



EROAD

Disciplined execution delivers positive HY24 results

AUCKLAND, 29 November 2023: Transportation technology services company EROAD Limited (NZX/ASX: ERD), with its purpose of 'delivering intelligence you can trust, for a better world tomorrow', today released its financial results for the 6 months ended 30 September 2023.

All numbers are stated in New Zealand dollars (NZ\$) and relate to the 6 months ended 30 September 2023 (H1 FY24), unless stated otherwise. Comparisons relate to the six months ended 30 September 2022 (H1 FY23)

Financial Highlights¹

- **Revenue increased** to \$88.9m for H1 FY24 from reported revenue of \$85.4m in H1 FY23 and normalized revenue of \$78.4m in H1 FY23. This represents a 13% increase against normalized revenue for the prior comparable period, taking account of the one-off acquisition accounting adjustment of \$7.0m in H1 FY23 relating to the Coretex merger. Growth in revenue was delivered across all markets.
- **EBIT reduced to** a profit of \$0.4m in H1 FY24 from a profit of \$1.0m in H1 FY23. Normalised² EBIT increased to \$1.9m in H1 FY24 from \$(3.4)m in H1 FY23.
- **Annualised Monthly Recurring Revenue increased** by \$10.8m (6.8%), to \$169.1m in H1 FY24 from \$158.3m in H1 FY23, reflecting growth across all markets partially offset by an FX loss of \$4.4m.
- **Free Cash Flow (to the firm) improved** to an outflow of \$0.2m in H1 FY24 from an outflow of \$21.7m in H1 FY23. This improvement is the result of growth in units, price increases, and further cost savings. Following the capital raise, available liquidity (bank facility headroom + cash) was \$59.4m.

¹ EROAD has presented certain non-GAAP financial measures as part of its H1 FY24 results, which EROAD's directors and management believe provide useful information as they exclude any impacts of one-offs which can make it difficult to compare and assess EROAD's performance. The non-GAAP financial measures EROAD has used in this document are Annualised Monthly Recurring Revenue (AMRR), EBIT, Normalised EBIT, Normalised Revenue and Free Cash Flow. A detailed reconciliation of non-GAAP measures to EROAD's reported financial information is included on EROAD's website (<http://www.eroadglobal.com/global/investors/>). General information about EROAD's use of non-GAAP financial information is included on page 2 of the H1 FY24 Investor Presentation.

² Normalised for the recognition of one-off acquisition revenue, integration costs and costs associated with the 4G hardware upgrade program.

Operational Highlights

- **Asset Retention remains high** at 94.2% in H1 FY24 (NZ 94%; AU 97%; NA 94%), compared with 94.7% in H1 FY23.
- **Key enterprise customer wins and expansions during the period** Programmed in Australia (+3k connections), renewed and expanded Boral (+1.3k connections) in Australia and Kinetic (owner of NZ Bus +1k connections) in New Zealand, and expanded US Foods (+600 connections) in North America. 59% of new enterprise units were expansions from existing customers, demonstrating strong customer value from EROAD.
- **FY24 guidance reconfirmed** of revenue growth between 6 - 9% (\$175m - \$180m), continued implementation of the cost-out program, and EBIT of \$0 - \$5m normalised for the 4G hardware upgrade program.
- **Accelerated product development using AI** - EROAD is collaborating with Microsoft on Generative AI product development to enhance customer experience and value. This is part of EROAD's growth strategy, which has included an active search for strategic partnerships in the high growth North American market and the building up of relevant in-market sales capabilities and expertise.
- **Cold-Chain partnership** - EROAD has also commenced a partnership with Trane Technologies to expand opportunities in the Cold-Chain market in conjunction with the ThermoKing Refrigerated Trailer Units. This partnership helps EROAD to grow in the refrigerated trailer market in NA which comprises over 400,000 trailers.
- **EROAD expects to be free cash flow positive** in the latter part of calendar 2024.

“Our results for the first half of FY24 demonstrate our ability to capitalise on strategic growth combined with our consistent focus on robust financial management,” said Mark Heine, Chief Executive Officer. “In March this year I outlined our focus was on repositioning EROAD’s business model to simultaneously reduce cost, drive growth and generate cash. Six months on, we are seeing delivery. We expect EROAD to start yielding positive free cash flow on a consistent basis in the latter part of calendar year 2024. The trajectory to arrive at this involves many specific milestones, and the Management team remains focused on these.”

EROAD Chair Susan Paterson said: “The half-year financial results show that EROAD is heading in the right direction. This progress is founded on a solid platform of an established, profitable New Zealand business segment balanced by a high-growth North America opportunity, a well-resourced balance sheet following our recent capital raise, a sound long-term strategy, and excellent positioning to the strong growth in business sustainability requirements. We have laid the foundations for continued growth in New Zealand and Australia, and to target high-growth opportunities in North America.”

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Authorised for release to the NZX and ASX by EROAD's Board of Directors.

Webinar details

EROAD's Chief Executive Officer, Mark Heine, and Chief Financial Officer, Margaret Warrington, will give a presentation and answer questions on the company's financial and operational performance for H1 FY24 via a webinar commencing on Wednesday 29 November 2023 at 12:00pm NZT.

Register in advance for this webcast:

When: Wednesday 29 November Time: 12:00pm NZT

Topic: EROAD H1 FY24 Results Announcement

Link: <https://www.eroad.co.nz/investor-presentation/>

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/>

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About EROAD

EROAD is a fully integrated technology, tolling and services provider, based in Auckland, New Zealand. They design and manufacture in-vehicle hardware, operate secure payment and merchant gateways and offer web-based value-added services. EROAD modernises road charging and compliance for road transport by replacing paper-based systems with easy-to-use electronic systems. They are the largest provider of road user charges (RUC) compliance in New Zealand, and a leading provider of health and safety compliance and fleet management solutions. EROAD is listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX) under the stock symbol of ERD. <http://www.eroad.co.nz>