



## Quarterly Operational Update

23 January 2020

### EROAD delivers continuing growth for Q3 FY20

Transport technology services company EROAD today released its quarterly update for the three months ended 31 December 2019.

Growth during the quarter resulted in 4,123 units being added at an annualised growth rate of 15%. This builds on the strong platform of existing users that EROAD has previously established. Third quarter highlights include:

- Double digit annualised growth rates in total contracted units across all EROAD's markets;
- Continued robust growth in EROAD's home market of New Zealand; and
- Sold 1080 EROAD Where location tags to customers in December in advance of the full launch in Q4.

Quarterly Units	Total at 30 Sept 2019	Total at 30 Sept 2019 (restated)**	Total at 31 Dec 2019	Units added in quarter	% Growth annualised
<b>Total Contracted Units*</b>	<b>109,380</b>	<b>109,096</b>	<b>113,219</b>	<b>4,123</b>	<b>15%</b>
New Zealand	75,674	75,674	78,229	2,555	14%
North America	32,193	31,909	33,307	1,398	18%
Australia	1,513	1,513	1,683	170	45%
YTD Units	Total at 31 Dec 2018		Total at 31 Dec 2019	Units added in 12 months	% Growth annualised
<b>Total Contracted Units*</b>	<b>90,615</b>	<b>90,331</b>	<b>113,219</b>	<b>22,888</b>	<b>25%</b>
New Zealand	67,285	67,285	78,229	10,944	16%
North America	22,059	21,775	33,307	11,532	53%
Australia	1,271	1,271	1,683	412	32%

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

\*\* North American units have been restated for data cleansing adjustment identified as part of pre go live migration work for new ERP systems implementation. Adjustment relates to the cumulative effect of the misclassification of 284 Ehubo 2.0 units in Depot platform. Full system go live will occur in Q4 and accordingly potential further one-off adjustments may occur for New Zealand and North America markets.

EROAD continues to grow in New Zealand as the expansion into existing customer fleets continues together with a solid underlying new customer run rate. Over the quarter, New Zealand added 2,555 units, an annualised YTD growth rate of 16% which is in line with the company's expectations.

As foreshadowed during the presentation of the HY20 results, the North American market delivered a subdued level of growth in Q3 compared to the strong growth in the previous two quarters. These previous quarters included a sizable lift in sales due to the onboarding of the majority of the two



large enterprise customers. However, Q3 saw some growth in the small-to-medium business run-rate. Net of 226 deployments to the two enterprise customers in Q3, the underlying average monthly run rate for small to medium business customers was 391 compared to 328 for the first half of FY20. This run rate continues to be below EROAD's expectations. Work is underway to improve the run-rate with focus on better targeting of potential customers. Given the longer-lead times for Enterprise customers, we do not expect any new North American enterprise customers during the remainder of FY20.

EROAD continued to build its presence in the Australian market, with further steady growth of 11% in the quarter reflecting continuing gains of small-to-medium business customers.

Despite the improvement quarter on quarter, this continues to be below EROAD's expectations, and it continues to have greater ambitions for the Australian market. As previously disclosed, the pipeline of enterprise customers with fleet sizes of 500 – 1,000 remains encouraging and above original expectations. EROAD anticipates at least one of these enterprise customer opportunities to be won in Q4.

### **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.