



Quarterly Operational Update

18 October 2019

EROAD delivers strong overall growth for Q2 of FY20

Transport technology services company EROAD today released its quarterly update for the three months ended 30 September 2019.

EROAD has continued to build on its good start to this financial year. In addition, the company has an encouraging overall pipeline that will continue to deliver solid growth. Second quarter highlights include:

- 28% annualised growth in total contracted units reflecting growth across all EROAD's markets;
- Strong annualised growth of 62% in North America reflects the majority of deployment to its largest two enterprise customers.

Quarterly Units	Total at 30 June 2019	Total at 30 Sept 2019	Units added in quarter	% Growth annualised
Total Contracted Units*	102,202	109,380	7,178	28%
New Zealand	72,975	75,674	2,699	15%
North America	27,848	32,193	4,345	62%
Australia	1,379	1,513	134	39%
YTD Units	Total at 30 Sept 2018	Total at 30 Sept 2019	Units added in 12 months	% Growth annualised
Total Contracted Units*	86,240	109,380	23,140	27%
New Zealand	64,029	75,674	11,645	18%
North America	20,955	32,193	11,238	54%
Australia	1,256	1,513	257	20%

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

EROAD continues to see good growth in New Zealand as existing customers expand the implementation of EROAD technology in their fleets as well as continuing growth in new customers. Over the quarter, New Zealand grew 4%, in line with the company's expectations, with consistent pricing, attracting both enterprise and small to medium businesses.

The North American market for EROAD delivered strongly with Total Contracted Units up 54% on Q2FY19. Within this quarter, deployments were completed for EROAD's largest enterprise customer (c 5,500 units). Additionally, following the signing of a further large enterprise customer in June, EROAD's investment in scalable systems and processes enabled installation of over 90% of the



contracted units (c 1,650) for that customer within eight weeks. The run rate for small to medium business customers has to date been below EROAD's expectations. Additionally, EROAD has not seen the anticipated level of increase in sales pipeline ahead of the AOBRD to ELD mandate deadline at the end of December 2019.

EROAD continued to build its brand presence in the Australian market, with steady growth of 10% in the quarter reflecting gains in the small-to-medium businesses sector. While steady, the small-to-medium business run rate is below EROAD's expectations. However, the pipeline of enterprise customers (with longer sales lead times) remains encouraging and above original expectations.

EROAD is becoming a global company with expanding offshore operations and revenues as well as significant growth aspirations.

Following the re-launch of our Australian business and increasing interest from Australian and other international investors, the Board is considering seeking an ASX Foreign Exempt Listing, to facilitate greater alignment between the Company's business operations and investor base. A decision regarding a secondary listing is expected in early 2020. EROAD remains committed to maintaining an NZX listing.

Ends

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About EROAD

- EROAD believes every community deserves safer roads that can be sustainably funded. This is why EROAD develops technology solutions (products and services) that manage vehicle fleets, support regulatory compliance, improve driver safety and reduce the costs associated with driving. EROAD also provides valuable insights and data analytics to universities, government agencies and others who research, trial and evaluate future transport networks. This data enables those who use the roads to influence the design, management and funding of future transport networks.
- EROAD launched with the purpose of modernizing New Zealand's paper-based road user charging system. By 2009 EROAD had introduced the world's first nationwide electronic road user charging system and now around 46% of collected heavy vehicle road user charges in New Zealand are being collected using EROAD technology. By March 2019, this had delivered NZ\$2.5B to NZTA for the sustainability of the NZ transport network. In the USA, EROAD introduced the first electronic Weight Mile Tax service (2014) and the first independently verified Electronic Logging Device service (2017).
- EROAD (ERD) is listed on the NZX, and employs over 280 staff located across NZ, Australia and North America.