM VIDEO:
https://vimeo.com/479033131

EROAD CLARITY DASHCAM

WHAT IS THE PRODUCT

- Dual facing dashcam. Integration of dashcam, and the Ehubo data into myEROAD web platform means the driver statistics, vehicle maintenance, and now video footage can all be found in MyEROAD Replay.

LAUNCH

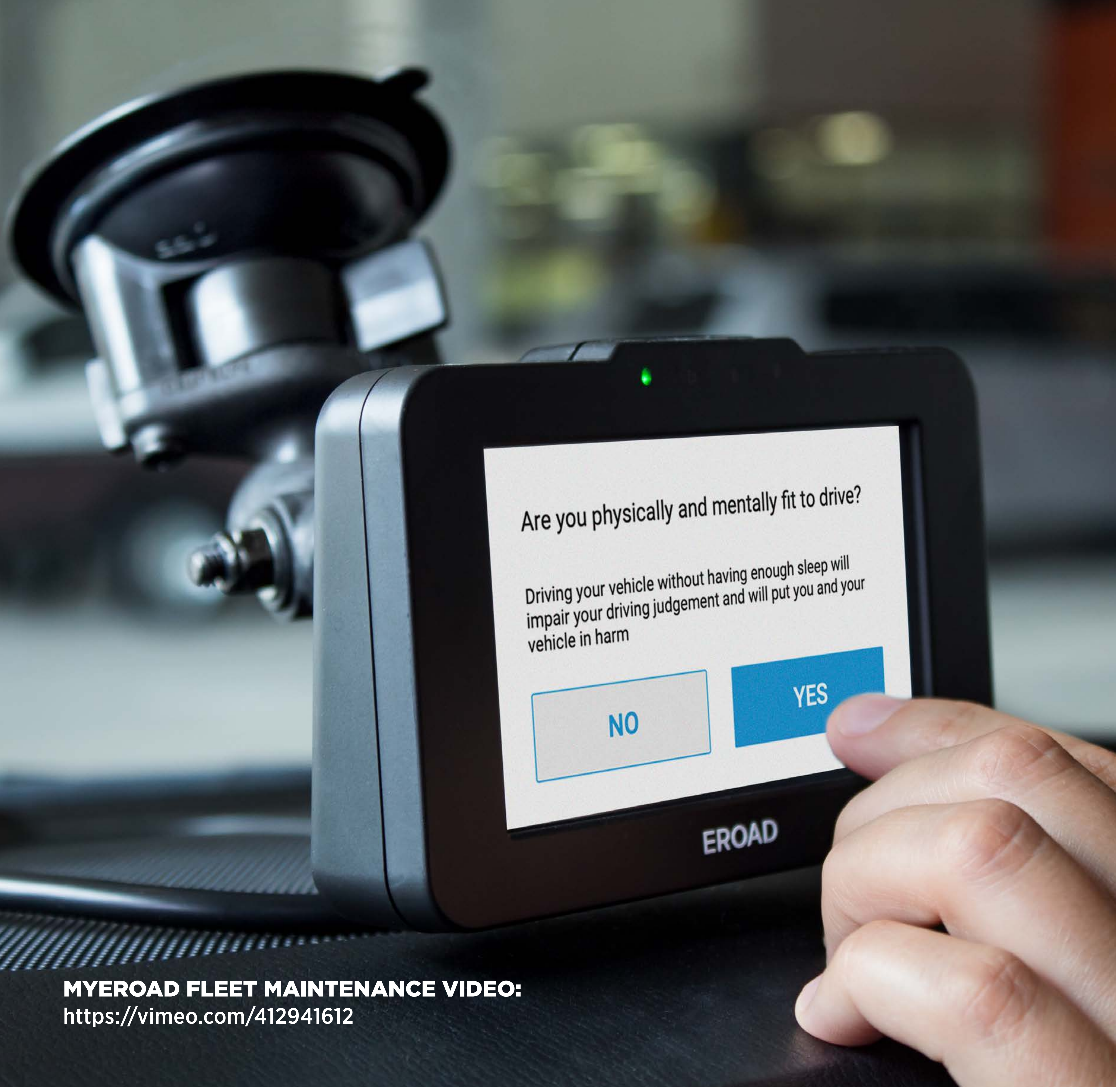
- Held interactive technology launch event in October with almost 200 attendees. Limited customer trial in Q3, with full ramp up in Q4 across all three markets

BENEFIT TO CUSTOMERS

- Lower insurance premiums in North America and further helps meet Health & Safety obligations in NZ and AU

BENEFIT TO EROAD

- Further opens up addressable market in North America across all segments, opportunity to grow ARPU and retention tool in all markets



MYEROAD FLEET MAINTENANCE VIDEO:
https://vimeo.com/412941612

MYEROAD FLEET MAINTENANCE

WHAT IS THE PRODUCT

- Simplifies vehicle maintenance with automated service scheduling based on time lapsed, distance travelled or engine hours, plus a full service-history archive.

LAUNCH

- Q2/Q3 and Q4 in FY21 in New Zealand and Australia

BENEFIT TO CUSTOMERS

- Intends to allow fleets to be proactive about maintenance and optimise costs. Brings together the whole ecosystem around vehicle servicing.

BENEFIT TO EROAD

- Mainly retention tool

H2 FY21 AND FY22 OUTLOOK

H2 FY21

- EROAD anticipates a small increase in revenue compared to the first half
- EBITDA is anticipated to be similar to the first half's figure (adjusted for one-off items) reflecting the acceleration of product development and increased sales and marketing costs associated with the launches of key products in the second half of FY21.

FOR FY22

- EROAD remains confident and ambitious about the company's future growth prospects.
- EROAD anticipates that the percentage revenue growth in FY22 will strengthen, but not be at the level experienced in FY20.
  - In New Zealand, EROAD expects similar growth to the last 4 years
  - In North America, EROAD is targeting an increased addressable market through improved product market fit, to deliver increased unit growth
  - In Australia, growth during the next 2 years will come predominantly from an enterprise pipeline of 15-20k vehicles
- As EROAD continues to accelerate new product delivery for future growth in FY23 and FY24, it anticipates spending 24-27% of revenue on R&D during FY22
- However, the company anticipates EBITDA margin to be maintained but improving at the end of FY22, to provide further increased EBITDA margin.

QUESTIONS & ANSWERS

RECONCILIATION OF PROFIT TO MOVEMENT IN CASH (NZ$m)

YEAR ENDED	H1 FY21	H1 FY20
Profit/(Loss) after tax for the year attributable to the shareholders	**1.0**	**(0.1)**
Add/(less) non-cash items		
Tax asset recognised	(0.3)	(0.1)
Depreciation and amortisation	12.9	10.5
Other non-cash expenses/(income)	(0.5)	(1.4)
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	1.6	(0.9)
Increase/(decrease) in current tax receivables	0.4	-
Increase/(decrease) in contract liabilities	(1.0)	0.1
Increase /(decrease) in trade payables, interest payable and accruals	0.2	1.8
Net Cash from operating activities	**14.3**	**9.9**

GLOSSARY

- **ANNUALISED MONTHLY RECURRING REVENUE (AMRR)**
  Annualised monthly recurring revenues (AMRR) is 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.
- **COSTS TO ACQUIRE CUSTOMERS (CAC)**
  Costs to Acquire Customers (CAC) is non-GAAP measure of costs to acquire customers. Total CAC represents all costs 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)**
  Is 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 reported in Note 3 Expenses of the Financial Statements.
- **EBITDA**
  Is a non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Condensed Consolidated Statement of Comprehensive Income in Financial Statements.
- **EBITDA MARGIN**
  Is a non-GAAP measure representing EBITDA divided by Revenue.
- **EHUBO1 AND EHUBO2 (GEN1 AND GEN2)**
  EROAD's first and second generation electronic distance recorder which replaces mechanical hubodometers. 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.
- **FREE CASH FLOWS**
  Is a non-GAAP measure representing Operating cash flow and Investing cash flow reported in the Statement of Cash Flows.
- **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 Financial Statements.
- **HEAVY VEHICLE**
  A truck, or a truck and trailer, weighing over:3.5 tonnes in New Zealand (required to pay RUC); 12 tonnes in Oregon (required to pay for WMT), for non WMT purposes means Class 3+, 10,000 pounds or greater; or 4.5 tonnes in Australia.
- **MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)**
  Monthly Software as Service (SaaS) Average Revenue Per Unit is a non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the Financial Statements, by the total of the TCU balances at the end of each month during the year.
- **RECURRING REVENUE**
  The Software as a Service (SaaS) revenues EROAD recognises on a recurring monthly basis in accordance with the groups revenue recognition policy.
- **ROAD USER CHARGES (RUC)**
  Charges payable under the New Zealand Road User Charges Act 2012 in respect of the distance travelled by a RUC vehicle on a road. In New Zealand, RUC is payable for heavy vehicles and all vehicles powered by a fuel not taxed at source. The charges go towards the cost of repairing roads.

WHO IS EROAD?


Mike Marsh
BOOKED for repairs / services
229,051 km
Messages
Driver
Fuel
Job
Vehicle
EROAD
AUDIO
PHONE
SETUP
FM
AM
Bluetooth
USB
CD
AUX

EROAD'S PURPOSE IS SAFER, MORE PRODUCTIVE ROADS

SAFER

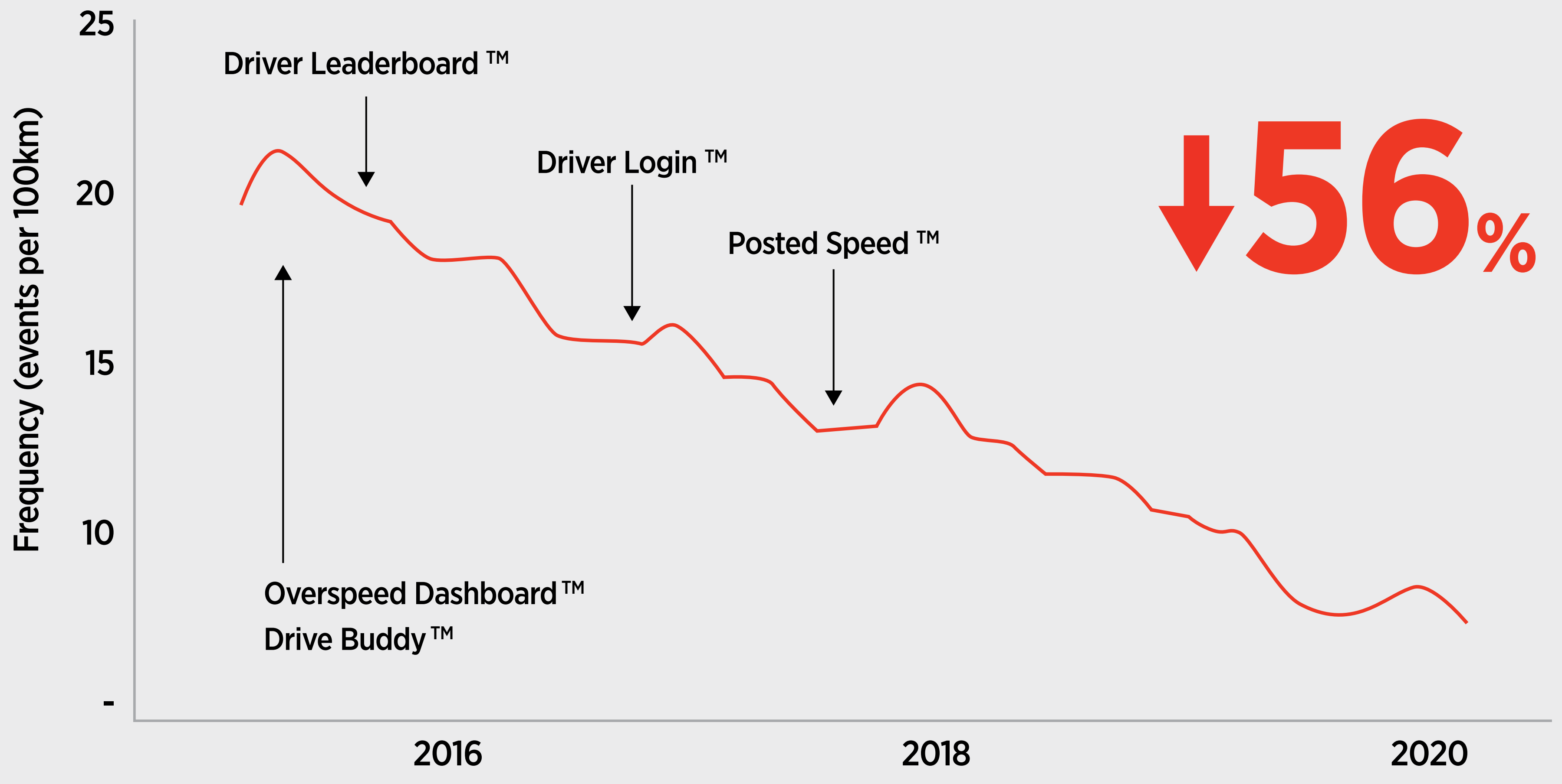
- EROAD solutions have had a direct impact on reducing speed by customers, a significant contributor to accidents and serious injuries
- Vehicle service and maintenance monitoring helps our customers ensure their vehicles are safe
- Our driver management services improve driving behaviour

IMPROVED PRODUCTIVITY

- Provide tools to help our customers achieve greater fuel efficiency and therefore reduce emissions
- EROAD solutions reduce compliance costs and improve fleet productivity
- Road network usage analytics informs infrastructure planning

EROAD CUSTOMERS REDUCED FREQUENCY OF SPEEDING BY 56% SINCE 2015

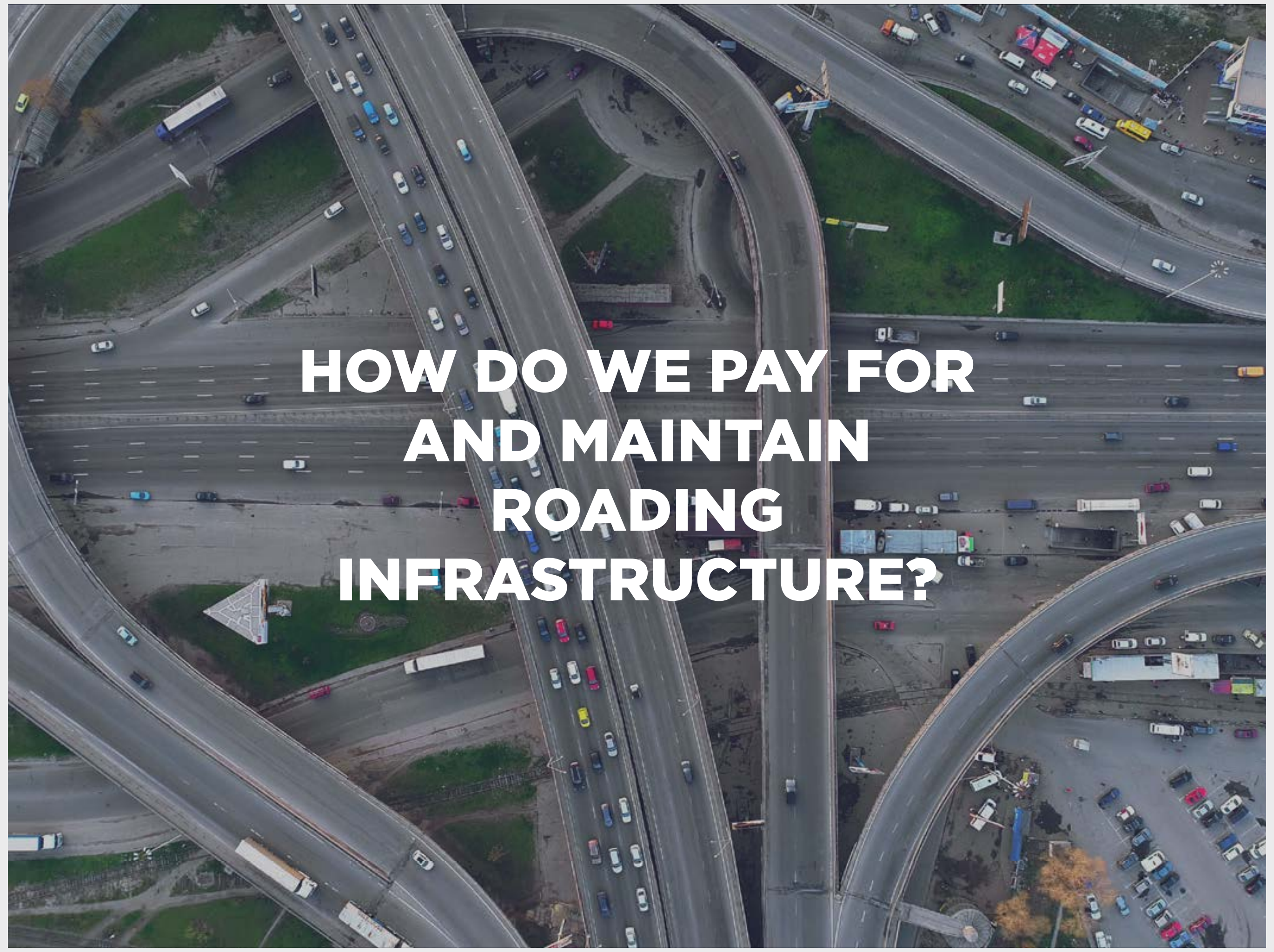
(8.3B KILOMETERS TRAVELLED)

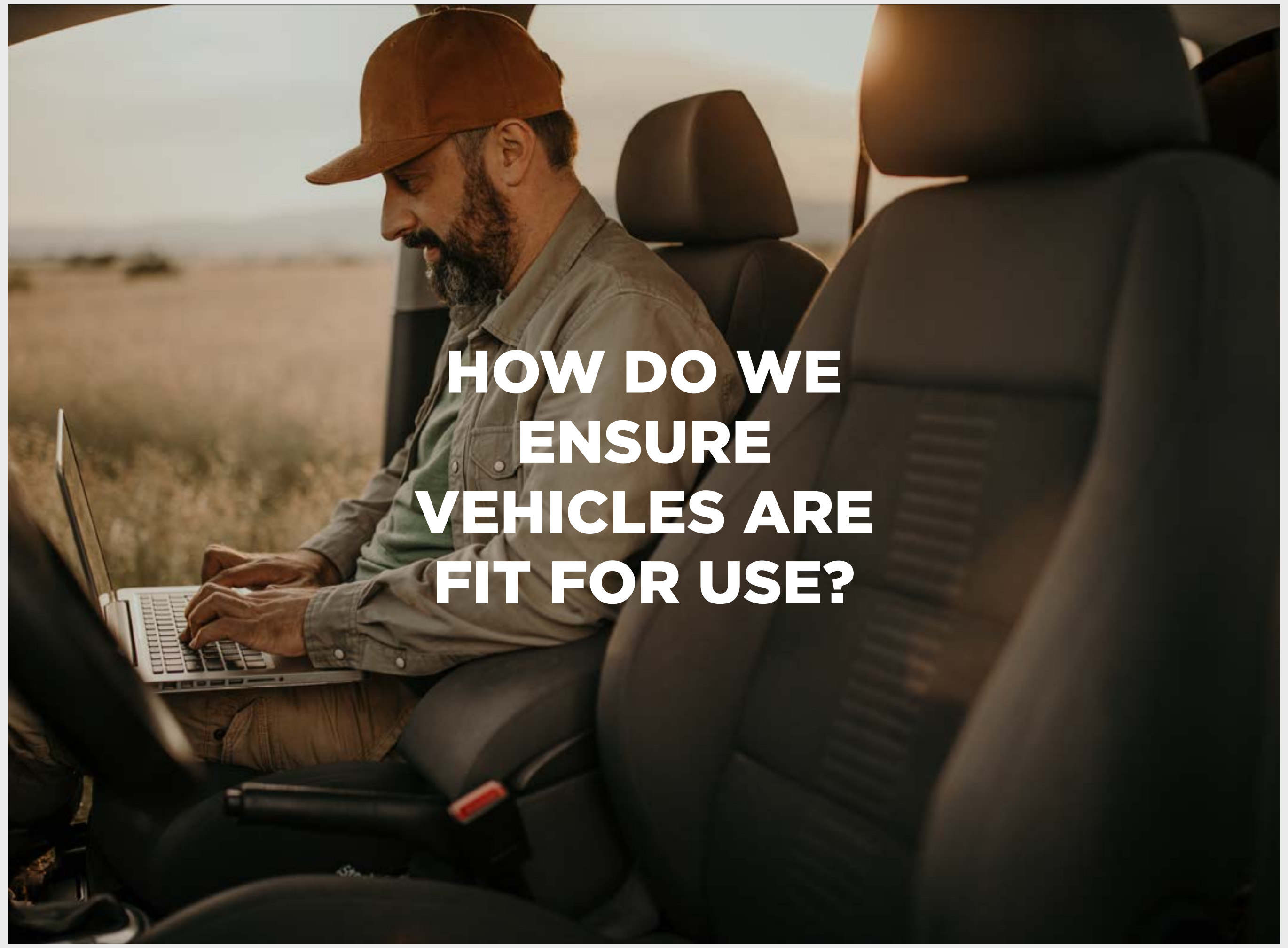


The above graph shows the reduction in over speed events over time as product enhancements have been added.

REGULATORY TELEMATICS

EVERY COUNTRY
IS LOOKING TO
SOLVE THE SAME
TRANSPORTATION ISSUES





TO DO GREAT REGULATORY TELEMATICS YOU NEED A GREAT PLATFORM

SECURE, RELIABLE, ACCURATE

Highly reliable network, paired with advanced ping rates – ensuring visibility for every trip

SIMPLIFIED COMPLIANCE

Easy to adopt and use

99.99%[1]

INDUSTRY-LEADING SERVICE UPTIME

Platform available therefore reducing business delays for customers

PROACTIVE CUSTOMER SERVICE

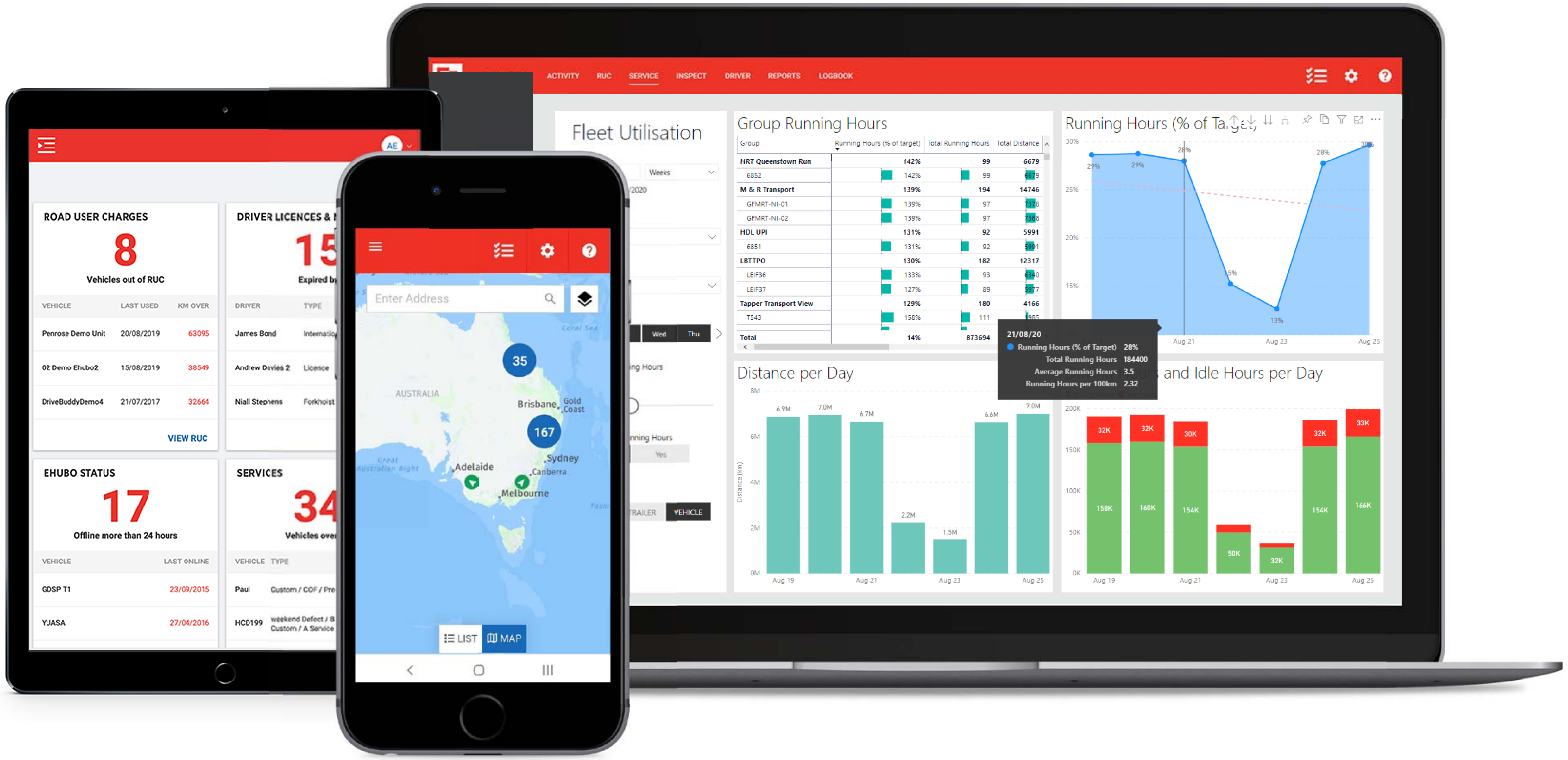
Responsive, knowledgeable and friendly customer service team

[1] 12 months ended 13 November 2020

PLATFORM OVERVIEW

MyEROAD

USED BY DISPATCH OPERATORS, FLEET MANAGERS, SAFETY OFFICERS AND OPERATIONS



MyEROAD provides customers with a range of real time reports and analytical reports for managing their fleets and drivers efficiently and safely.

MyEROAD integrates into back office – logistics and business insights.

MyEROAD platform provides fleet operators with the following tools and services:

REGULATORY COMPLIANCE

Software varies across jurisdicitions in line with differing legislative requirements for compliance

DRIVER MANAGEMENT & ROAD SAFETY

Monitor driver fatigue and behaviour

FLEET MANAGEMENT

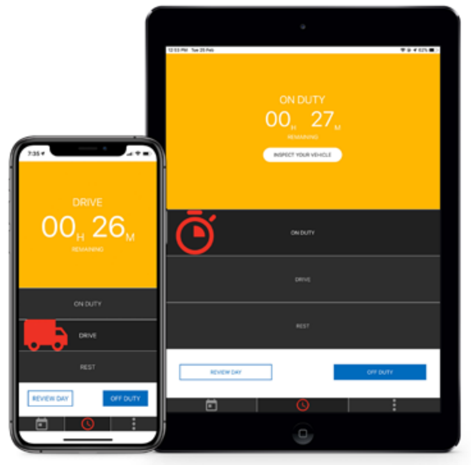
Maps, tracking and utilisation analytics.

PLATFORM OVERVIEW

EHUBO

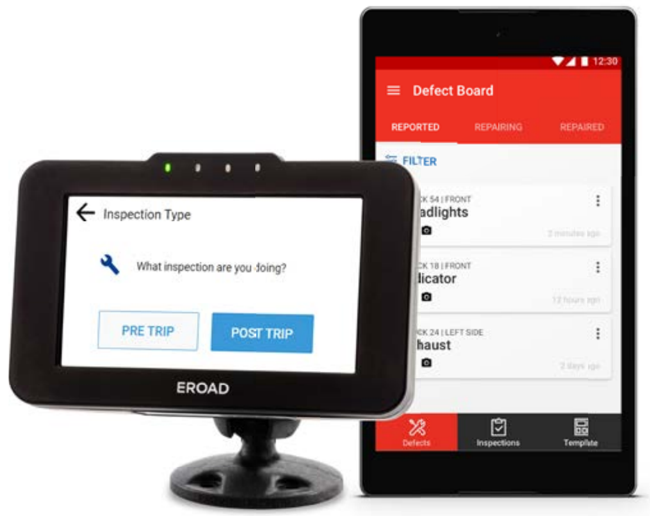
IN CAB DRIVER INTERFACE

LOGBOOK



- A unified in-Cab Driver Experience
- Compliance as easy as cruise control
- Ongoing driver coaching & gamification

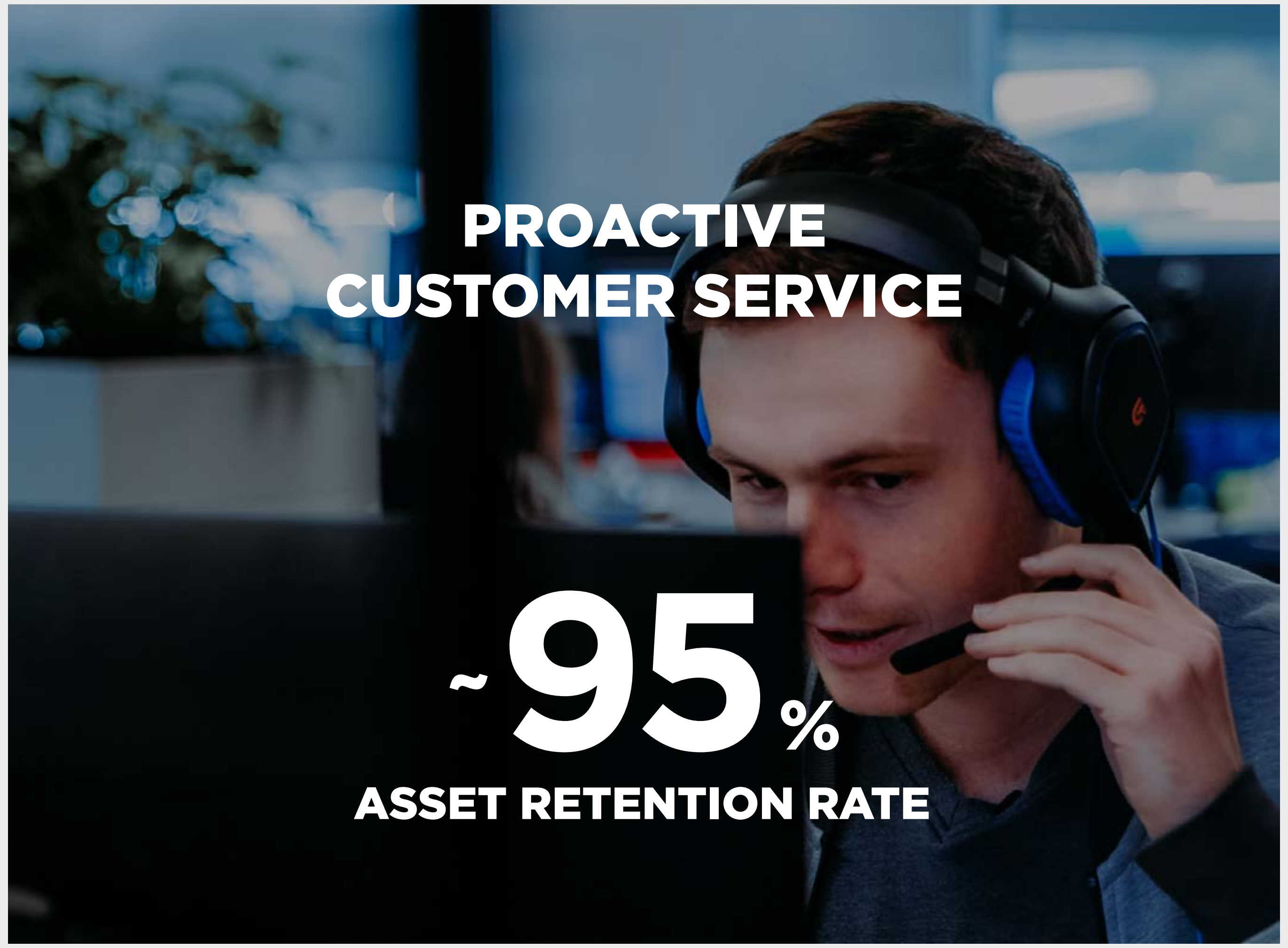
INSPECT



Allows drivers to carry out pre and post trip vehicle inspections – and record any defects to be fixed, or maintenance to be completed.

- EROAD's main hardware product is a dashboard mounted device (Ehubo) connected to a cloud based data and analytics platform (MyEROAD)
- Ehubo is a regulatory approved device that uses GPS and other onboard sensors to measure time, distance, location, and other vehicle operational data
- The Ehubo continually transmits data via secure cellular networks to MyEROAD

WHY OUR CUSTOMERS CHOOSE US



PROACTIVE CUSTOMER SERVICE

~95%

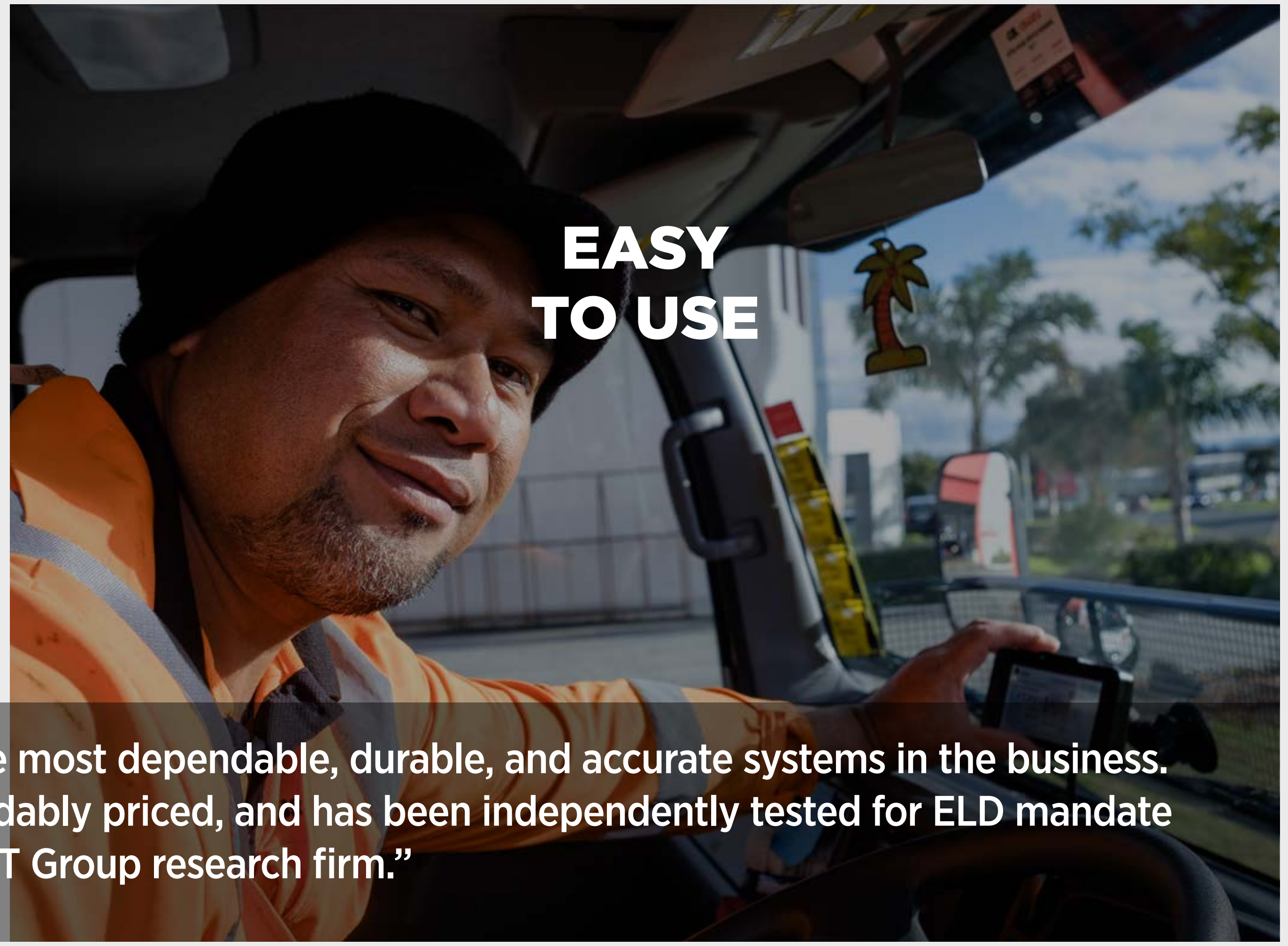
ASSET RETENTION RATE

DIFFERENTIATED SOLUTIONS

RELIABLE AND ACCURATE

99.99%[12]

UPTIME



EASY TO USE

#1/33[13] ON ELD RATINGS

"EROAD is one of the most dependable, durable, and accurate systems in the business. It's easy to use, affordably priced, and has been independently tested for ELD mandate compliance by the PIT Group research firm."

[12] For the 12 months ended 13 November 2020

[13] ELD Ratings supplies ratings of 33 of the top tier ELD solution providers out of 313 that supply a solution that is self certified with the FMCSA

BUILDING OUR CUSTOMERS' TELEMATICS JOURNEY, TOGETHER

EXAMPLE OF A LARGE CUSTOMER'S EROAD JOURNEY

2013

Customer saw value in eRUC and off-road solutions

Selected as preferred supplier

Connected ~200 Ehubo1 units and TUBOs (trailer tracking solution) across one regional division

2014 – 2016

Expanded across regional divisions, increasing the number of Ehubo1 units connected

Introduced Driver ID, Fuel Card integration and reporting Elocate onto construction assets

2017

Won RFP on providing full solution nationwide

Heavy Vehicles upgraded Driver ID, Safe Driver and Posted Speed

Light Vehicles started to be connected following launch of Ehubo2 on Driver ID, Safe Driver and Posted Speed

Assets upgraded to Driver ID, Fuel on box and Idle alert.

Sub-contractors of customers were mandated to have EROAD fitted for transparency

2018 – 2020

Upgraded majority Ehubo1 units to Ehubo2

Etrack wired replacing Elocate where waterproof unit required

NOW

~4k connected units

'EROAD Where' and 'Logbook' trial underway

A COMPELLING ROI CASE

RUC SAVINGS OF

~$24.67 PER MONTH PER HEAVY VEHICLE

FUEL SAVINGS OF APPROX.

~$114,000 PER ANNUUM

REDUCTION IN OVERSPEED EVENTS

~92% PER 100KM SINCE EROAD INSTALLATION OF EHUBO2

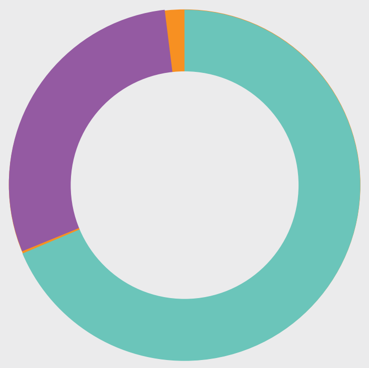
SAVING

~6 FTE WITH ERUC

EROAD CUSTOMERS

- Customer base is diverse across region, business size and industry
- EROAD markets and sells its products in New Zealand, North America and Australia
  - Market leader in New Zealand, with a broad customer base of both heavy and light vehicle fleets across most industries
  - Established presence in North America, concentrated in heavy transport across targeted industries and regions
  - Growing presence in Australia as EROAD builds its brand and leverages Trans Tasman opportunities
- Our strategy is focused on increasing enterprise customers in North America and Australia

CONTRACTED UNITS *by region*



69% New Zealand

29% North America

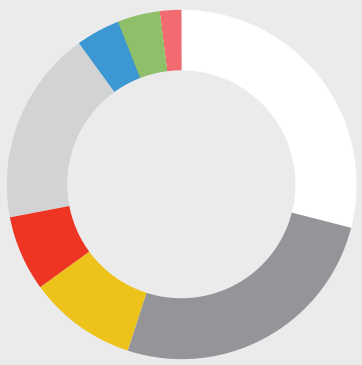
2% Australia

CONTRACTED UNITS *by business size*

57% Small to Medium

43% Enterprise[15]

CONTRACTED UNITS *by industry*[14]



30% Construction & Civil Engineering

25% Freight & Road Transport

9% Agriculture/Forestry

8% Services & Trade

4% Wholesale distribution

4% Government

2% Utlities

18% Other

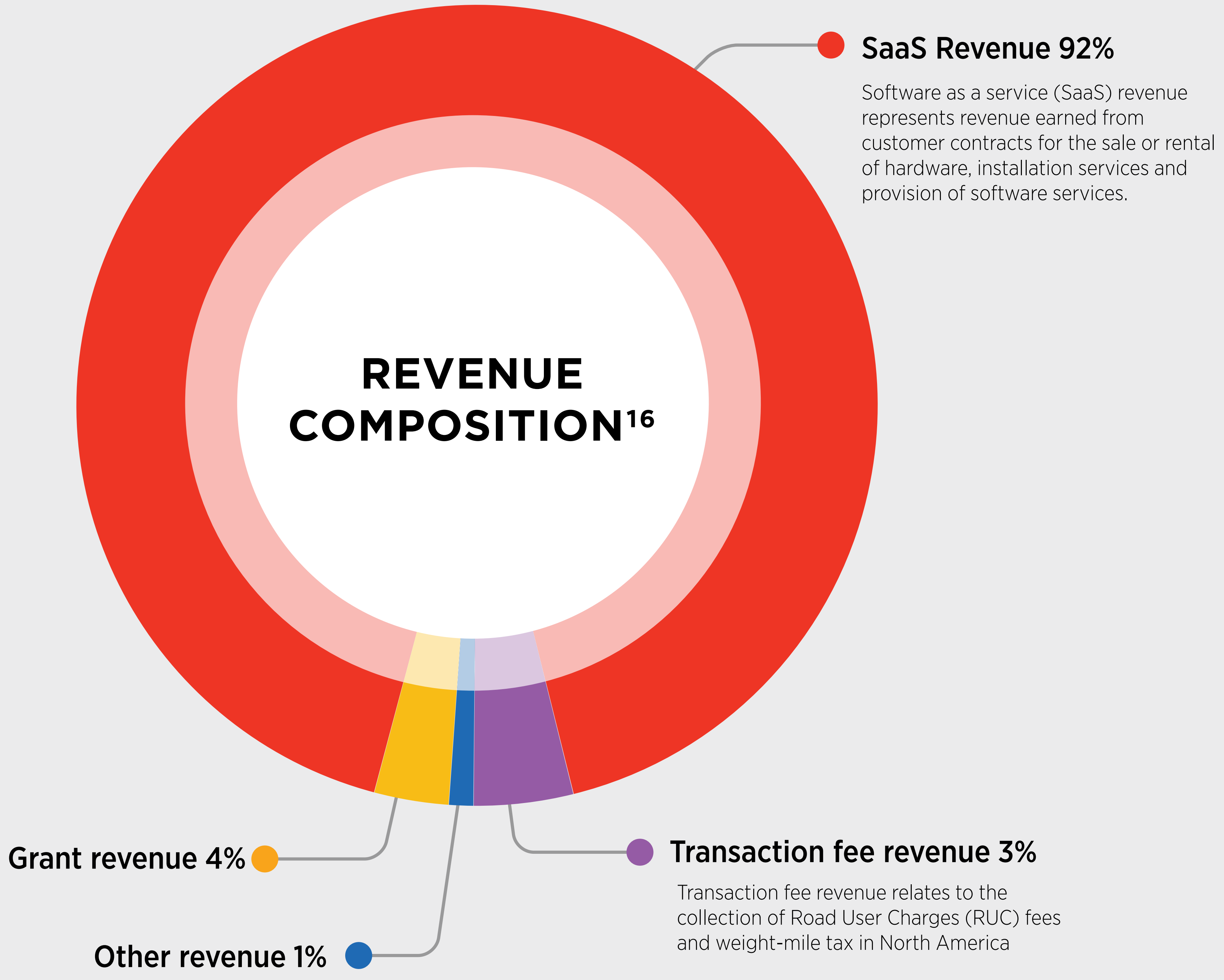
[14] As at 2 September 2020

[15] Enterprise is defined as fleet sizes > 150 for New Zealand and Australia > 500 for North America

RECURRING SAAS REVENUE MODEL

- EROAD generates SaaS revenue through:
  - sale and rental of hardware
  - the licensing of its software on a monthly subscription basis; and
  - the installation of its Ehubo hardware device.
- EROAD has a SaaS based revenue model (94% of FY20 revenue).
- EROAD typically bundles the hardware/software together under a user contract with a typical length of 36 months.
- For H1 FY21, EROAD generated monthly SaaS ARPU of $59, an asset retention rate of 95% and ended the period with 122k connected units
- EROAD invested 19% of revenue in R&D in FY20 to enhance its product offering, grow ARPU and maintain customer retention and win new small to medium business and enterprise customers.

EROAD DRIVEN BY RECURRING SAAS REVENUE



[16] For the six months ended 20 September 2020 (H1 FY21)

THE RIGHT TEAM FOR GROWTH

Over the last 2 years:

- Board has been going through a period of renewal with Susan Paterson and Barry Einsig appointed.
- Strengthened Executive Team in place: Key hires in Finance, Marketing, Operations, People & Culture and Product.
- Deep capability building in key areas, including R&D, M&A, Sales and Customer Success.
- Continued focus on strengthening capability and culture

OUR BOARD

GRAHAM STUART[17,18]
Chairman, Independent Director

BARRY EINSIG[18]
Independent Director

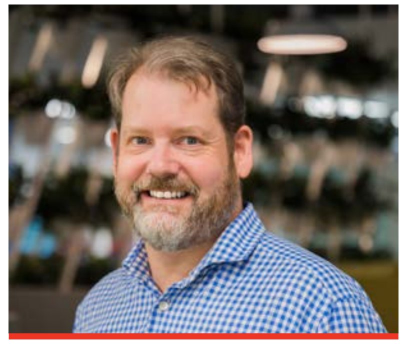
TONY GIBSON[17,18]
Independent Director, Chairman of Remuneration, Talent and Nomination Committee

SUSAN PATERSON[17,18]
Independent Director, Chair of the Finance, Risk and Audit Committee

STEVEN NEWMAN
Executive Director / CEO

EXECUTIVE TEAM

STEVEN NEWMAN
Executive Director / CEO



ALEX BALL
Chief Financial Officer

MATT DALTON
EVP Operations

NORM ELLIS
President – North America

MARK HEINE
EVP General Counsel and Company Secretary

MIKE SWEET
Chief People Officer

GENEVIEVE TEARLE
Chief Marketing Officer and General Manager EROAD Where

SARAH THOMPSON
Chief Product Officer

TONY WARWOOD
Executive General Manager
Australia & New Zealand

Note: Recruiting is underway for a Chief Technology Officer, to replace Jarred Clayton

For full bios, refer to EROAD's FY20 Annual Report on pages 63-64 for the Board and pages 61-62 for the ExecutiveTeam

[17] Member of Finance, Risk and Audit Committee. [18] Member of Remuneration, Talent and Nomination Committee.

EROAD

For further information please contact:

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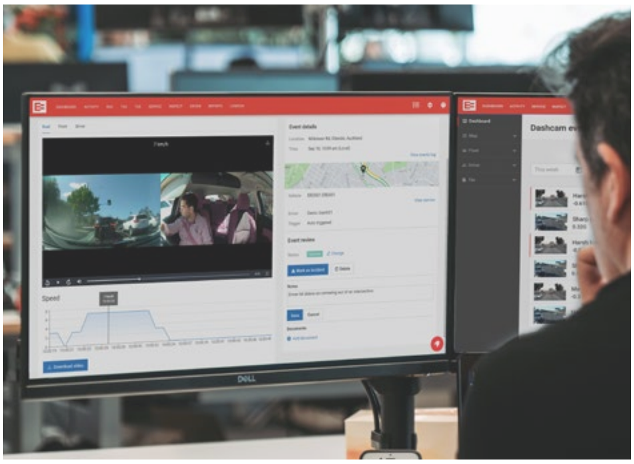
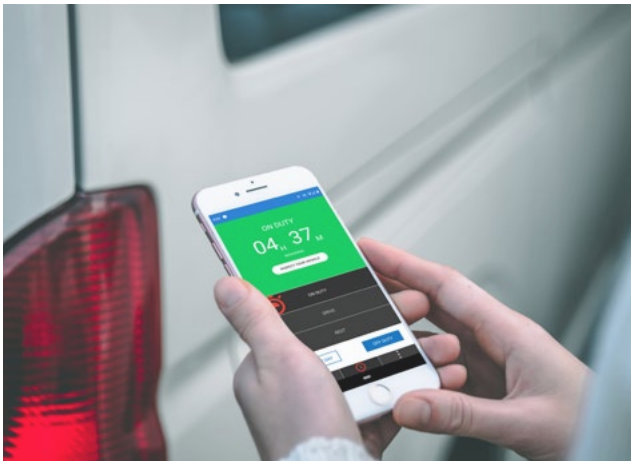
EROAD
2021 INTERIM REPORT





LETTER FROM THE CHAIRMAN AND CEO

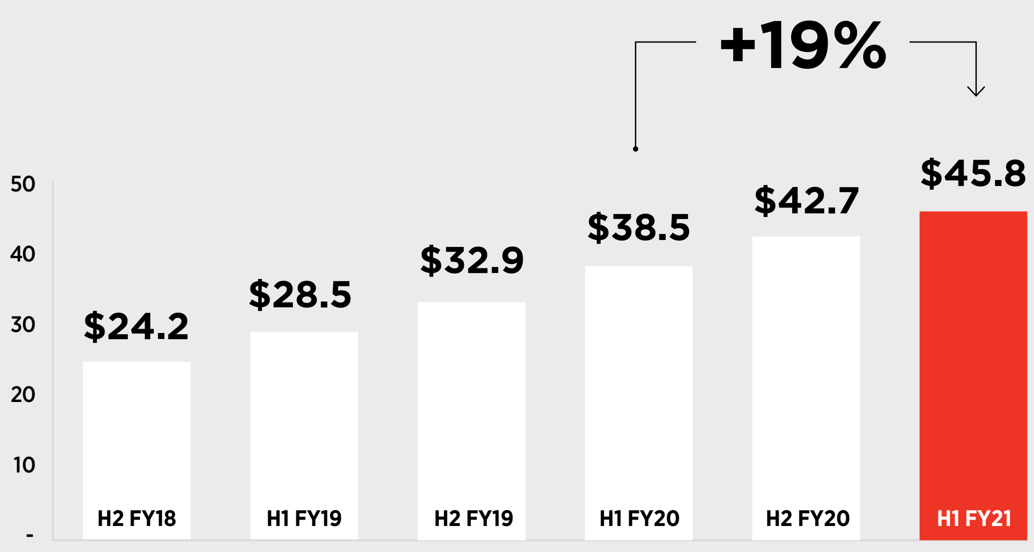
DEAR SHAREHOLDER

We are pleased to report our financial results for the six months ended 30 September 2020 (H1 FY21). During the period, we both grew and operated effectively despite COVID-19 restrictions, and we also accelerated our growth strategies.

We believe that the time to be bold is now. Accordingly, we are increasing investment in our platform and products to capture the significant growth opportunity for EROAD once market uncertainty recedes.

Our customers are looking for innovative telematic solutions to reduce cost and improve efficiency within their businesses and we plan to deliver these.

REVENUE

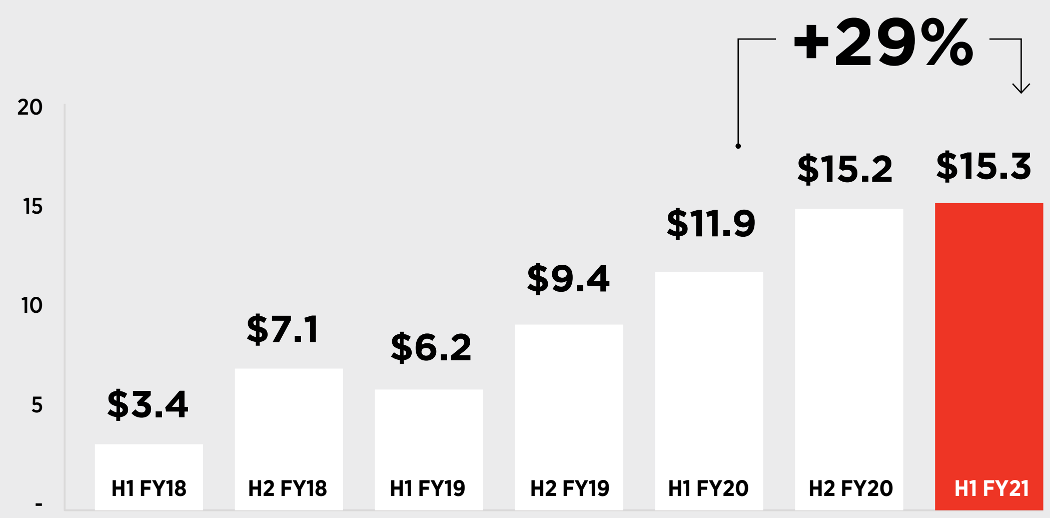


Revenue increased period on period by 19% from $38.5m to $45.8m, reflecting both the growth in contracted units from 108,414 to 122,193 as well as an increase in Average Monthly Revenue per Unit (ARPU) from $57.60 to $58.80. In the same period our asset retention rate remained steady at 95%. Our Annualised Monthly Recurring Revenue metric (AMRR) provides a forward view of revenue. This increased from $84.0m at 31 March 2020 to $84.8m as at 30 September 2020, reflecting the growth in both new units and SaaS Average Revenue per Unit, partly offset by foreign exchange translation impacts.

Operating expenditure increased from $26.6 million to $30.5 million period on period reflecting increased research and development operating expenditure and further ongoing spend on initiatives to deliver longer-term improvements in operating leverage. As a result, EBITDA increased by 29% to $15.3m.

We continue to see substantial and increased future growth opportunities and, for that reason, we accelerated our investment in research and development in this period. In the half year to 30 September 2020, a total of $9.3m was invested in research and development, representing 20% of revenue. Of this amount, $5.1m was capitalised and $4.2m of previously capitalised research and development was expensed and amortised.

EBITDA



New Zealand was the least impacted of our markets by COVID-19 restrictions, and we saw growth rates in this market return to pre COVID-19 levels relatively quickly once restrictions were lifted. New Zealand revenue increased by 13% period on period to $28.9m and EBITDA increased period on period by 14% to $18.5m. Since 31 March 2020 EROAD has added 4,160 units in New Zealand. This growth was driven predominantly from new customers across a range of industries with medium sized fleets, as well as further extension into the fleets of several larger existing customers.

Revenue for North America increased by $4.5m to $16.4m and EBITDA increased period on period from $3.2m to $5.9m.

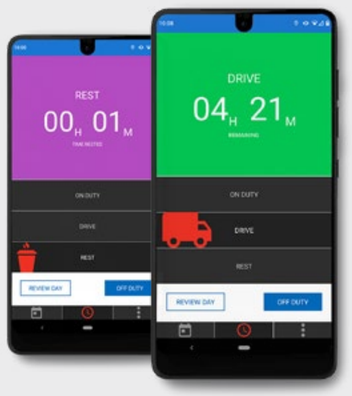
North America's growth slowed, with EROAD adding only 1,292 units since 31 March 2020, reflecting the challenging macro-economic conditions. The launch of 'EROAD Go' and 'EROAD Clarity Dashcam' are considered critical steps in further expanding the North America addressable market and being able to win more medium and enterprise customers.

Growth in Australia was also heavily impacted by COVID-19 restrictions, particularly in Melbourne. 253 units were added by EROAD since 31 March 2020. Revenue for the Australian business was $0.8m, compared to H1 FY20 of $0.3m. EBITDA was $(0.4)m, as EROAD continued to invest into this new market to support future growth.

LAUNCHING INNOVATIVE PRODUCTS TO SOLVE OUR CUSTOMERS' PROBLEMS

EROAD believes that further growth in contracted unit numbers and ARPU, as well as retaining customers, will be achieved by continuing to launch innovative products into our markets.

During the period we launched our new 'EROAD Day Logbook' for New Zealand. This simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet. EROAD customers can then use the investigative tools on the web portal to examine the driver's workday, enabling easier compliance and reporting. Since the launch in Q1 FY21, EROAD has sold 1,373 'EROAD Day Logbook' subscriptions by 30 September 2020.



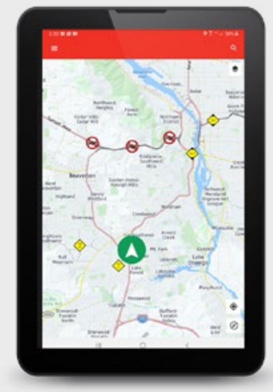
EROAD LOGBOOK VIDEO ▸

#1

EROAD's Electronic Logging Device (ELD) rating improved from #2 to #1 on ELD Ratings.[1]

In September 2020, 'EROAD Go', a mobile workflow application that connects with customers' transport management systems, was launched in North America. This product allows critical data to flow between the driver, dispatch, safety, compliance, accounts and back office, which allows real-time management of logistics, routing between deliverables and monitoring driver safety and compliance. This improves compliance, safety and accountability outcomes for the customer, in addition to improving cash-flow.

The launch of 'EROAD Go', together with the Q3 release of 'EROAD Clarity Dashcam', are considered critical steps in further expanding the North America addressable market and increasing EROAD's ability to win more medium and enterprise customers



EROAD GO VIDEO ▸

EROAD held virtual launch events for its 'EROAD Clarity Dashcam' during October 2020 in New Zealand and Australia. Attendees responsible for fleet management, road safety and asset management logged on to EROAD's interactive technology event and product launch. The 'EROAD Clarity Dashcam', which is fully integrated into EROAD's Ehubo product, is designed to help improve safety, enabling driver coaching and incident prevention and, in cases where an accident has happened, provides proof of facts. We anticipate strong demand for this product as our customers look to improve safety and reduce their insurance premiums by demonstrating their vehicle safety.

The introduction of the 'EROAD Clarity Dashcam' into EROAD's product offering from Q3 FY21 will allow EROAD to grow ARPU and retain customers across all markets.

EROAD CLARITY DASHCAM VIDEO ▸

[1] ELD ratings supplies ratings of 33 of the top tier ELD solution providers out of 313 that supply a solution that is self certified with the FMCSA

BOARD UPDATE

Both Michael Bushby and Candace Kinser retired from the EROAD Board in July this year. We would like to take this opportunity to thank them both for their contribution. As part of our succession planning, we have been fortunate to have Barry Einsig and Susan Paterson join the Board over the last two years. The Board continues to review its composition and skills and will update you all on any changes in due course.

IMPROVING CAPITAL STRUCTURE AND INVESTING FOR GROWTH

In a significant milestone for the company, EROAD was admitted onto the Australian Stock Exchange (ASX) on 16 September as a Foreign Exempt Listing. The Board determined that it was also the appropriate time to raise capital to accelerate the execution of our growth strategies, increase liquidity and to broaden our investor base. We thank EROAD shareholders for their strong support in successfully raising $53 million via the private placement ($42 million) and an oversubscribed share purchase plan ($11 million). These funds will be used to extend and increase the scalability of the platform to focus on winning medium and enterprise customers in North America and Australia, developing integration and data analytics capability further and increase sales and marketing activity.

H2 FY21 AND FY22 OUTLOOK

Looking ahead to the second half of the financial year, EROAD is anticipating a small increase in revenue compared to the first half. EBITDA is anticipated to be similar to the first half's figure (adjusted for one-off items) reflecting the acceleration of product development and increased sales and marketing costs associated with the launches of key products.

For FY22, EROAD anticipates that the percentage revenue growth in FY22 will strengthen, but not be at the level experienced in FY20. In New Zealand, EROAD expects similar growth to the last four years. In North America, EROAD is targeting an increased addressable market through improved product market fit, to deliver increased unit growth. In Australia, growth during the next 2 years will come predominantly from an Enterprise pipeline of 15-20,000 vehicles. As EROAD continues to accelerate new product delivery for future growth in FY23 and FY24, it anticipates spending 24-27% of revenue on R&D during FY22. However, the company anticipates EBITDA margin to be maintained but improving at the end of FY22, to provide further increased EBITDA margin.

Thank you for your continued support of EROAD and we look forward to updating you on our progress in May with the release of our FY21 financial results.

Graham Stuart
Chairman

Steven Newman
Chief Executive Officer

NON-GAAP MEASURES

EROAD has used non-GAAP measures when discussing financial performance in this report. 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 Adjusted EBITDA, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, EBITDA margin, Free Cash Flow and Future Contracted Income (FCI). The definitions of these can be found on pages 37 of the H1 FY21 investor presentation.

All numbers relate to the six months ended 30 September 2020 (H1 FY21) and comparisons relate to the six months ended 30 September 2019 (H1 FY20), unless stated otherwise. All dollar amounts are in NZD.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue	2	45.8	38.5
Operating Expenses	3	(30.5)	(26.6)
Earnings before interest, taxation, depreciation and amortisation		**15.3**	**11.9**
Depreciation of Property, Plant and Equipment	8	(4.6)	(4.0)
Amortisation of Intangible Assets	9	(4.8)	(3.6)
Amortisation of Contract and Customer Acquisition Assets		(3.5)	(2.9)
Earnings/(loss) before interest and taxation		**2.4**	**1.4**
Finance income		0.2	-
Finance expense		(1.4)	(1.6)
Net financing costs		**(1.2)**	**(1.6)**
Profit/(Loss) before tax		**1.2**	**(0.2)**
Income tax (expense)/benefit	11	(0.2)	0.1
Profit/(Loss) from continuing operations		**1.0**	**(0.1)**
Profit/(Loss) after tax for the period attributable to the shareholders		**1.0**	**(0.1)**
Items that are or may be reclassified subsequently to profit or loss			
Other comprehensive income		(0.7)	(0.2)
Total comprehensive profit/(loss) for the period		**0.3**	**(0.3)**
Earnings/(Loss) per share - Basic (cents)		1.49	(0.16)
Earnings/(Loss) per share - Diluted (cents)		1.49	(0.16)

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 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
CURRENT ASSETS			
Cash and cash equivalents	7	49.0	3.4
Restricted bank accounts	7	9.2	14.0
Trade and other receivables		9.1	10.7
Contract fulfilment costs		3.1	3.2
Costs to obtain contracts		2.4	2.7
Total Current Assets		**72.8**	**34.0**
NON-CURRENT ASSETS			
Property, plant and equipment	8	34.8	37.4
Intangible assets	9	42.9	42.1
Contract fulfilment costs		2.4	2.7
Costs to obtain contracts		1.7	2.1
Deferred tax assets		7.5	7.5
Total Non-Current Assets		**89.3**	**91.8**
TOTAL ASSETS		**162.1**	**125.8**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AS AT 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
CURRENT LIABILITIES			
Borrowings	12	6.5	2.2
Trade payables and accruals		7.8	8.2
Payables to transport agencies	7	9.2	13.9
Current tax payable		0.4	-
Contract liabilities	10	4.4	3.6
Lease liabilities		1.0	1.0
Employee entitlements		2.3	1.8
Total Current Liabilities		**31.6**	**30.7**
NON-CURRENT LIABILITIES			
Borrowings	12	31.1	33.6
Contract liabilities	10	2.8	4.6
Lease liabilities		4.8	5.3
Deferred tax liabilities		-	0.3
Total Non-Current Liabilities		**38.7**	**43.8**
TOTAL LIABILITIES		**70.3**	**74.5**
NET ASSETS		**91.8**	**51.3**
EQUITY			
Share capital	6	120.7	80.7
Translation reserve		(3.6)	(2.9)
Accumulated losses		(25.3)	(26.5)
TOTAL SHAREHOLDERS' EQUITY		**91.8**	**51.3**

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

Chairman, 26 November 2020

Chair of the Finance, Risk and Audit Committee, 26 November 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	Share Capital Unaudited $M's	Retained Earnings Unaudited $M's	Translation Reserve Unaudited $M's	Total Unaudited $M's
BALANCE AS AT 1 APRIL 2019 (AUDITED)		80.6	(27.7)	(1.7)	51.2
Proft/(Loss) after tax for the period		-	(0.1)	-	(0.1)
Other comprehensive loss		-	-	(0.2)	(0.2)
Total comprehensive loss for the period, net of tax		**-**	**(0.1)**	**(0.2)**	**(0.3)**
Equity settled share-based payments		0.1	0.2	-	0.3
Share capital issued	6	-	-	-	-
Balance at 30 September 2019 (Unaudited)		**80.7**	**(27.6)**	**(1.9)**	**51.2**
BALANCE AS AT 1 APRIL 2020 (AUDITED)		80.7	(26.5)	(2.9)	51.3
Proft/(Loss) after tax for the period		-	1.0	-	1.0
Other comprehensive income		-	-	(0.7)	(0.7)
Total comprehensive Income/(Loss) for the period, net of tax		**-**	**1.0**	**(0.7)**	**0.3**
Equity settled share-based payments		-	0.2	-	0.2
Share capital issued	6	40.0	-	-	40.0
Balance at 30 September 2020 (Unaudited)		**120.7**	**(25.3)**	**(3.6)**	**91.8**

The above 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 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Cash flows from operating activities			
Cash received from customers		46.3	37.6
Payments to suppliers and employees		(31.0)	(26.3)
Interest paid		(1.0)	(1.4)
Tax (paid)/received		-	-
Net cash inflow from operating activities		**14.3**	**9.9**
Cash flows from investing activities			
Payments for investment in property, plant & equipment		(1.7)	(6.3)
Payments for investment in intangible assets		(5.7)	(8.3)
Payments for investment in contract fulfilment assets		(1.6)	(1.8)
Payments for investment in customer acquisition assets		(0.7)	(2.1)
Net cash outflow from investing activities		**(9.7)**	**(18.5)**
Cash flows from financing activities			
Receipts from bank loans		1.8	18.3
Repayments of bank loans		-	(15.4)
Cash (outflow)/inflow from lease liability		(0.8)	(0.2)
Receipts from issue of equity		42.0	-
Payments for costs of raising equity		(2.0)	-
Net cash inflow from financing activities		**41.0**	**2.7**
Net increase/(decrease) in cash held		**45.6**	**(5.9)**
Cash at beginning of the financial period		**3.4**	**16.1**
Closing cash and cash equivalents		**49.0**	**10.2**

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

RECONCILIATION OF OPERATING CASH FLOWS WITH REPORTED LOSS AFTER TAX

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Proft/(Loss) after tax for the six month period attributable to the shareholders		1.0	(0.1)
Add/(less) non-cash items			
Tax asset recognised		(0.3)	(0.1)
Depreciation and amortisation		12.9	10.5
Other non-cash expenses/(income)		(0.5)	(1.4)
		12.1	**9.0**
Add/(less) movements in other working capital items:			
Decrease/(increase) in trade and other receivables		1.6	(0.9)
Decrease/(increase) in current tax payables		0.4	-
Decrease/(increase) in contract liabilities		(1.0)	0.1
Increase /(decrease) in trade payables, interest payable and accruals		0.2	1.8
		1.2	**1.0**
Net cash from operating activities		**14.3**	**9.9**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

The condensed consolidated financial statements of EROAD Limited (EROAD), together with its subsidiaries (the "Group"), as at and for the six months ended 30 September 2020, have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34: "Interim Financial Reporting" (NZ IAS 34), and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and should be read in conjunction with the financial statements as at and for the year ended 31 March 2020. The Group is a profit oriented entity.

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. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013. The condensed consolidated financial statements comprise EROAD Limited and its subsidiaries (the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

The condensed consolidated financial statements for the Group are for the period ended 30 September 2020.
The financial statements were authorised for issue by the directors on 25 November 2020 and are unaudited.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

Statement of compliance with NZ IFRS

The condensed consolidated financial statements comprise the following: condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and accounting policies and notes to the condensed consolidated financial statements contained on pages 11 to 30.

These condensed consolidated financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2020 ('last annual financial statements'). These 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 financial statement.

Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair value.

Going concern

The directors have 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 at 30 September 2020 of $49.0 million and bank borrowing facility of $66.0 million of which $27.7m was undrawn after including borrowing cost of $0.7 million. This provides sufficient headroom to help support the business for at least the next 12 months.
- The future contracted income of $140.0 million provides certainty of future revenue; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.

Presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest million dollars ($M's).The functional currency of EROAD Limited is New Zealand Dollars (NZD).

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Following this, in each of EROAD's markets of New Zealand, the United States and Australia, lockdowns of varying severity were introduced. These lockdowns continued in these markets from late March and while some lockdown restrictions have eased in each of the markets, a range of preventive measures still remain such that each of the markets has yet to return to the level of economic trading conditions prevalent prior to the COVID-19 crisis.

NOTE 1 SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES *(CONTINUED)*

Following the lockdowns being initiated EROAD was designated an essential service in each of its three markets and remained operational under its communicable illness business continuity plan. Despite this designation, EROAD still experienced a loss in customer demand for new or replacement units and services, aside from those customers who themselves were designated as essential services. Accordingly, each of EROAD's markets were impacted differently due to the differences in lockdown conditions, as well as the differing proportion of essential services customers in its total customer base.

A detailed assessment of the impact of COVID-19 on the EROAD statement of financial position was set out in the annual report dated 31 March 2020 (financial statements note 2). EROAD has not identified any material changes in this assessment, except for the following:

Doubtful debts - COVID-19 Provisions
EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers and provided for these based on a risk weighting. The criteria for the risk weightings includes:

- whether the customer is an essential service;
- which industry the customer belongs to, given EROAD's vehicular movement data has been analysed to assess the impact of COVID-19 lockdown by industry to determine the correlated impact on customers' revenue generating activity; and
- EROAD's understanding and experience with the customer.

EROAD has recorded additional estimated credit loss provisions to account for the estimated financial impact of any future defaults.

- Which industry the customer belongs to, and the impact of COVID-19 on that industry (using both payment analysis and the vehicular movement data that has been analysed to gain a view on the impact of COVID-19 on the customers' revenue generating activity);
- EROAD's understanding and experience with the customer; and
- Ensuring EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults.

The Group has recorded the following increase in expected credit loss to account for the impacts of the COVID-19 pandemic on the 30 September 2020 financial results:

Area	Recognition in Statement of Comprehensive Income	Amount ($M)
Doubtful Debts	**Operating Expenses**	**0.9**

Government Grants - COVID-19
On 25 March 2020, the US Government approved Coronavairus Aid, Relief, and Economic Security Act (CARES) to provide assistance to individuals, families and businesses affected by COVID-19. This included provision of loans under the Paycheck Protection Programme which can qualify for forgiveness subject to fulfilment of certain conditions. EROAD received funding under this programme during the reported period and has met the conditions for forgiveness. As a result, as at 30 September 2020, EROAD has recognised government grant revenue of $1.6m

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue from contracts with customers		
Software as a Service (SaaS) revenue	42.1	35.8
Transaction fee revenue	1.3	1.2
Other revenue	0.3	1.1
Other		
Grant revenue	2.1	0.4
Total Revenues	**45.8**	**38.5**

Set out above is the disaggregation of the Group's revenue from contracts with customers. The disaggregation reflects the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Specifically, 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. Transaction fee revenue relates to the collection of Road User Charges (RUC) fees.

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 are expected to be recognised by EROAD based on the time bands disclosed below.

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Software as a Service (SaaS) revenue		
Not later than one year	67.9	62.5
Later than one year not later than five years	72.1	68.4
Total price allocated to remaining performance obligations	**140.0**	**130.9**

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 above aligns with the Future Contracted Income reported by the Group.

Software as a service revenue
The Group has determined EROAD's customers do not have the right to direct the use of EROAD's asset (Ehubo) 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, 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. There are no variable consideration terms within the contracts.

Refer note 10 for contract liabilities.

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

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

and consumes the benefit of the service. Where installation revenue is received in advance of satisfying the performance obligation a contract liability is recognised. The contract liability is derecognised over time 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. As a result there is a financing component which the group recognise as a finance cost when consideration is received in advance.

Transaction fees
The Group acts as an agent for transport authorities in the market that it 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.

Capitalised contract fulfillment costs
The Group capitalises incremental costs of fulfilling customer contracts, typically distribution and installation costs. Contract fulfillment costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

Capitalised contract acquisition costs
The Group has applied a policy of capitalising only costs that are incremental in obtaining contracts with customers, typically sales commissions. Contract acquisition costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

NOTE 3 EXPENSES

GROUP	Notes	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Personnel expenses - net of capitalised employee remuneration	5	15.3	13.0
Administrative and other operating expenses		9.8	9.4
SaaS platform costs		5.0	4.0
Directors fees		0.2	0.2
Assurance services - KPMG		0.1	-
Tax compliance and advisory services - KPMG		0.1	-
Total operating expenses		**30.5**	**26.6**

During the six months the costs expensed for Research and Development was $4.2m (30 September 2019: $3.2m).

NOTE 4 SEGMENTAL NOTE

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 .

The Group has four segments as described below, which are the Group's strategic divisions. The strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the Group's CEO (the chief operating decision maker) 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

Reportable segment information
Information related to each reportable segment is set out below. Segment result represents Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA), which is the measure reported to the chief operating decision maker.

	Corporate & Development		North America		New Zealand		Australia	
	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's	30 SEPT 2020 Unaudited $M's	30 SEPT 2019 Unaudited $M's
Revenue								
Software as a Service (SaaS) revenue	0.3	-	13.9	11.3	27.4	24.2	0.5	0.3
Transaction fee revenue	-	-	-	-	1.3	1.2	-	-
Other revenue [1]	11.1	8.8	2.5	0.6	0.2	0.2	0.3	-
	11.4	**8.8**	**16.4**	**11.9**	**28.9**	**25.6**	**0.8**	**0.3**
Earnings Before Interest, Taxation, Depreciation & Amortisation	(8.9)	(6.7)	5.9	3.2	18.5	16.2	(0.4)	(0.8)
Depreciation of Property, Plant & Equipment	(0.6)	(0.5)	(2.2)	(1.9)	(2.4)	(2.3)	-	-
Amortisation of Intangible Assets	(4.8)	(3.6)	-	-	-	-	-	-
Amortisation of Contract and Customer Acquisition Assets	-	-	(1.0)	(0.8)	(2.4)	(2.1)	(0.1)	-

[1] Revenue from Corporate & Development Markets includes R&D Grant Income of $0.5m (30 September 2019: $0.4m).

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue		
Total revenue for reportable segments	57.5	46.6
Elimination of inter-segment revenue	(11.7)	(8.1)
Consolidated Revenue	**45.8**	**38.5**
EBITDA		
Total EBITDA for reportable segments	15.1	11.9
Elimination of inter-segment EBITDA	0.2	-
Consolidated EBITDA	**15.3**	**11.9**
Depreciation		
Total depreciation for reportable segments	(5.2)	(4.7)
Elimination of inter-segment profit	0.6	0.7
Consolidated Depreciation	**(4.6)**	**(4.0)**

Geographic information

The geographic information below analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the following information segment revenue has been based on the geographic location of customers.

GROUP	30 SEPTEMBER 2020 Unaudited $M's	30 SEPTEMBER 2019 Unaudited $M's
Revenue		
New Zealand	29.5	26.3
All foreign countries:		
USA	15.8	11.9
Australia	0.5	0.3
Total revenue	**45.8**	**38.5**

	Corporate & Development		North America		New Zealand		Australia	
	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's	30 SEPT 2020 Unaudited $M's	31 MARCH 2020 Unaudited $M's
Total assets	**100.5**	**79.2**	**26.1**	**23.5**	**37.2**	**42.3**	**2.7**	**2.7**

NOTE 4 SEGMENTAL NOTE *(CONTINUED)*

Reconciliation of information on reportable segments

GROUP	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Total assets		
Total assets for reportable segments	166.5	147.7
Elimination of inter-segment balances	(4.4)	(21.9)
Consolidated Total Assets	**162.1**	**125.8**

Allocation of Development Assets

Included within Total Assets are Development Assets of $34.0m as at 30 September 2020 (31 March 2020: $32.7m) 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. For impairment testing purposes management allocate the Development Assets to the cash generating units (CGUs) 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. At 30 September 2020 there was $24.4m (31 March 2020: $22.4m) of global Development Assets that have been allocated across CGU's based on the Contracted Units. The allocation of the Development Asset to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
North America	13.7	14.0
New Zealand	18.6	17.2
Australia	1.6	1.5
	33.9	**32.7**

Geographic information

The geographic information below analyses the Group's non-current assets by the Company's country of domicile and other countries. In presenting the following information segment assets were based on the geographic location of the assets.

	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Non-current assets		
New Zealand	68.0	66.3
All foreign countries:		
USA	13.3	17.2
Australia	0.7	0.9
Total non-current assets	**82.0**	**84.4**

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

NOTE 5 PERSONNEL EXPENSES

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019
	Unaudited $M's	Unaudited $M's
Salaries and wages - excluding capitalised commission costs	16.6	14.7
Annual leave	0.6	0.3
Performance bonus	0.5	0.4
Share-based payments	0.2	0.3
Salaries and wages capitalised to Development and Software Assets	(2.6)	(2.7)
	15.3	**13.0**

NOTE 6 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.

GROUP	Number of ordinary shares	Issue price $	Issued Capital $
AT 31 MARCH 2020 (AUDITED)	**68,278,772**		**80.7**
Shares issued to employees	22,848	3.73	0.1
Shares issued in September 2020 equity placement	10,769,231	3.90	42.0
Costs of raising capital	-		(2.1)
AT 30 SEPTEMBER 2020 (UNAUDITED)	**79,070,851**		**120.7**

On 22 September 2020 EROAD issued an additional 10,769,231 shares at a price of $3.90 each.

At 30 September 2020 there was 79,070,851 authorised and issued ordinary shares (31 March 2020: 68,278,772). 900,690 (31 March 2019: 906,783) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

The calculation of both basic and diluted loss per share at 30 September 2020 was based on the profit/(loss) attributable to ordinary shareholders of $1.0m (30 September 2019: ($106)). The weighted number of ordinary shares on 30 September 2020 was 67,888,360 (30 September 2019: 67,318,877) for basic earnings per share and 68,158,834 for diluted earnings per share (30 Septemner 2019: 68,069,248).

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.
- *Accumulated losses* - includes all current and prior period retained profits and share-based employee remuneration.

NOTE 7 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

GROUP	30 SEPTEMBER 2020	31 MARCH 2020
	Unaudited $M's	Audited $M's
Cash and cash equivalents	49.0	3.4
Restricted bank accounts	9.2	14.0
	58.2	**17.4**

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. At 30 September 2020 the amount payable to transport agencies was $9.2m (31 March 2020: $13.9m).

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

GROUP	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
YEAR ENDED 31 MARCH 2020 (AUDITED)								
Opening net book amount	6.0	25.0	0.2	1.7	0.4	0.3	0.3	33.9
Additions	-	10.8	0.1	0.3	0.1	0.1	0.2	11.6
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(1.0)	(6.7)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	(8.6)
Depreciation recovered	-	0.7	-	-	-	-	-	0.7
Effect of movement in exchange rates	0.1	(0.3)	-	-	-	-	-	(0.2)
Closing net book amount	**5.1**	**29.5**	**0.2**	**1.7**	**0.3**	**0.3**	**0.3**	**37.4**
Cost	7.1	51.2	0.7	2.9	1.1	1.2	3.1	67.3
Accumulated depreciation	(2.0)	(21.7)	(0.5)	(1.2)	(0.8)	(0.9)	(2.8)	(29.9)
Net book amount	**5.1**	**29.5**	**0.2**	**1.7**	**0.3**	**0.3**	**0.3**	**37.4**

GROUP	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 SEPTEMBER 2020 (UNAUDITED)								
Opening net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4
Additions	-	1.5	0.1	-	-	-	0.1	1.7
Disposals	-	-	-	-	-	-	-	-
Depreciation charge	(0.5)	(3.7)	-	(0.2)	-	(0.1)	(0.1)	(4.6)
Depreciation recovered	-	1.1	-	-	-	-	-	1.1
Effect of movement in exchange rates	-	(0.7)	-	(0.1)	-	-	-	(0.8)
Closing net book amount	**4.6**	**27.7**	**0.3**	**1.4**	**0.3**	**0.2**	**0.3**	**34.8**
Cost	6.9	52.1	0.8	2.7	1.1	1.2	3.1	67.9
Accumulated depreciation	(2.3)	(24.4)	(0.5)	(1.3)	(0.8)	(1.0)	(2.8)	(33.1)
Net book amount	**4.6**	**27.7**	**0.3**	**1.4**	**0.3**	**0.2**	**0.3**	**34.8**

Included in the Hardware Assets is equipment under construction of $8.3m (31 March 2020: $8.6m).

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.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

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.

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:

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

The above rates reflect the estimated useful lives of the respected categories. Leasehold improvements are depreciated over the contracted lease term.

NOTE 9 INTANGIBLE ASSETS

GROUP	Development $M's	Software $M's	Total $M's
YEAR ENDED 31 MARCH 2020 (AUDITED)			
Opening net book amount	29.8	3.3	33.1
Additions	9.6	6.9	16.5
Disposals	-	-	-
Amortisation charge	(6.7)	(0.8)	(7.5)
Closing net book amount	**32.7**	**9.4**	**42.1**
Cost	55.9	13.9	69.8
Accumulated amortisation	(23.2)	(4.5)	(27.7)
Net book amount	**32.7**	**9.4**	**42.1**

GROUP	Development $M's	Software $M's	Total $M's
SIX MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)			
Opening net book amount	32.7	9.4	42.1
Additions	5.1	0.5	5.6
Disposals	-	-	-
Amortisation charge	(3.8)	(1.0)	(4.8)
Closing net book amount	**34.0**	**8.9**	**42.9**
Cost	61.1	14.3	75.4
Accumulated amortisation	(27.1)	(5.4)	(32.5)
Net book amount	**34.0**	**8.9**	**42.9**

NOTE 9 INTANGIBLE ASSETS *(CONTINUED)*

The useful lives of the Group's Intangible Assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired. Where an indicator of impairment exists the Group makes a formal assessment of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell of the assets value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

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

Other intangible assets
Other intangibles assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

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

Amortisation
Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful life of intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Patents	10-20 years
Development Hardware & Platform	7-15 years
Development Products	5-10 years
Software	5-7 years

NOTE 10 CONTRACT LIABILITIES

The group enters into contracts with customers for the provision of software services over a contracted period. As stated in the accounting policies, this revenue is recognised over time as the customer simultaneously receives and consumes the benefit of the service. The Group has determined that the benefit of the services provided is consumed evenly over the period of the contract, and thus the performance obligations are satisfied evenly over the period. Where the Group receives a portion of the transaction price of a contract in advance, this is recognised as a contract liability and released over the contract period as the Group satisfies its performance obligations.

GROUP	30 SEPTEMBER 2020 Unaudited $M's	31 MARCH 2020 Audited $M's
Opening balance	8.2	10.0
Amounts deferred/(repaid) during the period	2.0	4.5
Amount recognised in the statement of comprehensive income	(3.0)	(6.3)
	7.2	**8.2**
Current	4.4	3.6
Non-current	2.8	4.6

NOTE 11 INCOME TAX EXPENSE

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019
	Unaudited $M's	Unaudited $M's
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**1.2**	**(0.2)**
Income tax using the Company's domestic tax rate of 28%	0.3	(0.1)
Reduction in tax rate	-	-
Non-deductible expense	(0.1)	-
Temporary differences		
Losses and timing differences not recognised	-	-
Effect of different tax rates	-	-
Income tax expense/(benefit)	**0.2**	**(0.1)**
(b) Current tax expense/(benefit)		
Current year	0.4	-
	0.4	**-**
(c) Deferred tax expense/(benefit)		
Current year	(0.2)	(0.1)
	(0.2)	**(0.1)**

At 30 September 2020 there were no imputation credits available to shareholders (30 September 2019: 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.

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 12 BORROWINGS

GROUP	30 SEPTEMBER 2020	31 MARCH 2020
	Unaudited $M's	Audited $M's
Current borrowings		
Term Loans	5.2	2.5
Capex Facilities	2.0	-
Capitalised borrowing costs	(0.7)	(0.3)
	6.5	**2.2**
Non-current borrowings		
Term Loans	31.1	33.6
Capex Facilities	-	-
	31.1	**33.6**

Terms and debt repayment schedule

GROUP			30 SEPT 2020	30 SEPT 2020	31 MARCH 2020	31 MARCH 2020
	Nominal Interest	Year of Maturity	Unaudited Face Value $M's	Unaudited Carrying amount $M's	Audited Face Value $M's	Audited Carrying amount $M's
Term Loans	3.86%	2023	36.3	36.3	36.1	36.1
Capex Facilities	3.84%	2020	2.0	2.0	-	-
Capitalised borrowing costs	0.00%	2020	-	(0.7)	-	(0.3)
			38.3	**37.6**	**36.1**	**35.8**

On 26 March 2020, in order to support funding requirements in connection with the Group's growth and to manage the related working capital requirements, the Company entered into a new syndicated three-year debt facility with the Bank of New Zealand (BNZ) and China Construction Bank (CCB). On 2 September 2020, to provide further diversity Kiwibank joined the syndicate increasing the total available facility. At 30 September 2020, EROAD had the following facilities in place:

$18.0M (NZD) Term Loan Facility A – to refinance existing debt. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. Principal payments of $1.25m are to be made quarterly commencing from December 2020 with the full outstanding balance payable on termination date.

$18.1M (NZD) Term Loan Facility B – used to refinance existing debt and general corporate purposes. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility full repayment on the termination date.

$25.0M Capital Expenditure Facility – to fund growth capital expenditure requirements. The Capital Expenditure Facility has a 36 month term from the March 2020 refinance date, with the facility having a maturity date in March 2023. Drawings can be made on the facility in NZD or USD. The interest rate is variable with reference the to base rate (BKBM bid rate for NZD drawings and US LIBOR for USD drawings) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months.
Interest payments are made on the last day of the determined interest period. In addition, a Commitment Fee of 45% of the per annum margin (1.58%) is payable on the undrawn balance of the facility quarterly in arrears. The full outstanding balance is payable on termination date.

NOTE 12 BORROWINGS *(CONTINUED)*

$5.0M Overdraft Facilities – for general working capital purposes. This is an on demand facility with the interest rate based on the Market Connect Overdraft Prime Rate plus a margin of 1.5%.

EROAD's operating covenants to support the above facilities include Debt Service Cover Ratio, Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 30 September 2020.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Australia Pty Limited and EROAD 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 Inc and EROAD Australia Pty Limited 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 13 RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported at 31 March 2020.

NOTE 14 CAPITAL COMMITMENTS

As at 30 September 2020 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to $0.6m (31 March 2020: $1.2m).

NOTE 15 CONTINGENT LIABILITIES

At 30 September 2020, EROAD has no contingent liabilities. At 31 March 2020 EROAD had applied to a tax department before balance date to retroactively amend rules applied to potential liabilities. EROAD has subsequently received a decision and recognised an accrual for the estimated cost.

NOTE 16 NET TANGIBLE ASSETS PER SHARE

GROUP	30 SEPTEMBER 2020	30 SEPTEMBER 2019	31 MARCH 2020
	Unaudited $000's	Unaudited $000's	Audited $000's
Net assets (equity)	91.8	51.3	51.3
Less intangibles	**(42.9)**	**37.8**	**(42.1)**
Total net tangible assets	48.9	13.5	9.2
Net tangible assets per share ($)	**0.62**	**0.20**	**0.13**

The non-GAAP measure above is disclosed to comply with NZX Debt Market Listing Rule 2.3(f).

NOTE 17 EVENTS SUBSEQUENT TO BALANCE DATE

On the 9th of October 2020 EROAD issued 2,820,489 shares under a share purchase plan announced on NZX on 17th September 2020 with an issue price of $3.90 (31 March 2020: Nil except as disclosed in note 2 (g) of the annual report related to impacts of Covid-19).

KPMG

Independent Review Report

To the shareholders of EROAD Limited

Report on the condensed consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements on pages 11 to 30 do not:

i. present fairly in all material respects the Group's financial position as at 30 September 2020 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

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

— the condensed consolidated statement of financial position as at 30 September 2020;

— the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of condensed consolidated financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") 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.

As the auditor of EROAD Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the group in relation to tax compliance, tax advisory and other assurance 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.

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Responsibilities of the Directors for the condensed consolidated financial statements

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

- the preparation and fair presentation of the condensed consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of a 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 condensed consolidated financial statements

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

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). Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

This description forms part of our Independent Review Report.

KPMG

KPMG
Auckland

26 November 2020

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