



EROAD



**2025 INTERIM
REPORT**



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Non-GAAP Measures

EROAD has used non-GAAP measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. Non-GAAP measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS.

The non-GAAP measures EROAD have used are, Annualised Recurring Revenue (ARR), 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).

Letter from the Chair

Dear Shareholders,

At the halfway point of FY25, EROAD has delivered revenue of \$95.9m, having achieved growth across all three regions. With positive free cash flow to the firm of \$0.1m, EROAD remains on track to meet its financial guidance. This performance reflects disciplined execution against strategic priorities and a focus on delivering sustainable, profitable growth. Despite a challenging macroeconomic environment, the results highlight the resilience of the business and its ability to adapt to market conditions, positioning it well for the remainder of the year.

EROAD has evolved alongside its customers, providing an integrated platform that extends beyond standard telematics to address the specific needs of complex fleets. From precise temperature tracking for cold-chain logistics to compliance tools for construction and industry-specific solutions, the platform supports efficiency, safety, and regulatory assurance. With specialised modules for sustainability, tax management, and other critical areas, EROAD enables fleets to streamline operations within a single ecosystem. As the leader in road user charging technology in New Zealand, EROAD also delivers extensive expertise in simplifying compliance for its customers.



Strategic growth in a complex market

All three core markets continue to contribute to steady growth in recurring revenue, driven by a focus on expanding multi-product adoption and deepening customer engagement. This reflects the growing value of EROAD's integrated platform across a diverse range of fleet operations.

The transport and logistics industry is currently experiencing a period of significant adjustment, especially in North America. Following the high demand during COVID-19, the U.S. trucking sector is now undergoing a process of right-sizing. Many smaller operators that expanded during the boom are struggling to adapt to a lower-demand environment, leading to consolidation within the industry. This reinforces the importance of focusing on resilient, high-value customers who benefit most from EROAD's integrated platform.

In line with this focus, EROAD is actively managing its customer portfolio, with a deliberate strategy to accept higher unit reduction as the company prioritises fostering deeper relationships with enterprise customers aligned to long-term value creation. Larger fleets, in particular offer unique advantages—their resilience and growth potential create opportunities for EROAD to scale alongside them as their operations expand.

By concentrating on customers who require more than basic compliance tools, EROAD supports fleets with advanced solutions that enhance safety, productivity, and operational efficiency. This targeted approach ensures that value is delivered where it has the most meaningful impact, helping fleet operators optimise their operations sustainably and cost-effectively.

Board priorities and strategic direction

The Board remains committed to EROAD's vision of sustainable growth, supporting a strategy that builds operational strength while expanding its presence in core and growth markets. This includes repositioning EROAD to deliver long-term value through efficient growth, targeted customer engagement, and realigned sales and marketing efforts to deepen relationships with complex fleet operators. The deliberate focus on quality of revenue over volume reflects a strategy designed to build enduring partnerships with customers in New Zealand, Australia, and North America.

In New Zealand, EROAD is well-positioned to respond to proposed government initiatives, including the proposed action plan for road user charges (RUC) and time-of-use pricing. These policy shifts, which aim to modernise transport funding, represent an opportunity to expand offerings within the light commercial vehicle segment. With a proven track record in RUC compliance, EROAD is prepared to leverage its expertise to support New Zealand's evolving infrastructure needs as new policies come into effect.

Strengthening leadership and future preparedness

This year, EROAD welcomed Duanne O'Brien as Chief Technology Officer. Since joining, Duanne has brought focus and direction to the product team, aligning technology efforts closely with the company's strategic goals. His leadership is already enhancing product capabilities, and the Board is confident that under his guidance, EROAD will continue to advance its solutions to meet the changing demands of modern fleets. This appointment reflects EROAD's commitment to innovation strengthens its ability to maintain a competitive edge.

Commitment to sustainability and responsible growth

Sustainability remains a key priority for EROAD and is integral to its growth strategy and the technologies it develops. The Board supports ongoing investment in technologies that help customers to reduce emissions, improve fuel efficiency, and optimise fleet operations. This focus positions EROAD as a responsible partner, addressing industry challenges while delivering tangible benefits to customers and communities.

The Board also prioritises fostering a corporate culture grounded in responsibility and integrity. This includes a strong emphasis on compliance, effective risk management, and robust data privacy protections. These high standards ensure that EROAD continues to earn the trust of customers, shareholders, and other stakeholders.

Confidence in our direction

As EROAD enters the second half of FY25, the Board remains confident in the company's strategic direction and its ability to navigate the challenges and capitalise on opportunities. The continued focus on high-value customers, scalable practices, and sustainable growth strengthens EROAD's position in a competitive market. The results achieved in the first half of the year affirm the effectiveness of this approach, and while the road ahead will require continued adaptability and focus, EROAD is well-positioned to deliver on its commitments to shareholders and stakeholders. In line with this focus, we are updating our R&D guidance to ensure continued investment in innovation that supports long-term growth and differentiation.

On behalf of the Board, I extend my gratitude to shareholders for their continued support and to the EROAD team for their dedication. These combined efforts are building a resilient, future-focused business that is well-positioned to create lasting value for all.

Sincerely



Susan Paterson
Chair

Letter from the Co-CEOs

Dear Shareholders,

We are pleased to report EROAD continues to deliver positive results, achieving half year revenue of \$95.9m - an increase of 8% from HY FY24. Annualised recurring revenue (ARR) has grown across all three regions year-over-year, reflecting our focus on sustainable profitable growth. The company remains free cash flow positive, with normalised free cash flow – excluding the one-time expenses from the 4G upgrade program in New Zealand - at \$6.2m.

The discipline instilled across the business over recent years has provided the foundations for sustainable growth, even amid challenging economic conditions in the trucking and transportation sectors. By concentrating on our strengths, we continue to serve larger, more complex fleets, where our single platform solution offers a distinct competitive advantage.



Delivering solutions that meet diverse fleet needs

EROAD's platform is designed to meet the diverse needs of fleets, from straightforward compliance tools to advanced solutions for complex operations. Whether managing refrigerated transport, delivering concrete, or optimising last-mile logistics, our platform equips customers with the tools they need to succeed.

While some fleets are satisfied with basic compliance products, EROAD's full platform offers distinct value for operators with complex needs. By integrating critical functions such as safety, compliance, asset tracking and load monitoring into a single solution, we enable customers to streamline operations and improve efficiency.

This ability to deliver tailored, high-value tools differentiates EROAD in the market, especially within the transport, construction, and refrigerated segments. It reflects our commitment to helping customers address their most critical challenges with solutions that create meaningful operational improvements.

Expanding value through a balanced revenue strategy

EROAD's growth strategy combines expanding multi-product adoption within our existing customer base alongside targeted acquisition of new accounts. This two-pronged approach enables us to deepen relationships with our current customers, many of whom are larger fleets with significant growth potential, while driving additional ARR growth through new customer wins. We also continue to grow alongside existing customers as their fleets expand, further strengthening relationships and adding value organically.

In North America we have strengthened our sales capabilities and are progressing with pilot programs among several key accounts. These pilots represent important steps toward larger partnerships as we're seeing a growing interest in EROAD's platform among major fleet operators. While longer sales cycles are typical in this segment, our history of success with large-scale accounts, such as Sysco and US Foods reinforce our credibility. Alongside these pilots, we are also focused on expanding our reach within existing customers, driving ARR growth through increased adoption of products such as our AI-powered Clarity Edge cameras.

Leveraging partnerships to broaden market reach

As part of our strategic approach to delivering a complete range of solutions, EROAD has partnered with Geotab to address the needs of light commercial fleets. Through this partnership, we have introduced EROAD Locate, a low-cost, entry-level telematics solution. With only 48% of the estimated 4.8 million light commercial vehicles in Australasia currently using telematics, this partnership offers a significant growth opportunity. EROAD Locate allows us to engage new customers, including those who may initially require only basic functionality, while keeping our own engineering resources focused on EROAD's core platform for more complex operations.

The partnership is particularly valuable for fleets with mixed requirements. For example, heavy-vehicle customers may use EROAD's full platform for core fleet operations, adding EROAD Locate to meet the needs of corporate or lighter vehicle fleets. This gives EROAD the flexibility to meet a wider range of customer needs and reinforces our reputation as a provider for fleets with complex requirements.

Additionally, as New Zealand advances toward broader user charging for roads, EROAD Locate is well-positioned to play an important role in supporting this transition.

Global performance and regional contributions

New Zealand remains our stable, cash-generative foundation, with revenue growing 11.4% year-over-year to \$49.8 million. While unit reductions have been influenced by fleet resizing and the 4G upgrade program, the market continues to demonstrate resilience and supports broader strategic initiatives globally.

North America continues to build momentum as EROAD's primary growth market, with revenue increasing 2.6% year-over-year to NZ\$39.6 million. Recent renewals with Medline, ABC Trucking, and US Foods included product expansions, generating \$2 million in additional contract value. While fleet resizing has impacted unit counts, ARR and ARPU growth reflect the strength of our enterprise relationships.

Australia has delivered strong results, with revenue increasing 16.1% year-over-year to NZ\$6.5 million. This growth reflects the success of focused sales efforts on larger fleets, including the ongoing rollout of a 5,000-unit trans-Tasman contract, on track for completion by June 2025 with approximately 1,400 units deployed at half-year. This progress highlights Australia's position as a promising market for long-term growth.

Commitment to product innovation

Our focus on product innovation remains central to delivering value for our customers. The recently released Clarity Edge AI dashcams have already shown significant safety improvements with early customers, reducing instances of speeding, distracted driving, and cell phone use. This product has quickly become part a core part of our safety offering, resonating strongly with customers who prioritise driver safety and regulatory compliance.

Since the arrival of Duanne O'Brien as Chief Technology Officer, our product team has gained renewed focus and momentum. His leadership has energised the team to accelerate the delivery of tools that address the real-world challenges faced by fleets today, ensuring EROAD continues to meet the complex needs of our customers while enhancing operational safety and efficiency.

Looking ahead

As we enter the second half of FY25, we remain confident in EROAD's clear focus on complex fleet operations, disciplined growth, and commitment to delivering value through innovation. To that end, we will be updating our R&D guidance to ensure investment allocation is aligned with strategic priorities. We are firmly on track to deliver against our full-year guidance, supported by a strategy that prioritises high-quality revenue and effective execution.

We would like to extend our sincere gratitude to the entire EROAD team for their hard work, resilience, and dedication. Their commitment enables us to make a meaningful difference for our customers, supporting safer, more efficient, and sustainable fleet operations.

On behalf of everyone at EROAD, we thank you, our shareholders, for your continued support as we execute against our strategy. EROAD is well-positioned to deliver long-term sustainable value and capitalise on the opportunities ahead.

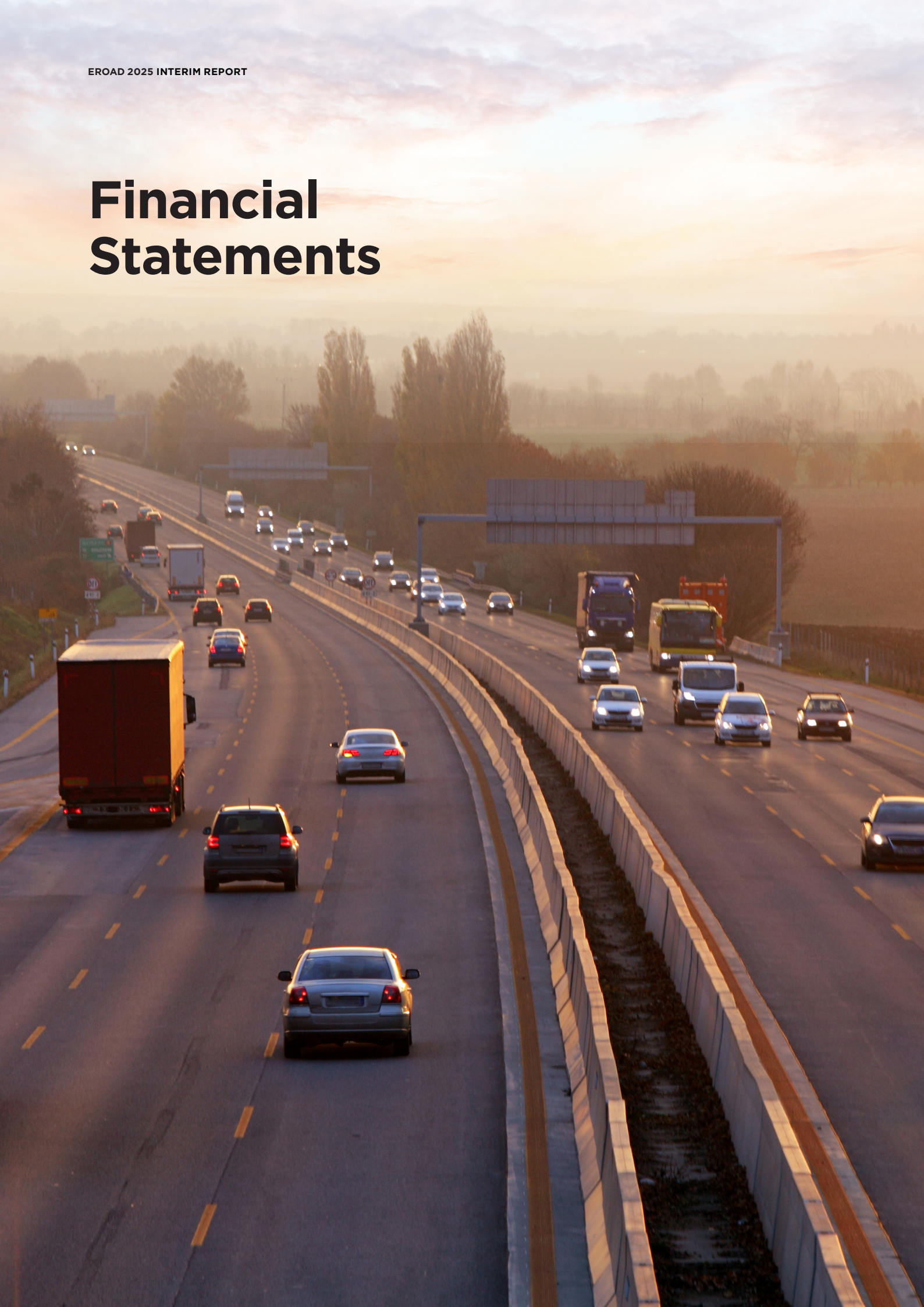
Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is for Mark Heine, and the signature on the right is for David Kenneson. Both signatures are fluid and cursive.

Mark Heine and David Kenneson

Co-CEOs, EROAD

Financial Statements



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2024

	Notes	30 Sep 2024 Unaudited \$M's	Restated* 30 Sep 2023 Unaudited \$M's
Revenue	2	95.9	88.9
Operating expenses		(66.7)	(63.3)
Earnings before interest, taxation, depreciation and amortisation		29.2	25.6
Depreciation of property, plant and equipment	4	(11.0)	(11.0)
Amortisation of intangible assets	5	(10.4)	(9.6)
Amortisation of contract and customer acquisition assets		(5.4)	(4.9)
Earnings before interest and taxation		2.4	0.1
Finance expense		(2.9)	(4.9)
Finance income		0.4	0.2
Net financing costs		(2.5)	(4.7)
Loss before tax		(0.1)	(4.6)
Income tax benefit/(expense)	8	(1.4)	3.2
Loss after tax for the period attributable to the shareholders		(1.5)	(1.4)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges		0.8	(0.5)
Currency translation differences		(10.3)	9.3
		(9.5)	8.8
Total comprehensive income for the period		(11.0)	7.4
Loss per share - Basic (cents)		(0.82)	(1.14)
Loss per share - Diluted (cents)		(0.82)	(1.13)

* Refer to Retrospective Restatement note (e) for further details.

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 2024

		30 Sep 2024	Restated*
		Unaudited	31 Mar 2024
	Notes	\$M's	Audited
			\$M's
Current assets			
Cash and cash equivalents	3	11.3	14.5
Restricted bank accounts	3	25.1	17.8
Derivative financial asset		0.4	-
Trade and other receivables		32.1	33.2
Contract fulfilment costs		7.1	5.8
Costs to obtain contracts		2.6	2.4
Total Current Assets		78.6	73.7
Non-current assets			
Property, plant and equipment	4	85.3	88.8
Intangible assets	5	253.9	264.4
Derivative financial asset		0.4	-
Contract fulfilment costs		6.0	6.2
Costs to obtain contracts		2.3	2.7
Deferred tax assets		17.3	17.7
Total Non-Current Assets		365.2	379.8
Total Assets		443.8	453.5

Condensed Consolidated Statement of Financial Position (continued)

As at 30 September 2024

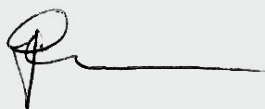
	Notes	30 Sept 2024 Unaudited \$M's	Restated* 31 Mar 2024 Audited \$M's
Current liabilities			
Borrowings	6	5.0	2.5
Trade payables and accruals		23.3	30.3
Payables to transport agencies	3	25.1	17.8
Contract liabilities		10.3	10.9
Lease liabilities		1.3	1.2
Employee entitlements		4.6	4.1
Derivative financial liabilities		-	0.3
Total Current Liabilities		69.6	67.1
Non-current liabilities			
Borrowings		31.7	34.1
Contract liabilities		13.0	12.7
Lease liabilities		4.8	5.1
Derivative financial liabilities		0.1	0.1
Deferred tax liabilities		12.8	13.1
Total Non-Current Liabilities		62.4	65.1
Total Liabilities		132.0	132.2
Net Assets		311.8	321.3
Equity			
Share Capital	7	355.7	353.5
Share capital premium/discount		(19.9)	(19.9)
Other reserves		11.7	21.2
Accumulated losses		(35.7)	(33.5)
Total Shareholders' Equity		311.8	321.3

* Refer to Retrospective Restatement note (e) for further details.

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



Chair,
25 November 2024



Chair of the Finance, Risk and Audit Committee,
25 November 2024

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	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 March 2023 (Audited) as previously reported	305.7	(19.9)	(36.0)	(1.2)	0.2	248.8
Retrospective restatement (note (e))	-	-	(0.4)	12.2	-	11.8
Restated balance as at 31 March 2023	305.7	(19.9)	(36.4)	11.0	0.2	260.6
Loss after tax for the period	-	-	(1.4)	-	-	(1.4)
Other comprehensive income	-	-	-	9.3	(0.5)	8.8
Restated total comprehensive income	-	-	(1.4)	9.3	(0.5)	7.4
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
Restated balance as at 30 Sep 2023 (Unaudited)	337.9	(19.9)	(35.4)	20.3	(0.3)	302.6
Balance as at 31 March 2024 (Audited) as previously reported	353.5	(19.9)	(32.7)	2.5	(0.4)	303.0
Retrospective restatement (note (e))	-	-	(0.8)	19.1	-	18.3
Restated balance as at 31 March 2024	353.5	(19.9)	(33.5)	21.6	(0.4)	321.3
Loss after tax for the period	-	-	(1.5)	-	-	(1.5)
Other comprehensive income	-	-	-	(10.3)	0.8	(9.5)
Total comprehensive income	-	-	(1.5)	(10.3)	0.8	(11.0)
Transactions with owners of the Company						
Equity settled share-based payments	2.2	-	(0.7)	-	-	1.5
Balance as at 30 Sep 2024 (Unaudited)	355.7	(19.9)	(35.7)	11.3	0.4	311.8

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

Condensed consolidated Statement of Cash Flows

For the six months ended 30 September 2024

		30 Sep 2024	30 Sep 2023
		Unaudited	Unaudited
	Notes	\$M's	\$M's
Cash flows from operating activities			
Cash received from customers		96.1	88.5
Payments to suppliers and employees		(71.4)	(58.4)
Payments for contract fulfilment assets		(5.1)	(5.6)
Interest received		0.4	0.2
Interest paid		(2.6)	(4.0)
Income taxes paid		(0.1)	-
Net cash inflow from operating activities		17.3	20.7
Cash flows from investing activities			
Payments for investment in property, plant & equipment	4	(9.1)	(12.8)
Payments for investment in intangible assets	5	(8.8)	(9.8)
Payments for investment in cost to obtain contracts		(1.5)	(2.1)
Net cash outflow from investing activities		(19.4)	(24.7)
Cash flows from financing activities			
Receipts from bank loans		-	2.0
Repayments of bank loans		-	(20.0)
Payment of lease liability		(1.0)	(1.1)
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		(1.0)	12.7
Net increase/(decrease) in cash held		(3.1)	8.7
Cash at the beginning of the financial period		14.5	8.1
Effects of exchange rate changes on cash and cash equivalents		(0.1)	-
Closing cash and cash equivalents		11.3	16.8

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 2024

	30 Sep 2024 Unaudited \$M's	Restated* 30 Sep 2023 Unaudited \$M's
Reconciliation of operating cash flows with reported profit after tax		
Loss after tax for the six month period attributable to the shareholders	(1.5)	(1.4)
Add/(less) non-cash items		
Tax asset recognised	0.1	(3.2)
Depreciation and amortisation	26.8	25.5
Other non-cash expenses	1.1	3.4
Unwinding of interest expense for discounted contract liabilities	0.6	(0.4)
	28.6	25.3
Add/(less) movements in other working capital items		
Increase/(decrease) in trade and other receivables	0.5	(1.7)
Increase in current tax payables	0.4	0.1
Increase in contract liabilities	0.6	2.2
(Decrease)/increase in trade payables, interest payable and accruals	(6.2)	1.8
Increase contract fulfilment cost	(5.1)	(5.6)
	(9.8)	(3.2)
Net cash from operating activities	17.3	20.7

* Refer to Retrospective Restatement note (e) for further details.

Notes to the Financial Statements

For the six months ended 30 September 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements presented for the six months ended 30 September 2024 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 condensed 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 condensed consolidated interim financial statements for the six months ended 30 September 2024 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 condensed 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 2024 (“last annual financial statements”). These condensed 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 25 November 2024.

(a) Basis of measurement

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

(b) 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.

(c) 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 1 April 2024.

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

(d) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(e) Retrospective restatement

During the half-year period to September 2024, the Group identified an error where goodwill and other acquired intangible assets relating to the Coretex acquisition had been recorded in NZ\$, rather than recorded in the functional currency of each of the Group's CGUs (US\$ for North America and A\$ for Australia), in its financial statements since 2022. This has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impact on the Group's condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

	30 September 2023		
	As previously presented	Adjustment	Restated
	\$M's	\$M's	\$M's
Amortisation of intangible assets	(9.3)	(0.3)	(9.6)
Income tax benefit	3.1	0.1	3.2
Loss after tax for the period attributable to the shareholders	(1.2)	(0.2)	(1.4)
Items that are or may be reclassified subsequently to profit and loss			
Currency translation differences	3.2	6.1	9.3
Total comprehensive income for the year	1.5	5.9	7.4

Condensed consolidated statement of financial position

	31 March 2024		
	As previously presented	Adjustment	Restated
	\$M's	\$M's	\$M's
Intangible assets	244.4	20.0	264.4
Total assets	433.5	20.0	453.5
Deferred tax liability	(11.4)	(1.7)	(13.1)
Total liabilities	(130.5)	(1.7)	(132.2)
Other reserves	2.1	19.1	21.2
Accumulated losses	(32.7)	(0.8)	(33.5)
Equity	303.0	18.3	321.3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Condensed consolidated statement of financial position (continued)*

	1 April 2023		
	As previously presented	1 April 2023 Adjustment	Restated
	\$M's	\$M's	\$M's
Intangible assets	242.1	13.0	255.1
Total assets	402.8	13.0	415.8
Deferred tax liability	(17.9)	(1.2)	(19.1)
Total liabilities	(154.0)	(1.2)	(155.2)
Other reserves	(1.0)	12.2	11.2
Accumulated losses	(36.0)	(0.4)	(36.4)
Equity	248.8	11.8	260.6

There is no material impact on the Group's basic or diluted EPS and no impact on the total operating, investing or financing cash flows for the period ended 30 September 2023. There is no change to the outcome of the impairment testing of the Group's North America or Australia CGUs at 31 March 2024.

PERFORMANCE

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

NOTE 1 SEGMENT REPORTING

NOTE 2 REVENUE

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 Officers ("CEOs"). The CEOs are considered to be the chief operating decision makers ("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.

- *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 2024	30 Sep 2023	30 Sep 2024	Restated 30 Sep 2023	30 Sep 2024	30 Sep 2023	30 Sep 2024	Restated 30 Sep 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
Revenue								
Software as a Service (SaaS) revenue	-	-	38.4	36.5	45.0	42.0	6.3	5.0
Hardware revenue	-	0.1	1.0	1.8	-	-	-	0.4
Transaction fee revenue	-	-	-	-	3.2	1.2	-	-
Other revenue ¹	40.7	26.7	0.7	0.3	1.3	1.5	0.2	0.2
Total revenue	40.7	26.8	40.1	38.6	49.5	44.7	6.5	5.6
Earnings before interest, taxation, depreciation & amortisation	(17.4)	(20.7)	10.3	15.9	34.4	28.7	1.9	1.7
Depreciation of property, plant & equipment	(0.6)	(1.1)	(4.8)	(5.2)	(4.8)	(4.0)	(0.8)	(0.6)
Amortisation of intangible assets	(6.7)	(6.0)	(3.0)	(2.8)	(0.4)	(0.4)	(0.3)	(0.4)
Amortisation of contract and customer acquisition assets	-	-	(1.4)	(1.5)	(3.4)	(3.1)	(0.6)	(0.4)

¹ Revenue from Corporate & Development Markets includes R&D Grant Income of \$0.9m (30 September 2024: \$0.9m).

	Corporate & Development		North America		New Zealand		Australia	
	30 Sep 2024	31 March 2024	30 Sep 2024	Restated 31 March 2024	30 Sep 2024	31 March 2024	30 Sep 2024	Restated 31 March 2024
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
Total assets	281.6	287.2	185.8	205.1	105.1	94.9	39.4	34.4

NOTE 1 SEGMENT REPORTING (CONTINUED)*Reconciliation of information on reportable segments*

	30 Sep 2024 Unaudited	Restated 30 Sep 2023 Unaudited
	\$M's	\$M's
Revenue		
Total revenue for reportable segments	136.8	115.7
Elimination of inter-segment revenue	(40.9)	(26.8)
Consolidated Revenue	95.9	88.9
EBITDA		
Total EBITDA for reportable segments	29.2	25.6
Elimination of inter-segment EBITDA	-	-
Consolidated EBITDA	29.2	25.6
Depreciation		
Total depreciation for reportable segments	(11.0)	(10.9)
Elimination of inter-segment depreciation	-	(0.1)
Consolidated Depreciation	(11.0)	(11.0)
Amortisation of intangible assets		
Total amortisation for reportable segments	(10.4)	(9.6)
Elimination of inter-segment amortisation	-	-
Consolidated Amortisation	(10.4)	(9.6)
Total assets		
	\$M's	\$M's
Total assets for reportable segments	611.9	621.6
Elimination of inter-segment balances	(168.1)	(168.1)
Consolidated Total Assets	443.8	453.5

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

Included within Total Assets are Development Assets of \$107.9M (Restated 31 March 2024: \$109.0M) 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 respective CGU's

NOTE 1 SEGMENT REPORTING (CONTINUED)

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 2024 Unaudited				
North America	50.6	95.7	1.5	19.8
New Zealand	50.6	5.7	-	1.0
Australia	6.7	14.2	-	3.2
	107.9	115.6	1.5	24.0
Restated 31 Mar 2024 Audited				
North America	52.6	101.9	2.0	22.0
New Zealand	50.3	5.7	-	1.0
Australia	6.1	14.2	-	3.4
	109.0	121.8	2.0	26.4

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 2024 Unaudited \$M's	30 Sep 2023 Unaudited \$M's
Revenue		
New Zealand	49.8	44.7
All foreign countries:		
USA	39.6	38.6
Australia	6.5	5.6
Total revenue	95.9	88.9

	30 Sep 2024 Unaudited \$M's	Restated 31 Mar 2024 Audited \$M's
Non-current assets		
New Zealand	145.3	145.2
All foreign countries:		
USA	169.3	187.3
Australia	32.9	29.6
Total non-current assets	347.5	362.1

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

	30 Sep 2024 Unaudited \$M's	Restated 31 Mar 2024 Audited \$M's
Reconciliation of geographical non-current assets to total non-current assets		
Geographical non-current assets	347.5	362.1
Deferred tax assets	17.3	17.7
Derivative financial instruments	0.4	-
Total non-current assets	365.2	379.8

NOTE 2 REVENUE

	30 Sep 2024 Unaudited	30 Sep 2023 Unaudited
	\$M's	\$M's
Revenue from contracts with customers		
Software as a service (SaaS) revenue	89.7	83.5
Hardware revenue (subscription basis)	1.0	2.3
Other		
Transaction fee revenue	3.2	1.2
Other revenue and income	1.1	1.0
Grant income	0.9	0.9
Total Revenues	95.9	88.9

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.

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.

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.

NOTE 2 REVENUE (CONTINUED)**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 it operates in. Where fees are collected on their behalf, the Group charges a commission. The revenue recognised is the net amount of the commission fee earned by the Group.

Grant income

Government grants are recognised at fair value in the statement of comprehensive income over the same periods as the costs for which the grants are intended to compensate. No unfulfilled conditions or contingencies exist related to the government grants.

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 2024 are expected to be recognised by EROAD based on the time bands disclosed below.

	30 Sep 2024 Unaudited	30 Sep 2023 Unaudited
	\$M's	\$M's
Software as a Service (SaaS) revenue		
No later than one year	98.9	93.9
Later than one year, no later than five years	190.3	132.3
Total price allocated to remaining performance obligations	289.2	226.2

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

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

	30 Sep 2024 Unaudited	31 Mar 2024 Audited
	\$M's	\$M's
Cash and cash equivalents	11.3	14.5
Restricted bank accounts	25.1	17.8
	36.4	32.3

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	(25.1)	(17.8)
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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

NOTE 5 INTANGIBLE ASSETS

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

	Right of use assets	Hardware assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
Year ended 31 Mar 2024 (Audited)								
Opening net book amount	5.7	68.7	0.1	1.6	0.2	0.6	0.9	77.8
Additions	0.3	33.0	-	-	-	-	0.5	33.8
Disposals	-	(1.3)	-	-	-	-	-	(1.3)
Depreciation charge	(1.5)	(20.3)	-	(0.4)	(0.1)	(0.2)	(0.7)	(23.2)
Effect of movement in exchange rates	0.2	1.5	-	-	-	-	-	1.7
Closing net book amount	4.7	81.6	0.1	1.2	0.1	0.4	0.7	88.8
Cost	8.6	135.2	0.8	2.9	0.4	2.0	5.3	155.2
Accumulated depreciation	(3.9)	(53.6)	(0.7)	(1.7)	(0.3)	(1.6)	(4.6)	(66.4)
Net book amount	4.7	81.6	0.1	1.2	0.1	0.4	0.7	88.8

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 2024 (Unaudited)								
Opening net book amount	4.7	81.6	0.1	1.2	0.1	0.4	0.7	88.8
Additions	0.7	9.1	-	-	-	-	0.2	10.0
Disposals	-	(0.4)	-	-	-	-	-	(0.4)
Depreciation charge	(0.7)	(9.8)	-	(0.1)	-	(0.1)	(0.3)	(11.0)
Effect of movement in exchange rates	(0.2)	(1.9)	-	-	-	-	-	(2.1)
Closing net book amount	4.5	78.6	0.1	1.1	0.1	0.3	0.6	85.3
At 30 Sep 2024								
Cost	8.4	136.3	0.8	2.9	0.5	1.9	5.5	156.3
Accumulated depreciation	(3.9)	(57.7)	(0.7)	(1.8)	(0.4)	(1.6)	(4.9)	(71.0)
Net book amount	4.5	78.6	0.1	1.1	0.1	0.3	0.6	85.3

Included in the Hardware Assets is equipment under construction to be leased or sold of \$27.6M (31 March 2024: \$33.2M). 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 2024 (Audited)							
Restated opening net book amount	102.6	5.8	116.7	2.6	27.3	0.1	255.1
Additions	21.0	0.3	-	-	-	-	21.3
Effect of movement in foreign exchange rate	1.2	-	5.1	0.1	1.2	-	7.6
Amortisation charge	(15.8)	(1.0)	-	(0.7)	(2.1)	-	(19.6)
Restated closing net book amount	109.0	5.1	121.8	2.0	26.4	0.1	264.4
Cost	179.7	12.4	121.8	3.8	32.3	0.1	350.1
Accumulated amortisation	(70.7)	(7.3)	-	(1.8)	(5.9)	-	(85.7)
Restated net book amount	109.0	5.1	121.8	2.0	26.4	0.1	264.4
Six months ended 30 Sep 2024 (Unaudited)							
Restated opening net book amount	109.0	5.1	121.8	2.0	26.4	0.1	264.4
Additions	8.5	0.3	-	-	-	-	8.8
Amortisation charge	(8.4)	(0.6)	-	(0.4)	(1.0)	-	(10.4)
Effect of movement in foreign exchange rate	(1.2)	-	(6.2)	(0.1)	(1.4)	-	(8.9)
Restated closing net book amount	107.9	4.8	115.6	1.5	24.0	0.1	253.9
Cost	186.4	12.7	115.6	3.5	30.7	0.1	349.0
Accumulated amortisation	(78.5)	(7.9)	-	(2.0)	(6.7)	-	(95.1)
Net book amount	107.9	4.8	115.6	1.5	24.0	0.1	253.9

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 of 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.

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 2024 this is the case for the EROAD Group. The share price of EROAD at 30 September 2024 being \$1.16 equating to a market capitalisation of \$217.0 million compared to net assets of \$311.8million 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:

NOTE 5 INTANGIBLE ASSETS (CONTINUED)

	Amount the VIU exceeds the carrying value \$M's (functional currency)	Connected unit CAGR	ARPU CAGR	WACC
New Zealand	190.7	5.80%	0.13%	12.25%
North America	58.4	11.29%	1.47%	11.00%
Australia	13.9	18.35%	1.06%	10.75%

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% for New Zealand and 2.5% for North America and Australia and was 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	7.70%	(1.84)%	13.30%
Australia	14.95%	(1.60)%	12.24%

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 2024.

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

NOTE 7 EQUITY

NOTE 6 BORROWINGS

	30 Sep 2024 Unaudited \$M's	31 Mar 2024 Audited \$M's
Current borrowings		
Term Loans	5.0	2.5
	5.0	2.5
Non-current borrowings		
Term Loans	20.0	22.5
Revolving Credit Facility	12.3	12.3
Capitalised borrowings cost	(0.6)	(0.7)
	31.7	34.1

Terms and debt repayment schedule

			30 Sep 2024 Unaudited Face Value \$M's	30 Sep 2024 Unaudited Carrying amount \$M's	31 Mar 2024 Audited Face Value \$M's	31 Mar 2024 Audited Carrying amount \$M's
Term Loans	8.94%	2026	25.0	25.0	25.0	25.0
Revolving credit facility	8.94%	2026	12.3	12.3	12.3	12.3
Capitalised borrowing costs			-	(0.6)	-	(0.7)
			37.3	36.7	37.3	36.6

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

At 30 September 2024, EROAD had the following 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. Accordingly, \$5.0m of debt has been classified as current. The full outstanding balance is payable on the termination date.

NOTE 6 BORROWINGS (CONTINUED)

\$50.0M (NZD) Revolving Credit Facility B – to refinance 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. Commitment fee 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 2024.

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 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 2024 (Audited)	184,821,022		353.5
Shares issued to employees	2,228,536	0.95	2.2
			355.7
30 Sep 2024 (Unaudited)	187,049,558		355.7

At 30 September 2024 there was 187,049,558 authorised and issued ordinary shares (31 March 2024: 184,821,022). 386,166 (31 March 2024: 386,166) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

The calculation of both basic and diluted loss/profit per share at 30 September 2024 was based on the loss attributable to ordinary shareholders of (\$1.5m) (Restated 30 September 2023: loss of \$1.4m). The weighted number of ordinary shares on 30 September 2024 was 185,642,091 (30 September 2023: 115,364,078) for basic earnings per share and 185,653,538 for diluted earnings per share (30 September 2023: 116,342,633).

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 contingent consideration portion classified as equity related to the acquisition of Coretex. There have been no changes since 31 March 2024.

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
NOTE 9 RELATED PARTY TRANSACTIONS
NOTE 10 CAPITAL COMMITMENTS
NOTE 11 CONTINGENT LIABILITIES
NOTE 12 NET TANGIBLE ASSETS PER SHARE
NOTE 13 EVENTS SUBSEQUENT TO BALANCE DATE

NOTE 8 INCOME TAX EXPENSE

	30 Sep 2024 Unaudited \$M's	Restated 30 Sep 2023 Unaudited \$M's
(a) Reconciliation of effective tax rate		
Loss before income tax	(0.1)	(4.6)
Income tax using the Company's domestic tax rate of 28%	-	(1.3)
Non-deductible expense/(non-assessable income)	-	(0.3)
Adjustment related to prior period	0.6	(2.1)
Utilisation of tax losses previously unrecognised and tax losses not recognised	0.8	0.6
Effect of different tax rates of subsidiaries operating overseas	-	(0.1)
Income tax expense/(benefit)	1.4	(3.2)
(b) Current tax expense		
Current year	0.7	0.1
	0.7	0.1
(b) Deferred tax expense		
Current year	0.1	(1.2)
Adjustments in respect of prior periods	0.6	(2.1)
	0.7	(3.3)
Income tax expense	1.4	(3.2)

At 30 September 2024 there were no imputation credits available to shareholders (31 March 2024: 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 2024.

NOTE 10 CAPITAL COMMITMENTS**(a) Capital commitments**

As at 30 September 2024 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to \$3.7M (31 March 2024: \$12.2M).

NOTE 11 CONTINGENT LIABILITIES

As at 30 September 2024 the Company had no contingent liabilities or assets (31 March 2023:\$Nil).

NOTE 12 NET TANGIBLE ASSETS PER SHARE

	30 Sep 2024 Unaudited	Restated 30 Sep 2023 Unaudited	Restated 31 Mar 2024 Audited
	\$M's	\$M's	\$M's
Net assets (equity)	311.8	302.4	321.3
Less Intangibles	(253.9)	(261.9)	(264.4)
Total net tangible assets	57.9	40.5	56.9
Net tangible assets per share (\$)	0.31	0.26	0.31

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

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



Independent Auditor's Review Report

To the shareholders of EROAD Limited (**Group**)

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 9 to 35 do not:

- present fairly, in all material respects, the Group's financial position as at 30 September 2024 and its financial performance and cash flows for the 6 month period then ended and comply with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (**NZ IAS 34**) issued by the New Zealand Accounting Standards Board.

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

- the interim condensed consolidated statement of financial position as at 30 September 2024;
- the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including material accounting policy information.

Basis for conclusion

We conducted our review of the 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)**). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the interim condensed consolidated financial statements* section of our report.

We are independent of EROAD Limited 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 provided other services to the Group in relation to tax 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 auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. 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 Auditor's 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 for our review work, this report, or any of the conclusions we have formed.

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Responsibilities of 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; and
- 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.

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.

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, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34.

A review of the interim condensed consolidated financial statements prepared in accordance with 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 the financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Matthew Diprose.

For and on behalf of:

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

Auckland

25 November 2024

Glossary

ANNUALISED RECURRING REVENUE (ARR)

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. Formerly known as Annualised Monthly Recurring Revenue (AMRR).

AVERAGE REVENUE PER CUSTOMER (ARPC)

A non-GAAP measure representing the average revenue generated per customer, calculated using Annualised Monthly Recurring Revenue (AMRR) only. This metric excludes any one-off payments, providing insight into the typical sustained revenue generated from ongoing customer relationships.

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.

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.

EBIT

A non-GAAP measure representing Earnings before Interest and Taxation (EBIT). Refer to Consolidated Statement of Comprehensive Income in Financial Statements.

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.

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 (as reported in Note 2 of the FY24 Financial Statements) minus the contract liability discounting gain (as reported in the FY24 Reconciliation of Operating Cash Flows) by the TCU balance at the end of each month during the year.

Glossary (continued)

NORMALISED EBIT

Excludes one-off 4G hardware upgrade program costs and accelerated depreciation

NORMALISED FREE CASH FLOW

Excludes one-off 4G hardware upgrade program costs and associated hardware spend

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.

TOTAL CONTRACT VALUE (TCV)

The total value of a customer contract over its entire duration, including recurring revenue (e.g., ARR) and any one-off payments

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).

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