EROAD

2024 Interim Report

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, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, Normalised EBITDA, EBITDA margin, Normalised EBITDA margin, Normalised Revenue, Free Cash Flow and Future Contracted Income (FCI).

Contents

Letter from the Chair

Having reached the midpoint of FY24, I am pleased to report the first 6 months of our financial year demonstrate that EROAD is achieving momentum towards our promise of sustainable profitable growth. EROAD has delivered to plan, with increased revenue, reduced costs, grown connections, launched new products, and gained new enterprise customers. The organisational strategy launched in March this year is translating into value for customers and improved financial performance for EROAD.

This progress is founded on a solid platform of an established, profitable New Zealand business. This is balanced by a high-growth North America opportunity and an emerging Australian enterprise business. Additionally, we now have a well-resourced balance sheet following our recent capital raise, a sound long-term strategy, and excellent positioning to the strong growth in business in accordance with sustainability requirements. We are optimistic about the future. We have laid the foundations for continued growth in New Zealand and Australia, and to target high-growth opportunities in North America and are focused on delivering our plan.

Leading with purpose and empowering sustainability via intelligence

EROAD is committed to our purpose of delivering intelligence our customers can trust, for a better world tomorrow. One key pillar in fulfilling our purpose is through enabling our customers to improve their operations, and in turn steer them toward a more cost-effective and sustainable business across both their direct operations, and environmental footprint.

Our founding products were focused on providing efficient methods for fleet operators to pay their share of funding for roads and infrastructure as well as to manage their health and safety responsibilities. Through the merger with Coretex, that product DNA expanded further to include assurance of the load that our customers carry. Today, our products continue to improve safety outcomes for customers, and importantly for all road users, on a daily basis. While our integrated solutions have always empowered operators to reduce waste and emissions, as well as save fuel and capital, we now have launched a product suite in New Zealand that makes emissions reductions more visible and achievable for businesses.

In September, EROAD, in collaboration with New Zealand's Energy Efficiency and Conservation Authority (EECA), delivered two new sustainability solutions aimed at reducing emissions across the transport sector: the Emissions Calculator, available to the NZ public, and the Sustainability Module, available to EROAD's NZ customer base. Both tools are powered by EROAD's AI technology and data from our base of connected vehicles and assets, providing users with an overview of their fleet's emissions profile and suggestions for emissions reduction, along with the potential savings they can make. We look forward to launching these products into our other markets in the near future.

Delivering free cash flow positive

As well as reconfirming our full year guidance, based on current forecasts, inflation indexation and achievable cost savings, we estimate we will reach free cash flow positive by the latter part of calendar year 2024. This is consistent with our guidance of ending FY25 free cash flow neutral. Importantly, we note EROAD would already be free cash flow positive if we did not have to incur the additional and accelerated costs of the one-off 4G upgrade programme in ANZ as 3G networks are switched off.

Recapitalising our roadmap for growth

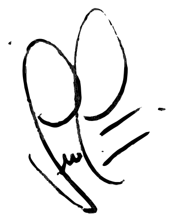
Our recent $50 million capital raise strengthened our balance sheet and gives certainty to our stakeholders. Our reduced debt and greater headroom give us more flexibility and optionality to pursue the enterprise customer growth opportunities we see. In the world of enterprise customers, particularly those with substantial fleet sizes and extended contract durations, a robust balance sheet is essential to ensure financial stability throughout the entire contract period. Additionally, this reinforces confidence amongst our institutional investors that we have the resilience to weather any economic challenges.

Board Renewal

Relentless execution needs the right team, and we continue to build this at both the Board and Executive level to ensure we have the right mix of skills, energy and experience.

In July 2023, following my role as Chair of the Finance Risk and Audit Committee, I assumed the position of Board Chair. We are delighted to welcome David Green to the Board, who succeeded the long-standing director Tony Gibson. David held senior executive roles at ANZ and Deutsche Bank, is the Board Chair of BT Funds Management NZ and is also on the Westpac NZ Board. We are actively conducting a search for an additional director to complement the Board's existing skills.

Thank you for your continued support as we continue our strategic programme to deliver sustainable growth and shareholder value.



Susan Paterson
Chair

Letter from the Chief Executive Officer

Our results for the first half of FY24 demonstrate our ability to capitalise on strategic growth combined with our disciplined focus on robust financial management. In March this year, I outlined our focus was on repositioning EROAD's business model to simultaneously reduce costs, drive growth and generate cash. Six months on, we have encouraging results.

Delivering on our strategy

This positive financial outcome has been underpinned by a rigorous focus on both the bottom and top lines, with a 13% increase in normalised revenue[1] and reduced cash burn down from $4.1m per month in H1 FY23 to $0.9m per month for H1 FY24. We have also identified a further $8.5m in annualised costs to be removed from the business and we are on track to remove $10m in annualised costs this financial year on top of the $10m in annualised costs we removed in FY23. Our free cash flow, excluding financing costs, is currently ($0.2)m. Our management team is focused on achieving free cash flow positive in the latter part of calendar year 2024.

Disciplined execution

Since setting our new strategic direction earlier this year, we have been committed to delivering it, and importantly removing any effort and cost which does not serve it. We remain confident we are on track to complete the 4G upgrade programme (internally labelled "Sunrise") in Australia and New Zealand. Our accelerated plan will see us meet our upgrade targets before the relevant sunset dates. The Sunrise programme is projected to impact cash flow within the range of $11m to $13m in FY24.

It's important to highlight that if we weren't undertaking the Sunrise programme, we would be free cash flow positive today.

Our second strategic priority is to grow in North America. Operationally in H1 FY24 we have recruited and onboarded a VP of Sales, implemented a market price uplift of 3% to reflect the greater value provided to customers, and redrawn our product roadmap to focus on this growth market. We are now substantially through installing the 9,000+ vehicles in the fleet of the Fortune 500 company Sysco and have already expanded their penetration through supplying a subsequent 1,400 connections.

Compelling growth

EROAD remains a business with both a stable and profitable base and a high growth future. But we recognise our shareholders require a better understanding of our growth paths to calculate the fair value of the business. EROAD is essentially three complementary business units, in different phases of the business cycle. New Zealand is the established foundation of our business generating strong positive free cash flow and continues to grow at a consistent rate, Australia is capitalising on strong momentum with enterprise opportunities and North America is the future growth engine.

The two key elements of our strategy, which is to turnaround our core by reducing costs and optimising business operations, and to position ourselves for high growth opportunities in our North American market, is starting to deliver. We have now reached the milestone of 100,000 connections in North America, establishing a credible foothold and significant scale in a very large market that is an important part of EROAD's future. This market now represents over 40 percent of our connections, and expansion in North America is pivotal to achieving enduring shareholder value.

To achieve this expansion, strategic partnerships in North America are in development, with active discussions underway. I am pleased to have recently announced our technology collaboration with Microsoft, which allows us to use AI to assist further development of CoreTemp globally and expedite adoption by our Reefer customers and prospects. The Reefer market is one of the largest single verticals in transportation. In North America alone, it consists of over 400,000 trailers. CoreTemp, which is a high value-added predictive analytics software, is just the first in a significant roadmap of AI enhancements the Microsoft collaboration will help us deliver to our markets at speed.

At the same time, our NZ business is profitable and continues to perform well, with further growth being targeted. The NZ business is very complementary to North America, funding product development which benefits growth in all three markets. Gaining scale now in the larger high growth market of North America, on the back of our strong established position in New Zealand and the conversion of enterprise opportunities in Australia, are important elements of EROAD's long-term growth aspirations.

Building momentum

Across the business, I am pleased to report that we are seeing a story of continued success with enterprise customers. We have signed a 5-year 3000-unit deal with Programmed, a significant provider of Staffing, Facility Management, Maintenance and Care services for hundreds of businesses and communities around Australia. We have also renewed or expanded our existing partnerships with 7 enterprise customers in all markets, delivering 11,128 connections. Represented are Sysco (NA), PLM (NA), US Foods (NA), Kinetic (NZ), Hato Hone St John (NZ), Woolworths (AU, subject to completion of final contract) and Boral (AU), all blue-chip organisations, at the forefront of innovation in their industries.

We continue to see momentum from our Coretex integration and our shift to targeting enterprise customers. This is a story we are working hard to continue. We are confident that if we continue to deliver results in line with or above guidance, increased shareholder value will follow. Thank you for your ongoing support.

Mark Heine
Chief Executive Officer

[1] Reported revenue for H1 FY24 is $88.9m, compared to $85.4m in H1 FY23. Normalised revenue for H1 FY23 is $78.4m, taking account of the one-off acquisition accounting adjustment of $7.0m relating to the Coretex merger in H1 FY23.

Case study

Road to Safety: Open Country Dairy's Investment in Truck Dashcams for Driver Protection

Open Country Dairy has grown significantly since they first started using EROAD for RUC management in 2011. As New Zealand's second largest milk processor, the company's fleet has grown from 6 to 75 trucks and 270 professional drivers who deliver and collect billions of litres of milk across New Zealand every year.

National Fleet Manager, Brett Hamilton says the one goal that's never compromised at the company is sending their people home unharmed.

In 2021, Brett and his team decided to upgrade the fleet to EROAD Clarity Connected dashcams. The technology has proven its worth on more than one occasion. As Brett states, "Unfortunately, we have had some significant accidents. The drivers themselves could never have reacted quick enough to avoid these head on situations, and the dashcam footage was an integral part of clearing them."

Brett says the EROAD solution does more than any accident investigation could, because it shows clip-by-clip in high definition how the incident unfolded, "the clarity that the dashcam provides, is tenfold what you would ever be able to investigate".

The protection afforded by the dashcam extends to the business too. Without dashcam footage, the serious incidents they've had could have taken hours of investigation, and there'd be no guarantee, "it would have been our driver's word against someone else," says Brett. Should it have ended in court with a judge or jury, "that could be hundreds of thousands, if not millions of dollars."

As well as easy access to valuable truck dashcam footage, the team use EROAD's full fleet management system day in, day out to know where their vehicles are located, as well as manage their RUC, fleet maintenance and much more. "Logistically we're always using EROAD," says Brett "I don't know how you run a transport company without it."

Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

	Notes	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue	2	88.9	85.4
Operating expenses		(63.3)	(64.6)
Earnings before interest, taxation, depreciation and amortisation		**25.6**	**20.8**
Depreciation of property, plant and equipment	4	(11.0)	(8.0)
Amortisation of intangible assets	5	(9.3)	(8.1)
Amortisation of contract and customer acquisition assets		(4.9)	(3.7)
Earnings before interest and taxation		**0.4**	**1.0**
Finance expense		(4.9)	(3.7)
Finance income		0.2	-
Net financing costs		**(4.7)**	**(3.7)**
Loss before tax		**(4.3)**	**(2.7)**
Income tax benefit /(expense)	8	3.1	3.3
(Loss)/profit after tax for the period attributable to the shareholders		**(1.2)**	**0.6**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss		2.7	5.0
Total comprehensive income for the period		**1.5**	**5.6**
(Loss)/earnings per share - Basic (cents)		(1.14)	0.50
(Loss)/earnings per share - Diluted (cents)		(1.13)	0.49

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 2023

	Notes	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Current assets			
Cash and cash equivalents	3	16.8	8.1
Restricted bank accounts	3	18.2	11.6
Trade and other receivables		36.5	34.4
Contract fulfilment costs		5.8	5.3
Costs to obtain contracts		2.4	2.3
Total Current Assets		**79.7**	**61.7**
Non-current assets			
Property, plant and equipment	4	81.4	77.8
Intangible assets	5	242.6	242.1
Derivative financial asset		-	0.2
Contract fulfilment costs		5.6	4.0
Costs to obtain contracts		2.4	1.8
Deferred tax assets		18.4	15.2
Total Non-Current Assets		**350.4**	**341.1**
Total Assets		**430.1**	**402.8**

Condensed Consolidated Statement of Financial Position (continued)

As at 30 September 2023

	Notes	30 Sept 2023 Unaudited $M's	31 March 2023 Audited $M's
Current liabilities			
Borrowings	6	0.9	1.4
Trade payables and accruals		24.9	23.0
Payables to transport agencies	3	18.3	11.9
Contract liabilities		9.6	7.4
Lease liabilities		1.4	1.7
Employee entitlements		4.3	3.7
Total Current Liabilities		**59.4**	**49.1**
Non-current liabilities			
Borrowings	6	51.6	69.2
Contract liabilities		12.1	12.0
Lease liabilities		5.3	5.8
Derivative financial liabilities		0.3	-
Deferred tax liabilities		16.5	17.9
Total Non-Current Liabilities		**85.8**	**104.9**
Total Liabilities		**145.2**	**154.0**
Net Assets		**284.9**	**248.8**
Equity			
Share Capital	7	337.9	305.7
Share capital premium/discount		(19.9)	(19.9)
Other reserves		1.7	(1.0)
Accumulated losses		(34.8)	(36.0)
Total Shareholders' Equity		**284.9**	**248.8**

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

Chair,
29 November 2023

Chair of the Finance, Risk and Audit Committee,
29 November 2023

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share Capital	Share Premium / Discount	Accumulated losses	Translation Reserve	Hedging Reserve	Total
	$M's	$M's	$M's	$M's	$M's	$M's
Balance as at 31 Mar 2022 (Audited)	293.3	(6.5)	(35.4)	(3.5)	(0.2)	247.7
Profit after tax for the period	-	-	0.6	-	-	0.6
Other comprehensive income	-	-	-	5.0	-	5.0
Total comprehensive income	**-**	**-**	**0.6**	**5.0**	**-**	**5.6**
Transactions with owners of the Company						
Equity settled share-based payments	1.5	-	(1.5)	-	-	-
Balance as at 30 Sep 2022 (Unaudited)	**294.8**	**(6.5)**	**(36.3)**	**1.5**	**(0.2)**	**253.3**
Balance as at 31 Mar 2023 (Audited)	305.7	(19.9)	(36.0)	(1.2)	0.2	248.8
Loss after tax for the period	-	-	(1.2)	-	-	(1.2)
Other comprehensive income	-	-	-	3.2	(0.5)	2.7
Total comprehensive income	-	-	(1.2)	3.2	(0.5)	1.5
Transactions with owners of the Company						
Equity settled share-based payments	0.4	-	2.4	-	-	2.8
Share capital issued - net of costs	26.7	-	-	-	-	26.7
Funds received in advance for shares	5.1	-	-	-	-	5.1
Balance as at 30 Sep 2023 (Unaudited)	**337.9**	**(19.9)**	**(34.8)**	**2.0**	**(0.3)**	**284.9**

The above Condensed 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 2023

	Notes	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Cash flows from operating activities			
Cash received from customers		88.5	78.0
Payments to suppliers and employees		(58.4)	(64.4)
Payments for contract fulfilment assets		(5.6)	(3.6)
Interest received		0.2	-
Interest paid		(4.0)	(1.7)
Net cash inflow from operating activities		**20.7**	**8.3**
Cash flows from investing activities			
Payments for investment in property, plant & equipment	4	(12.8)	(14.3)
Payments for investment in intangible assets	5	(9.8)	(16.1)
Payments for investment in cost to obtain contracts		(2.1)	(1.3)
Net cash outflow from investing activities		**(24.7)**	**(31.7)**
Cash flows from financing activities			
Receipts from bank loans		2.0	24.5
Repayments of bank loans		(20.0)	(9.0)
Payment of lease liability		(1.1)	(1.2)
Receipts from issue of equity		29.2	-
Receipts in advance for equity raise		5.1	-
Payments for costs of raising equity		(2.5)	-
Net cash inflow from financing activities		**12.7**	**14.3**
Net increase/(decrease) in cash held		**8.7**	**(9.1)**
Cash at the beginning of the financial period		**8.1**	**13.9**
Effects of exchange rate changes on cash and cash equivalents		-	(0.4)
Closing cash and cash equivalents		**16.8**	**4.4**

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

Reconciliation of Operating Cash Flows with Reported Profit After Tax

For the six months ended 30 September 2023

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Reconciliation of operating cash flows with reported profit after tax		
(Loss)/Profit after tax for the six month period attributable to the shareholders	(1.2)	0.6
Add/(less) non-cash items		
Tax asset recognised	(3.2)	(3.3)
Depreciation and amortisation	25.2	19.8
Other non-cash expenses	3.4	1.0
Contingent consideration and revaluation	-	(6.3)
Unwinding of interest expense for discounted contract liabilities	0.5	-
Contract liability discounting gain	(0.9)	(0.1)
	25.0	**11.1**
Add/(less) movements in other working capital items		
Increase in trade and other receivables	(1.7)	(6.3)
Increase in current tax payables	0.1	-
Increase in contract liabilities	2.2	5.9
Increase in trade payables, interest payable and accruals	1.9	0.6
Increase contract fulfilment cost	(5.6)	(3.6)
	(3.1)	**(3.4)**
Net cash from operating activities	**20.7**	**8.3**

Notes to the Financial Statements

For the six months ended 30 September 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements presented for the six months ended 30 September 2023 are for EROAD Limited (EROAD), and its subsidiaries (collectively referred to as the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

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 and Australian Stock Exchange (ASX). The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). NZ GAAP in this instance being New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. These consolidated interim financial statements also comply with the New Zealand equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34: Interim Financial Reporting (IAS 34) and are prepared in accordance with the Financial Markets Conduct Act 2013.

The consolidated interim financial statements for the six months ended 30 September 2023 are unaudited and have been the subject of review by the auditor, pursuant to NZ SRE 2410 (Revised): Review of Financial Statements Performed by the Independent Auditor of the Entity as issued by the External Reporting Board.

These consolidated interim financial statements have been prepared using the same accounting policies as, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2023 ('last annual financial statements'). These consolidated interim financial statements 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 annual financial statements.

These financial statements have been approved for issue by the Board of Directors on 29 November 2023.

(a) Going concern

As at balance the Group's current assets exceeded its current liabilities by $20.3M (31 March 2023: $12.6M). The directors have carefully 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 as at 30 September 2023 of $16.8M and bank borrowing facility of $90.0M of which $37.5M was undrawn as at 30 September 2023 after including borrowing costs of $0.1M. This provides sufficient level of headroom to help support the business for at least the next 12 months from the date of issuance of these financial statements;
- The Future Contracted Income of $226.2M provides certainty of forecast revenue;
- 29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M has been raised, of which $5.1M was received in advance on 29 September 2023; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.

(b) Basis of measurement

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

(c) Presentation currency

The financial statements are presented in New Zealand dollars ($) which is the Group's presentation currency, and all values are rounded to million dollars to one decimal place ($M's) except where stated. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its New Zealand subsidiaries is New Zealand dollars. The functional currency of the Company's Australian and North American subsidiaries are Australian dollars and United States dollars respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Standards or interpretations issued but not yet effective and relevant to the Group
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after a 1 April 2023.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

(e) Critical accounting estimates and judgements
In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from the judgements, estimates and assumptions.

The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate. These are :

- Taxation - recognition and utilisation of tax losses
- Intangible assets - assumptions used in the impairment tests; capitalisation of development costs
- Property, plant and equipment - determining residual values and useful lives

(f) Comparative information
As 31 March 2023, the statement of cash flow presentation has been amended to reclassify the contract fulfilment assets from investing activities to operating activities cash flows. The impact of this reclassification on the comparative period is shown below. The reclassification better reflects the Group's operation.

	30 Sep 2022 previously reported	Reclass	30 Sep 2022 Reclassified
	$M's	$M's	$M's
Cash flows from operating activities	11.9	(3.6)	8.3
Cash flows from investing activities	(35.3)	3.6	(31.7)

PERFORMANCE

This section focuses on the Group's financial performance. This section includes the following notes:

NOTE 1 SEGMENT REPORTING

EROAD operating segments are based on geographic location for operating companies and corporate and development costs. These operating segments equate to the Group's strategic divisions and are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO"). The CEO is considered to be the chief operating decision maker ("CODM").

The four segments/strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the CODM 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

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, derivative financial instruments, finance income and expenses.

Inter-segment pricing is determined on an arm's length basis.

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Reportable segment information

Key information related to each reportable segment as provided to the CODM is set out below.

	Corporate & Development		North America		New Zealand		Australia	
	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue								
Software as a Service (Saas) revenue	-	-	36.5	30.6	42.0	36.7	5.0	4.0
Hardware revenue	0.1	-	1.8	2.6	-	-	0.4	0.1
Transaction fee revenue	-	-	-	-	1.2	1.7	-	-
Other revenue [1]	26.7	26.2	0.3	1.0	1.5	1.8	0.2	0.2
Total revenue	**26.8**	**26.2**	**38.6**	**34.2**	**44.7**	**40.2**	**5.6**	**4.3**
Earnings before interest, taxation, depreciation & amortisation	(20.7)	(17.6)	15.9	12.7	28.7	25.0	1.7	0.9
Total assets	290.3	275.8	99.4	102.8	83.7	57.8	16.6	16.1
Depreciation of property, plant & equipment	(1.1)	(1.0)	(5.2)	(3.4)	(4.0)	(3.4)	(0.6)	(0.3)
Amortisation of intangible assets	(6.0)	(4.7)	(2.6)	(2.8)	(0.4)	(0.4)	(0.3)	(0.4)
Amortisation of contract and customer acquisition assets	-	-	(1.5)	(0.8)	(3.1)	(2.6)	(0.4)	(0.3)

[1] Revenue from Corporate & Development Markets includes R&D Grant Income of $0.9m (30 September 2022: $0.8m and reassessment of contingent consideration of $7m).

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Reconciliation of information on reportable segments

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Revenue		
Total revenue for reportable segments	115.7	104.9
Elimination of inter-segment revenue	(26.8)	(19.5)
Consolidated Revenue	**88.9**	**85.4**
EBITDA		
Total EBITDA for reportable segments	25.6	21.0
Elimination of inter-segment EBITDA	-	(0.2)
Consolidated EBITDA	**25.6**	**20.8**
Depreciation		
Total depreciation for reportable segments	(10.9)	(8.1)
Elimination of inter-segment depreciation	(0.1)	0.1
Consolidated Depreciation	**(11.0)**	**(8.0)**
Amortisation of intangible assets		
Total amortisation for reportable segments	(9.3)	(8.3)
Elimination of inter-segment amortisation	-	0.2
Consolidated Amortisation	**(9.3)**	**(8.1)**

Total assets	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Total assets for reportable segments	490.0	462.6
Elimination of inter-segment balances	(59.9)	(59.8)
Consolidated Total Assets	**430.1**	**402.8**

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Allocation of goodwill, property plant and equipment and other intangible assets

Included within Total Assets are Development Assets of $102.4M (31 March 2023: $100.4M) 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. The Group's cash generating units (CGUs) are North America, New Zealand and Australia. For impairment testing purposes management allocate the Development Assets to the CGU 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. Property plant and equipment and other finite intangible assets are also included and tested as part of impairment testing of repective CGU's.

Also included in the total assets is the intangible assets acquired through the acquisition of the Coretex subsidiaries and resulting goodwill. The allocation of these to cash-generating units has been done based on valuation expert advice as part of acquisition accounting during the period ended 31 March 2022.

The allocation of the Development Assets, goodwill and other intangibles to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

	Development Assets	Goodwill	Brand	Customer relationships
	$M's	$M's	$M's	$M's
30 Sep 2023 Unaudited				
North America	47.5	88.8	2.1	19.9
New Zealand	49.3	5.7	-	1.1
Australia	5.6	13.6	-	3.3
	102.4	**108.1**	**2.1**	**24.3**
31 Mar 2023 Audited				
North America	46.3	88.8	2.4	20.7
New Zealand	48.3	5.7	-	1.1
Australia	5.8	13.6	-	3.5
	100.4	**108.1**	**2.4**	**25.3**

NOTE 1 SEGMENT REPORTING *(CONTINUED)*

Geographic information

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information revenue has been based on the geographic location of customers and assets were based on the geographic location of the assets. These allocations are not aligned with the Group's reportable segments.

	30 Sep 2023 Unaudited	30 Sep 2022 Unaudited
	$M's	$M's
Revenue		
New Zealand	44.7	47.0
All foreign countries:		
USA	38.6	33.8
Australia	5.6	4.4
Total revenue	**88.9**	**85.2**

	30 Sep 2023 Unaudited	31 Mar 2023 Audited
	$M's	$M's
Non-current assets		
New Zealand	236.4	230.4
All foreign countries:		
USA	83.5	84.6
Australia	12.1	10.7
Total non-current assets	**332.0**	**325.7**

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

	30 Sep 2023 Unaudited	31 Mar 2023 Audited
	$M's	$M's
Reconciliation of geographical non-current assets to total non-current assets		
Geographical non-current assets	332.0	325.7
Deferred tax assets	18.4	15.2
Derivative financial instruments	-	0.2
Total non-current assets	**350.4**	**341.1**

NOTE 2 REVENUE

	30 Sep 2023 Unaudited $M's	Restated 30 Sep 2022 Unaudited $M's
Revenue from contracts with customers		
Software as a service (Saas) revenue	83.5	71.3
Hardware revenue (subscription basis)	2.3	3.0
Other		
Transaction fee revenue	1.2	1.7
Other revenue and income	1.0	8.6
Grant income	0.9	0.8
Total Revenues	**88.9**	**85.4**

Set out above is the disaggregation of the Group's revenue. The disaggregation reflects the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or a service to a customer.

The Group provides electronic on-board units to its customers, which comprise the provision of hardware and the rendering of services.

For the majority of the Group's customers the supply of electronic on-board units (leased or purchased outright), installation of the units and providing services are not distinct and have one single performance obligation (linked to the service contract). Consequently, the Group does not recognise revenue separately for these goods and services but recognises this revenue together as the provision of software as a service (SAAS) revenue.

Each of the Group's main sources of revenue are described in detail below:

Software as a service revenue
Software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services, training and support services and provision of software services.

As noted above, the Group has determined that for the majority of customers the supply and installation of units and the services are not distinct and treated as one single performance obligation. That is, EROAD's customers do not have the right to direct the use of EROAD's assets (such as the Ehubo, Corehub and TMU units) 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, installation 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 to reflect the fulfilment of the performance obligations as they arise. There are no variable consideration terms within the contracts.

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 and consumes the benefit of the service.

NOTE 2 REVENUE *(CONTINUED)*

A contract liability is recognised where consideration is received in advance of the completion of associated performance obligations. The contract liability is derecognised over time evenly over the period of the contract 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 years. As a result there is a financing component which the group recognise as a finance cost when consideration is received in advance.

Hardware revenue (subscription)
Hardware revenue purchased with a subscription is recognized over the first month's subscription. Hardware revenue reflects hardware sales where a subscription must be separately purchased to utilise the hardware and obtain access to services. The hardware together with the monthly subscription is considered a single performance obligation. A receivable is recognised by the Group when the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The installation revenue associated with uncontracted hardware units is included in the hardware revenue line and recognised when the installation is completed.

The services revenue associated with the uncontracted hardware units is included in the software as a service revenue line and is recognised when the performance obligation is completed.

Transaction fees
Transaction fee revenue relates to the collection of Road User Charges (RUC) fees. The Group acts as an agent for transport authorities in the market that is 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.

Other revenue and income
Included in other income and revenue in 30 September 2022 is $7.0M related to the reassessment of contingent consideration related to the acquisition of Coretex Limited.

Future contracted income
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 below aligns with the Future Contracted Income reported by the Group.

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 2023 are expected to be recognised by EROAD based on the time bands disclosed below.

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
Software as a Service (SaaS) revenue		
No later than one year	93.9	98.9
Later than one year, no later than five years	132.3	116.8
Total price allocated to remaining performance obligations	**226.2**	**215.7**

WORKING CAPITAL

This section provides information about the primary elements of the Group's working capital. This section includes the following note:

NOTE 3 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Cash and cash equivalents	16.8	8.1
Restricted bank accounts	18.2	11.6
	35.0	**19.7**

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.

Payables to transport agencies	(18.3)	(11.9)

LONG-TERM ASSETS

This section provides information about the investment the Group has made in long-term assets to operate the business. This section includes the following notes:

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

	Right of use assets $M's	Hardware assets $M's	Plant and equipment $M's	Leasehold improvements $M's	Motor vehicles $M's	Office equipment $M's	Computers $M's	Total $M's
Year ended 31 Mar 2023 (Audited)								
Opening net book amount	4.5	54.1	0.1	1.2	0.3	0.6	0.9	61.7
Additions	3.1	31.4	0.1	0.7	0.1	0.2	0.6	36.2
Disposals	-	(7.9)	-	(0.6)	(0.5)	-	-	(9.0)
Depreciation charge	(1.9)	(14.0)	(0.1)	(0.3)	(0.1)	(0.2)	(0.6)	(17.2)
Depreciation recovered	-	2.4	-	0.6	0.4	-	-	3.4
Effect of movement in exchange rates	-	2.7	-	-	-	-	-	2.7
Closing net book amount	**5.7**	**68.7**	**0.1**	**1.6**	**0.2**	**0.6**	**0.9**	**77.8**
Cost	9.8	106.1	0.8	3.1	0.8	2.0	4.9	127.5
Accumulated depreciation	(4.1)	(37.4)	(0.7)	(1.5)	(0.6)	(1.4)	(4.0)	(49.7)
Net book amount	**5.7**	**68.7**	**0.1**	**1.6**	**0.2**	**0.6**	**0.9**	**77.8**

NOTE 4 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	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 Sep 2023 (Unaudited)								
Opening net book amount	5.7	68.7	0.1	1.6	0.2	0.6	0.9	77.8
Additions	-	13.8	-	-	-	-	0.2	14.0
Disposals	-	(2.8)	-	-	(0.3)	-	-	(3.1)
Depreciation charge	(0.9)	(9.4)	-	(0.2)	-	(0.1)	(0.4)	(11.0)
Depreciation recovered	0.1	1.7	-	-	0.3	-	-	2.1
Effect of movement in exchange rates	0.1	1.5	-	-	-	-	-	1.6
Closing net book amount	**5.0**	**73.5**	**0.1**	**1.4**	**0.2**	**0.5**	**0.7**	**81.4**
At 30 Sep 2023								
Cost	9.3	119.2	0.8	3.1	0.5	2.0	5.1	140.0
Accumulated depreciation	(4.3)	(45.7)	(0.7)	(1.7)	(0.3)	(1.5)	(4.4)	(58.6)
Net book amount	**5.0**	**73.5**	**0.1**	**1.4**	**0.2**	**0.5**	**0.7**	**81.4**

Included in the Hardware Assets is equipment under construction to be leased or sold of $27.2M (31 March 2023: $27.8M). Due to the majority of the equipment under construction being ultimately sold under contract and forming part of hardware assets on the Group's fixed asset register it has been accordingly classified under hardware assets.

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.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

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.

Impairment
Property plant and equipment is tested for impairment when there are indicators of impairment. It is not possible to identify separately identifiable cash flows for property, plant and equipment as hardware assets are sold together with various SAAS services as a package. Property plant and equipment is allocated to the Group's CGU's as described in note 1 for the purposes of impairment testing.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

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 on a straight line basis:

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

The above rates reflect the estimated useful lives of the respected categories. Consideration was given to how long assets can be deployed and any expected network changes. Leasehold improvements are depreciated over the contracted lease term.

NOTE 5 INTANGIBLE ASSETS

	Development	Software	Goodwill	Brand	Customer relationships	Patents, trademarks and other rights	Total
	$M's	$M's	$M's	$M's	$M's	$M's	$M's
Year ended 31 Mar 2023 (Audited)							
Opening net book amount	88.3	3.9	108.1	3.1	28.0	-	231.4
Additions	25.5	2.6	-	-	-	0.1	28.2
Disposals	-	-	-	-	-	-	-
Effect of movement in foreign exchange rate	0.2	-	-	-	0.2	-	0.4
Amortisation charge	(13.6)	(0.7)	-	(0.7)	(2.9)	-	(17.9)
Closing net book amount	**100.4**	**5.8**	**108.1**	**2.4**	**25.3**	**0.1**	**242.1**
Cost	154.6	12.1	108.1	3.3	28.8	0.1	307.0
Accumulated amortisation	(54.2)	(6.3)	-	(0.9)	(3.5)	-	(64.9)
Net book amount	**100.4**	**5.8**	**108.1**	**2.4**	**25.3**	**0.1**	**242.1**
Six months ended 30 Sep 2023 (Unaudited)							
Opening net book amount	100.4	5.8	108.1	2.4	25.3	0.1	242.1
Additions	9.6	0.2	-	-	-	-	9.8
Disposals	-	-	-	-	-	-	-
Amortisation charge	(7.6)	(0.4)	-	(0.3)	(1.0)	-	(9.3)
Restated closing net book amount	**102.4**	**5.6**	**108.1**	**2.1**	**24.3**	**0.1**	**242.6**
Cost	164.2	12.3	108.1	3.3	28.8	0.1	316.8
Accumulated amortisation	(61.8)	(6.7)	-	(1.2)	(4.5)	-	(74.2)
Net book amount	**102.4**	**5.6**	**108.1**	**2.1**	**24.3**	**0.1**	**242.6**

The useful lives of the Group's Intangible Assets are assessed to be finite except for goodwill. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

NOTE 5 INTANGIBLE ASSETS *(CONTINUED)*

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. There is judgement involved in relation to whether a project meets the capitalisation criteria, and whether the expenditure can be directly attributable to the respective project.

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

Other intangible assets

Other intangible assets, including customer relationships, brand, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

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

Amortisation

Patents	10 to 20 years
Development Hardware & Platform	7 to 15 years
Development Products	5 to 10 years
Software	5 to 7 years
Customer relationships	15 years
Brand	5 years

Impairment

The acquisition of Coretex on 1 December 2021, meant goodwill was recognised for the excess between the fair value consideration paid and the fair value of the net assets acquired. Net assets acquired included finite life intangibles assets such as customer relationships, brands, software and development assets. The goodwill and finite life intangibles were then allocated to the cash generating units of the business with the assistance of external specialists. When goodwill is acquired in a business combination, under the accounting standards, NZ IAS 36 requires an impairment test to be completed annually (for cash-generating units in which goodwill has been allocated) irrespective of whether there is any indication of impairment. An impairment test is also required when there is an indicator of impairment identified each reporting period. Refer to note 1 for the allocation of goodwill, property plant and equipment and other finite life intangible assets to cash generating units (CGUs). The CGU's are considered the lowest level for which there are separately identifiable cashflows. Corporate costs attributable to the CGUs are allocated to the respective CGUs as part of impairment testing. Unallocated corporate costs and assets are also tested for impairment using a top down approach.

NOTE 5 INTANGIBLE ASSETS *(CONTINUED)*

Impairment testing of CGU's

Under the accounting standards one of the external sources of information that may indicate that an impairment exists is when the carrying amount of the net assets of the entity exceeds the entity's market capitalisation. At 30 September 2023 this is the case for the EROAD Group. The share price of EROAD at 30 September 2023 being $0.68 equating to a market capitalisation of $105.3 million compared to net assets of $279.1 million at the same date.

To complete the impairment testing management assessed the recoverable amount of each of the cash-generating units ('CGU') of which goodwill, property plant and equipment and finite life intangible assets have been allocated by reference to its value in use ('VIU') determined using a discounted cash flows model. The recoverable amounts of the CGU were estimated based on the following significant assumptions:

	Amount the VIU exceeds the carrying value	Connected unit CAGR	ARPU CAGR	WACC
	$M's			
New Zealand	220.5	6.20%	0.80%	12.75%
North America	48.7	17.60%	(2.60)%	12.75%
Australia	3.5	25.00%	(0.10)%	12.75%

The inputs used for the growth in connected units and ARPU in the CGUs reflect past experience and the forecast performance of the group.

- Terminal growth rate of 2.0% applied to 2029 and thereafter

Sensitivity analysis was undertaken which concluded that New Zealand results are not particularly sensitive to changes in the underlying assumptions. Australia and North America are sensitive to the achievement of forecast unit growth, ARPU and changes in the discount rate.

Results of the sensitivity analysis as follows:

	Input required for the VIU to equate to the carrying value		
	Connected unit CAGR	ARPU CAGR	WACC
New Zealand	Not sensitive	Not sensitive	Not sensitive
North America	14.74%	(5.09)%	14.81%
Australia	24.02%	(0.84)%	13.44%

The Group concluded that the recoverable amount of each of the CGU were higher than their respective carrying values and therefore no impairment was considered necessary at 30 September 2023.

DEBT AND EQUITY

This section outlines the Group's capital structure and the related financing costs. This section includes the following notes:

NOTE 6 BORROWINGS

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Current borrowings		
Bank overdraft	0.9	1.4
	0.9	**1.4**
Non-current borrowings		
Term Loans	30.0	30.0
Revolving Credit Facility	21.7	39.7
Capitalised borrowings cost	(0.1)	(0.5)
	51.6	**69.2**

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	30 Sep 2023 Unaudited Face Value $M's	30 Sep 2023 Unaudited Carrying amount $M's	31 Mar 2023 Audited Face Value $M's	31 Mar 2023 Audited Carrying amount $M's
Tem Loans	7.63%	2025	30.0	30.0	30.0	30.0
Capex facility/bank overdraft	7.63%	2025	0.9	0.9	1.4	1.4
Revolving credit facility	7.63%	2025	21.7	21.7	39.7	39.7
Capitalised borrowing costs			-	(0.1)	-	(0.5)
			52.6	**52.5**	**71.1**	**70.6**

The above nominal interest rate represents the weighted average rate of the entire facility.

NOTE 6 BORROWINGS *(CONTINUED)*

The Group has a syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ). At 30 September 2023, EROAD had the following facilities in place:

$30.0M (NZD) Term Loan Facility A – to refinance debt from the prior financial year. The Term Loan has a term of 36 months from the March 2022 refinance date, with the facility having a maturity date in March 2025. The interest rate is variable with reference to a base rate (BKBM bid rate) for the selected interest period plus a margin of 2.95%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility with full repayment on the termination date.

$55.0M (NZD) Revolving Credit Facility B – for general corporate purposes. The Revolving Credit Facility has a term of 36 months from the March 2022 refinance date with a periodic roll over feature at the end of each interest period (90 days) that is subject to continued compliance with the terms of the loan agreement, with the facility having a maturity date in March 2025. Funds may be drawn in NZ Dollars, AU Dollars, or US Dollars. The interest rate is variable with reference to the base rate (BKBM bid rate for NZ Dollar drawings, BBSY bid rate for AU Dollar drawings, and US Federal Open Market Committee short-term interest rate target for US Dollar drawings) for the selected interest period plus a margin of 1.5%. EROAD may select an interest period of 1,2,3 or 6 months. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

$5.0M Capex /overdraft facility– for general working capital purposes. In the prior year this has been replaced by an overdraft facility. This is an on demand facility with the interest rate to be agreed between the lender and borrower at the time of borrowing plus a margin of 1.5%. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

EROAD's operating covenants to support the above facilities include Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 30 September 2023.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Financial Services Limited, EROAD Australia Pty Limited, EROAD Inc, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA 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 Financial Services Limited, EROAD Inc, EROAD Australia Pty Limited, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc 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 6 BORROWINGS *(CONTINUED)*

Amended syndicated debt facility

On 29 September 2023, the Group amended its syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ) and added Kiwibank Limited (Kiwibank). The effective date of the amendment is 4 October 2023. EROAD put the following facilities in place:

$25.0M (NZD) Term Loan Facility A – to refinance debt from the prior facility. The Term Loan has a term of 36 months from 4 October 2023 refinance effective date, with the facility having a maturity date in October 2026. The interest rate is variable with reference to a base rate (BKBM bid rate) for the selected interest period plus a margin of 3.75%. EROAD may select an interest period of 1,2,3 or 6 months. On 31 December 2024, total facility commitments will reduce $1.25m on a quarterly basis until the maturity of the facility. The full outstanding balance is payable on the termination date.

$50.0M (NZD) Revolving Credit Facility B – to refinanace debt from the prior facility and for general corporate purposes. The Revolving Credit Facility has a term of 36 months from 4 October 2023 effective refinance date with a periodic roll over feature at the end of each interest period (90 days) that is subject to continued compliance with the terms of the loan agreement, with the facility having a maturity date in October 2026. Funds may be drawn in NZ Dollars, AU Dollars, or US Dollars. The interest rate is variable with reference to the base rate (BKBM bid rate for NZ Dollar drawings, BBSY bid rate for AU Dollar drawings, and US Federal Open Market Committee short-term interest rate target for US Dollar drawings) for the selected interest period plus a margin of 2.25% where the company's net leverage ratio is below 1.0x and 2.45% where the company's net leverage ratio is above 1.0x . EROAD may select an interest period of 1,2,3 or 6 months. In addition, a Commitment Fee of 2.25% per annum is payable where the company's net leverage ratio is below 1.0x, and 2.45% per annum is payable where the company's net leverage ratio is above 1.0x, is payable on the committed balance of the facility quarterly in arrears. On 31 December 2024, total facility commitments will reduce $1.25m on a quarterly basis until the maturity of the facility. The full outstanding balance is payable on the termination date.

$5.0M Multi-option working capital facility – for capital expenditure and general working capital purposes. This is an on demand facility with the interest rate to be agreed between the lender and borrower at the time of borrowing plus a margin of 2.25%. In addition, a Commitment Fee of 2.25% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

EROAD's operating covenants to support the above facilities include Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with covenants during the period and at 30 September 2023. Covenant compliance under the new facility will be effective from December 2023 quarter end.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Financial Services Limited, EROAD Australia Pty Limited, EROAD Inc, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA 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 Financial Services Limited, EROAD Inc, EROAD Australia Pty Limited, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

NOTE 7 EQUITY

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.

	Number of ordinary shares	Issue price $	Issued Capital $
31 Mar 2023 (Audited)	**112,628,412**		**305.7**
Shares issued to employees	511,134	0.79	0.4
Shares issued in September 2023 equity placement	41,742,072	0.70	29.2
Costs of raising capital	-	-	(2.5)
			332.8
Funds received in advance for shares issued in October 2023			5.1
30 Sep 2023 (Unaudited)	**154,881,618.0**		**337.9**

At 30 September 2023 there was 154,881,618 authorised and issued ordinary shares (31 March 2023: 112,628,412). 386,166 (31 March 2023: 386,166) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M had been raised, of which $5.1M was received in advance on 29 September 2023.

Share capital premium/discount

This account is for the difference between the issued share price and the trading share price (or fair value share price) on date of issue and includes contigent consideration portion classified as equity related to the acquisition of Coretex.

	30 Sep 2023 Unaudited $M's	31 Mar 2023 Audited $M's
Opening balance	19.9	6.5
Contingent Shares issued	-	9.7
Contingent shares forfeited	-	3.7
	19.9	**19.9**

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.
- *Hedging reserve* - the hedging reserve is used to record gains or losses on instruments used as cash flow hedges. The amounts are recognised in profit and loss when the hedged transaction affects profit and loss.
- *Retained earnings* - includes all current and prior period retained profits and losses and share-based employee remuneration.

OTHER

This section contains additional notes and disclosures that aid in understanding the Group's position and performance but do not form part of the primary sections. This section includes the following notes:

NOTE 8 INCOME TAX EXPENSE

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's
(a) Reconciliation of effective tax rate		
Loss before income tax	**(4.3)**	**(2.7)**
Income tax using the Company's domestic tax rate of 28%	(1.2)	(0.8)
Non-deductible expense/(non-assessable income)	(0.3)	(2.0)
Adjustment related to prior period	(2.1)	0.5
Utilisation of tax losses previously unrecognised and tax losses not recognised	0.6	(0.6)
Effect of different tax rates of subsidiaries operating overseas	(0.1)	(0.4)
Income tax expense/(benefit)	**(3.1)**	**(3.3)**
(b) Current tax expense		
Current year	0.1	-
	0.1	**-**
(b) Deferred tax expense		
Current year	(1.1)	(3.8)
Adjustments in respect of prior periods	(2.1)	0.5
	(3.2)	**(3.3)**
Income tax expense	**(3.1)**	**(3.3)**

At 30 September 2023 there were no imputation credits available to shareholders (31 March 2023: 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.

NOTE 8 INCOME TAX EXPENSE *(CONTINUED)*

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 9 RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported in 31 March 2023.

NOTE 10 CAPITAL COMMITMENTS

(a) Capital commitments
As at 30 September 2023 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to $11.2M (31 March 2023: $18.4M).

NOTE 11 CONTINGENT LIABILITIES

As at 30 September 2023 the Company had no contingent liabilities or assets (31 March 2023:$Nil).

NOTE 12 NET TANGIBLE ASSETS PER SHARE

	30 Sep 2023 Unaudited $M's	30 Sep 2022 Unaudited $M's	31 Mar 2023 Audited $M's
Net assets (equity)	284.9	253.3	248.8
Less Intangibles	(242.6)	(236.7)	(242.1)
Total net tangible assets	**42.3**	**16.6**	**6.7**
Net tangible assets per share ($)	**0.27**	**0.15**	**0.06**

The non-GAAP measure above is disclosed for consistency with the information disclosed in EROAD's results announced under the NZX listing rules.

NOTE 13 EVENTS SUBSEQUENT TO BALANCE DATE

On 29 September 2023, the Group amended its syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ) and added Kiwibank Limited (Kiwibank). The effective date of the amendment is 4 October 2023. Please refer to note 6 for additional details.

29,749,556 Ordinary shares were issued at $0.70 NZD per share on 2 October 2023. In total $20.8M has been raised, of which $5.1M was received in advance on 29 September 2023. Please refer to note 7 for additional details.

There were no further events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

Independent Review Report

To the shareholders of EROAD Limited

Report on the interim condensed consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements on pages 11 to 37 do not:

i. present fairly in all material respects the Group's financial position as at 30 September 2023 and its financial performance and cash flows for the six month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

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

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)"). Our responsibilities are further described in the *Auditor's Responsibilities for the review of the financial statements* section of our report.

We are independent of, in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has also provided other services to the group in relation to taxation compliance and transfer pricing 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.

Responsibilities of the Directors for the interim condensed consolidated financial statements

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

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

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

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

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) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

KPMG

KPMG
Auckland

29 November 2023

Glossary

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)
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.

CHURN
The inverse of the asset retention rate.

COREHUB
EROAD's next generation telematics hardware that collects rich data, meets electronic logging device certification.

COSTS TO ACQUIRE CUSTOMERS (CAC)
A non-GAAP measure of costs to acquire customers. Total CAC represents all 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)
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.

CY (CALENDAR YEAR)
12 months ended 31 December.

EBITDA
A non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Consolidated Statement of Comprehensive Income in Financial Statements.

EBITDA MARGIN
A non-GAAP measure representing EBITDA divided by Revenue.

EHUBO, EHUBO2 and EHUBO 2.2
EROAD's first and second generation telematics hardware. EHUBO is a trade mark registered in New Zealand, Australia and the United States.

ELECTRONIC LOGGIING DEVICE (ELD)
An electronic solution that synchronises with a vehicle engine to automatically record driving time and hours of service records

ENTERPRISE
A customer where the $AMRR is more than $100k in NZD for the Financial year reported

FREE CASH FLOW
A non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows.

FREE CASH FLOW TO THE FIRM
A non-GAAP measure representing operating cash flow and investing cash flow net of interest paid and received. For the purposes of this presentation, payments for the acquisition of Coretex have been excluded.

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 the H1 FY24 Financial Statements.

FY (FINANCIAL YEAR)
Financial year ended 31 March.

H1 (HALF ONE)
For the six months ended 30 September.

H2 (HALF TWO)
For the six months ended 31 March.

LEASE DURATION
Future contracted income as a proportion of reported revenue.

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)
A non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the H1 FY24 Financial Statements, by the TCU balance at the end of each month during the year.

NORMALISED EBITDA
Excludes one-off 4G hardware upgrade program costs ($1.5m). H1 FY23 normalisations include acquisition accounting revenue ($7.0m), and integration costs ($2.6m).

NORMALISED EBITDA MARGIN
Excludes one-off items, consistent with the definition provided for Normalised EBITDA.

NORMALISED REVENUE
Excludes the one-off acquisition accounting revenue in H1 FY24 ($7.0m).

ROAD USER CHARGES (RUC)
In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.

SAAS
Software as a Service, a method of software delivery in which software is accessed online via a subscription rather than bought and installed on individual computers.

SAAS REVENUE
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.

TOTAL CONTRACTED UNITS
Represents EROAD and Coretex branded units subject to a customer contract both on Depot and pending instalment and Coretex branded units currently billed.

UNIT
A communication device fitted in-cab or on a trailer. Where there is more than one unit fitted in-cab or on a trailer, it is counted as one unit (excluding Philips Connect).

360
A web-based platform that allows customers to access data collected by CoreHub and the associated reports.

Directory

Registered Office in New Zealand

Level 3, 260 Oteha Valley Road,
Albany, Auckland, New Zealand

Registered Office in North America

15110 Avenue of Science,
Suite 100, San Diego,
United States of America 92128

Registered Office in Australia

Level 36, Tower 2 Collins Square
727 Collins Street, Docklands,
VIC 3008, Australia

Investor Relations and Sustainability Enquires

Address: EROAD Limited,
PO Box 305 394 Triton Plaza,
North Shore,
Auckland
Email: investors@eroad.com
Telephone: 0800 437 623

Managing your Shareholding Online

Changes in address and investment portfolios can be viewed and updated online:
www.computershare.co.nz/investorcentre.

You will need your CSN and FIN numbers to access this service.

Share Register - New Zealand

Computershare Investments Services Limited
Private Bag 92119, Victoria Street, West Auckland 1142, New Zealand
Email: enquiry@computershare.co.nz
Telephone: +64 9 488 8777
Website: www.computershare.co.nz/investorcentre

Legal Advisors

Chapman Tripp
Level 34 Commercial Bay
Auckland 1010
PO Box 2206, Auckland 1140
Telephone: +64 9 357 9000

Bankers

ANZ
ASB
Bank of New Zealand
HSBC
Wells Fargo

EROAD