

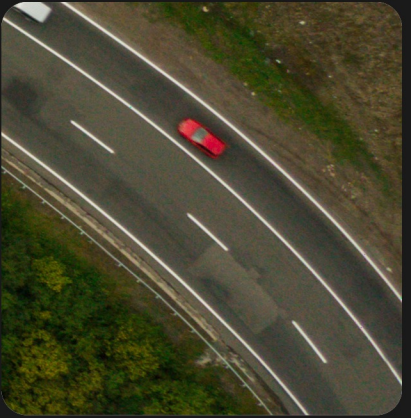


**EROAD**



# EROAD ASX Small & Mid Cap Conference

September 25, 2024



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All numbers relate to the 12 months ended 31 March 2024 (FY24) and comparisons relate to the 12 months ended 31 March 2023 (FY23), unless otherwise stated. All dollar amounts are in NZD, unless otherwise stated.

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EROAD has presented certain non-GAAP financial measures as part of this presentation, 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. Non-GAAP financial measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP financial measures reported in this presentation 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. Non-GAAP financial measures are not subject to audit or review.

The non-GAAP financial measures EROAD has used in this presentation are identified and defined in the Glossary on page 22 of this presentation.

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/>



OUR PURPOSE:

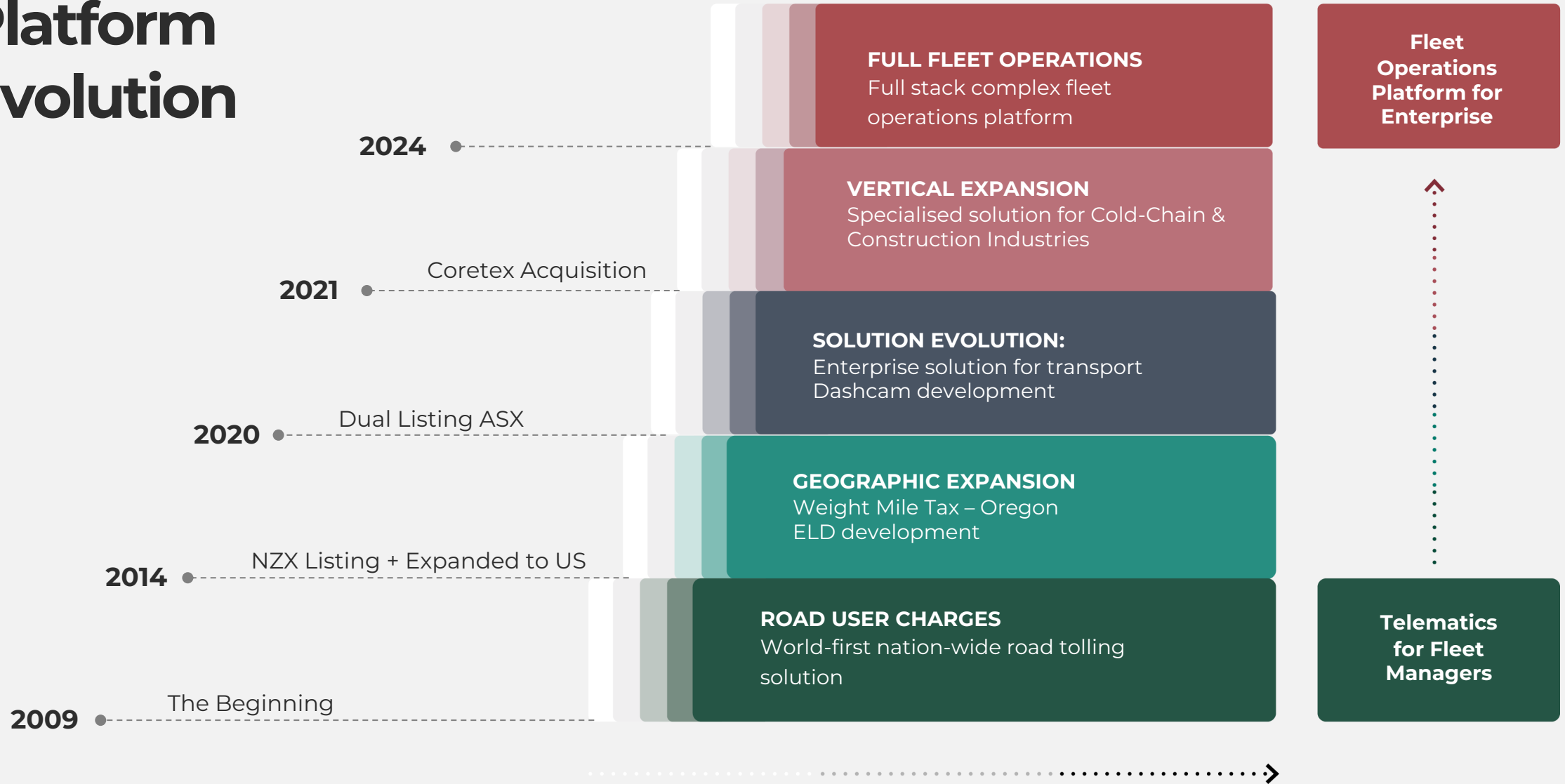
**Delivering** intelligence you can **trust** for a better world tomorrow



Trusted by the companies who keep society moving



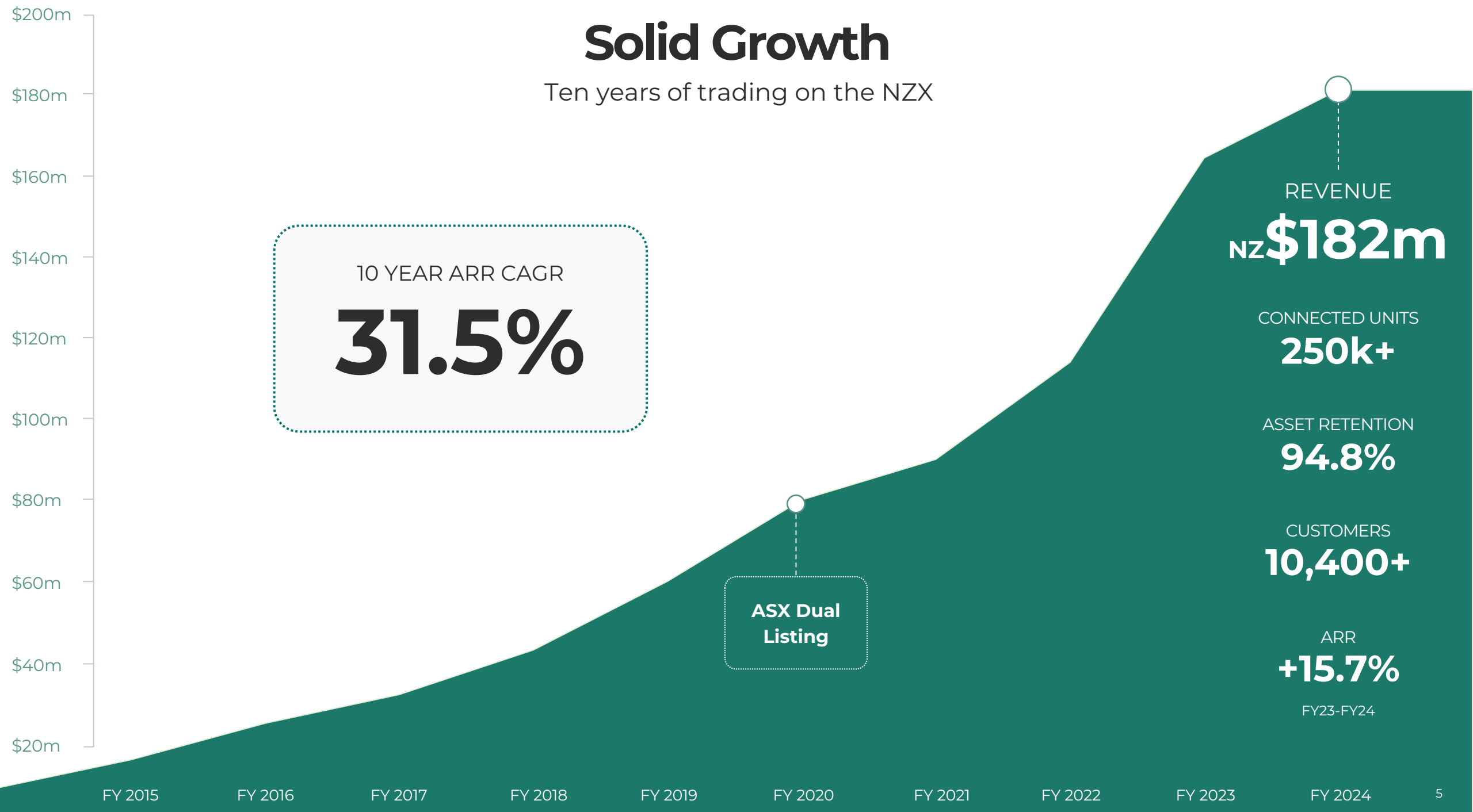
# Platform Evolution





# Solid Growth

Ten years of trading on the NZX



10 YEAR ARR CAGR  
**31.5%**

ASX Dual Listing

REVENUE  
**NZ\$182m**

CONNECTED UNITS  
**250k+**

ASSET RETENTION  
**94.8%**

CUSTOMERS  
**10,400+**

ARR  
**+15.7%**  
FY23-FY24

FY 2015

FY 2016

FY 2017

FY 2018

FY 2019

FY 2020

FY 2021

FY 2022

FY 2023

FY 2024

# Regional Highlights



## North America

REVENUE

**NZ\$79.6m**

UNITS

**106,860**

+ 11,802 on FY23

SAAS ARPU

**NZ\$60.92**

## New Zealand

REVENUE

**NZ\$91.8m**

UNITS

**124,417**

+ 7,692 on FY23

SAAS ARPU

**NZ\$58.30**

## Australia

REVENUE

**NZ\$10.6m**

UNITS

**19,613**

+ 3,977 on FY23

SAAS ARPU

**NZ\$45.44**

# Using data to solve customer problems

What's the best route for traffic and conditions?



Which drivers need more coaching and support?



When is the best time to schedule maintenance?



How can I reduce risks on the road across the fleet?



Is this the right cement mix for the job?





# Data rich fleet operations platform



## VIDEO

## FORMS

## DRIVER APPS

## TRACKING

## ROUTING

## WORKFLOWS

### COMPLIANCE & ASSURANCE

- Road user charges
- Fuel tax
- Cold-chain assurance
- Construction assurance

### HEALTH & SAFETY

- Driver coaching
- Vehicle health
- Incident prevention
- Speed reduction

### PRODUCTIVITY

- Trip routing
- Driver allocation
- Asset utilisation
- Job allocation

### SUSTAINABILITY

- EV support
- Carbon emissions
- Fuel reduction
- Fleet benchmarking

### INTEGRATIONS

PARTNERS

OEM

THIRD PARTY DATA

## AI AND MACHINE LEARNING

# More than fleet management

We offer specialised solutions for niche industry verticals

Capturing a larger market by enhancing our core product suite with specialised solutions for industry verticals. Building on a strong foundation to deliver both day-to-day fleet management and complex operations in one.



Shipment 29217

Product CoreTemp *3/4 compliant*

- ✓ Fish (frozen) -9.3°F
- ▲ Poultry (frozen) 70°F
- ✓ Cheese 33.5°F
- ✓ Eggs 32.3°F

Alert: Product Temperature  
High temp ⚠

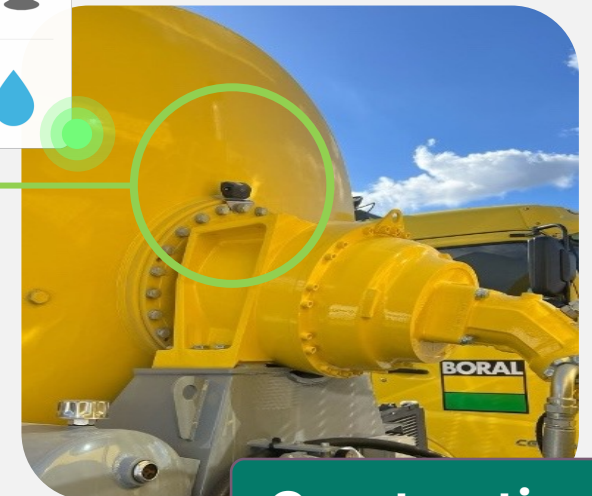


Cold Chain

Job number 14568

Job Status  
Pour 🏗

Water added  
57.60 💧



Construction





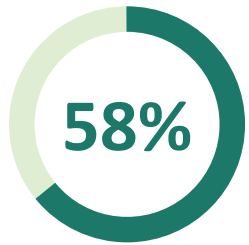




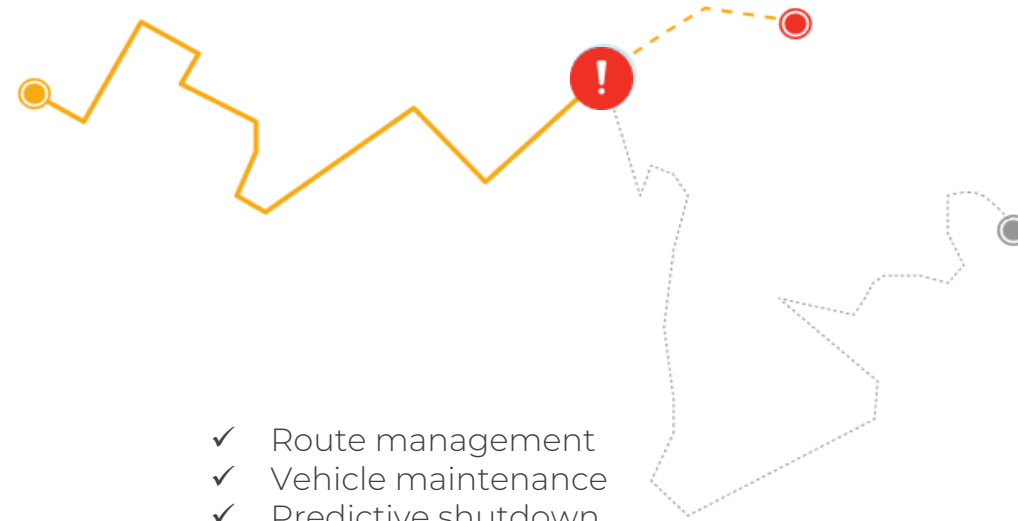
# Refrigerated Transport

Reducing food waste through monitoring, prediction, and temperature control

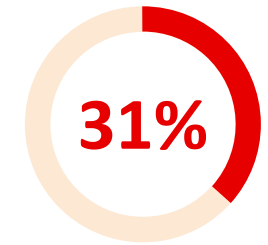
**Most reefer road calls can be predicted by prior alerts**



58% of trailers with reefer related breakdowns emitted "red alerts" prior



**Units with alerts eventually break down**



31% of trailers that emitted a "failed to crank alert" caused a road call within 2 weeks

## Impact of food waste

**15%**

Food Waste Emissions occur in supply chain

**us\$162b**

US Annual food waste *before* reaching consumers

**6%**

Global Greenhouse Gas Emissions

# A proactive view of road safety

Enhancing our camera offering with advanced video AI technology

## Intelligent interventions for incident prevention.

Safer drivers, safer roads.

### Continuous analysis

Road and optional driver facing view

### Voice alerts

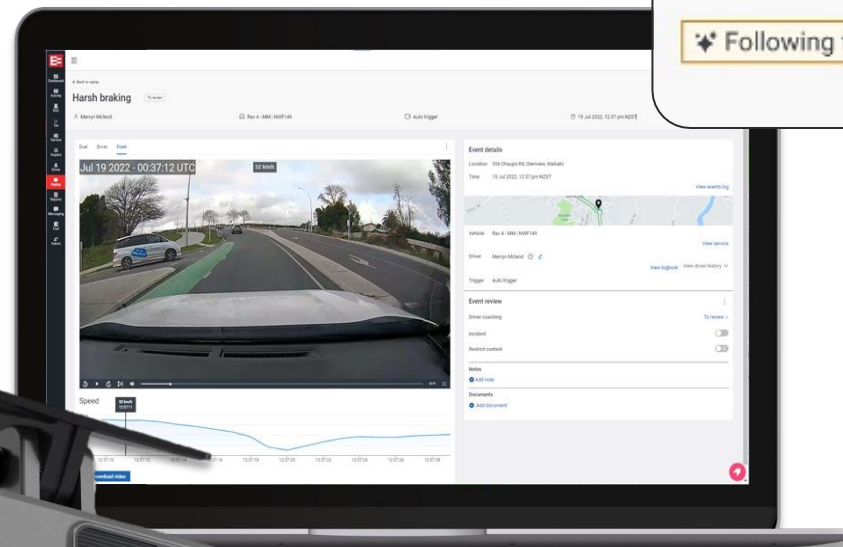
Triggered by safety violations or poor driver behaviour for corrective action

### EROAD replay

AI insights are available for coaching and recognition

### New hardware suite

Includes optional advanced fatigue camera



AI event • 20 seconds

Following too close

Mobile phone usage

## Alerting inclusions

- Tailgating
- Collision warning
- Proximity alert
- Stop sign violation
- Distraction
- Yawning
- Mobile phone
- Smoking
- Seatbelt removed

## AI Detection

# 99.3%<sup>1</sup>

Of driver behaviour events captured by Clarity Edge would go undetected without AI

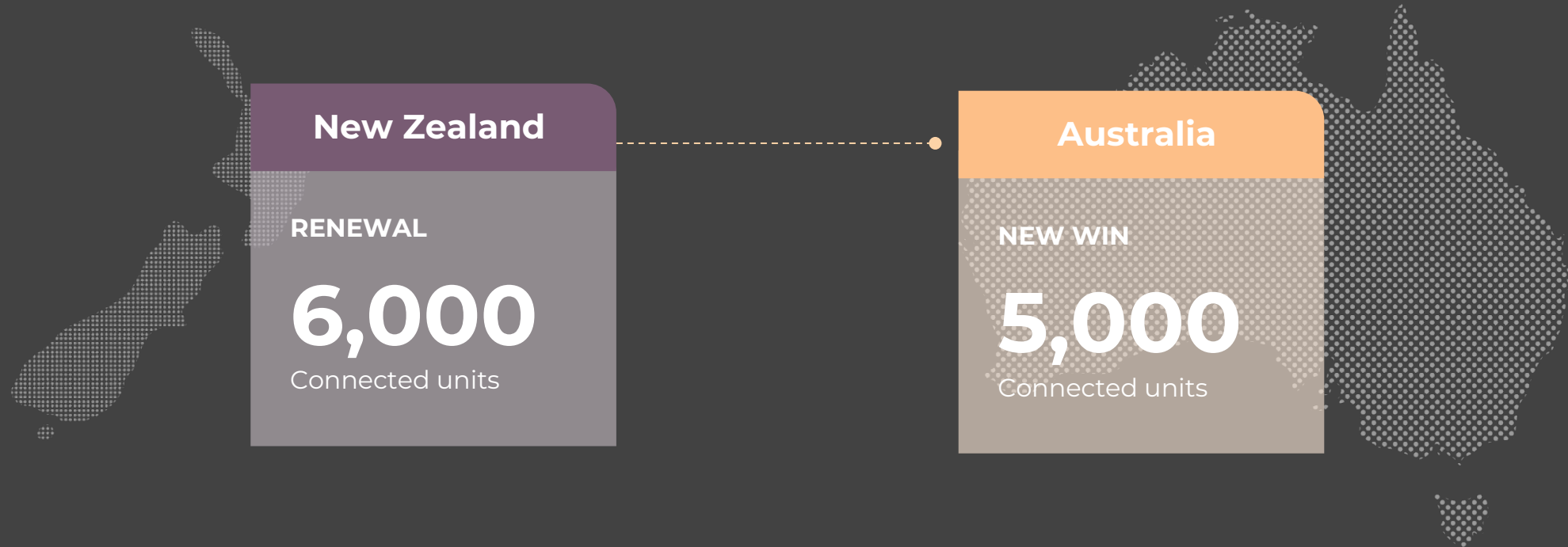
<sup>1</sup> In customer trials, 99.3% of driver behaviour events detected by Clarity Edge would have never been detected by standard dashcams or telematics

# Growing in Australia

Land mass and fleet complexity of the US, with many shared logos across ANZ

## FY25 starting strong

Same logo, new market.

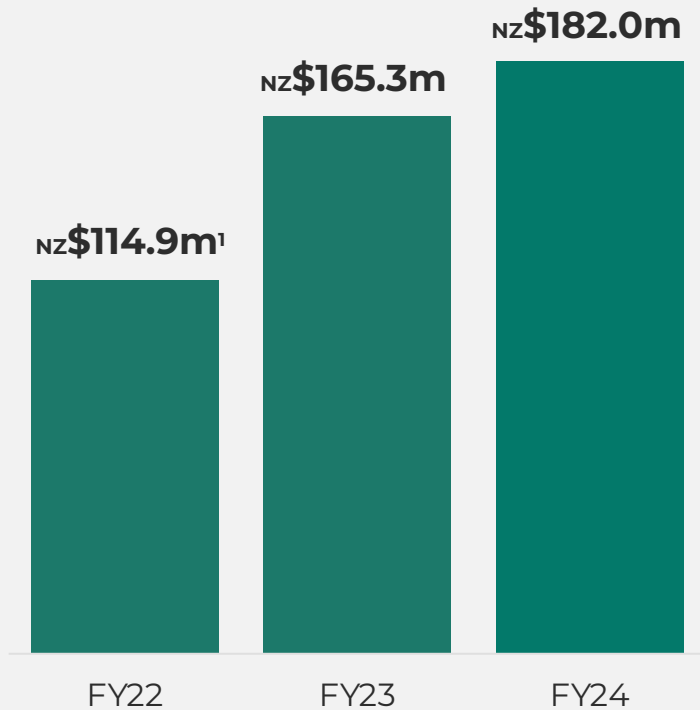


Per the terms of the contract the customer cannot be named



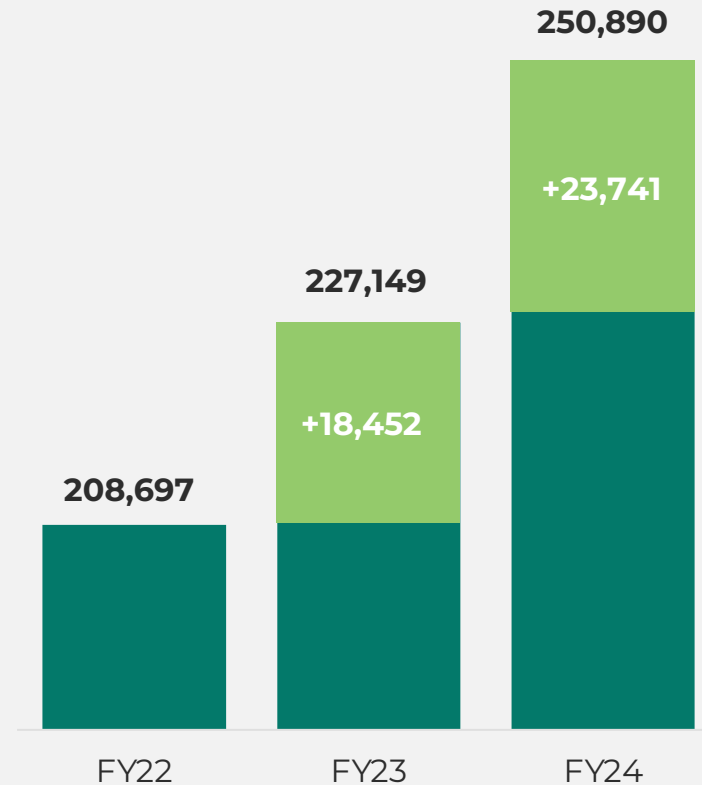
# Exceeded FY24 Guidance

## Normalised Revenue Growth

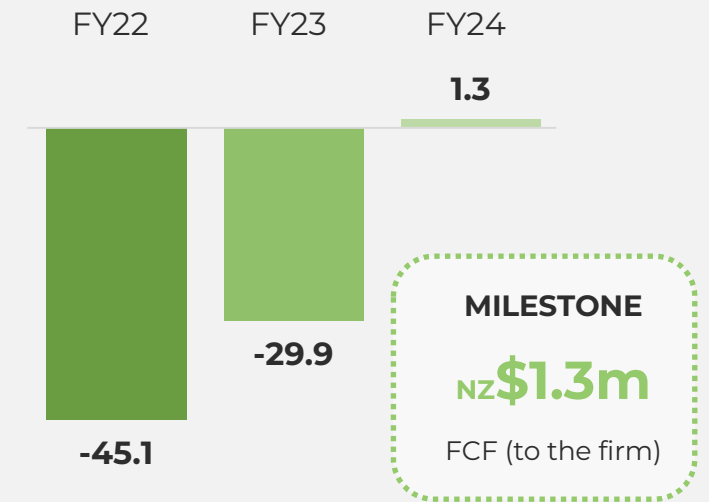


<sup>1</sup> includes 4 month contribution from Coretex acquisition

## Connection Growth

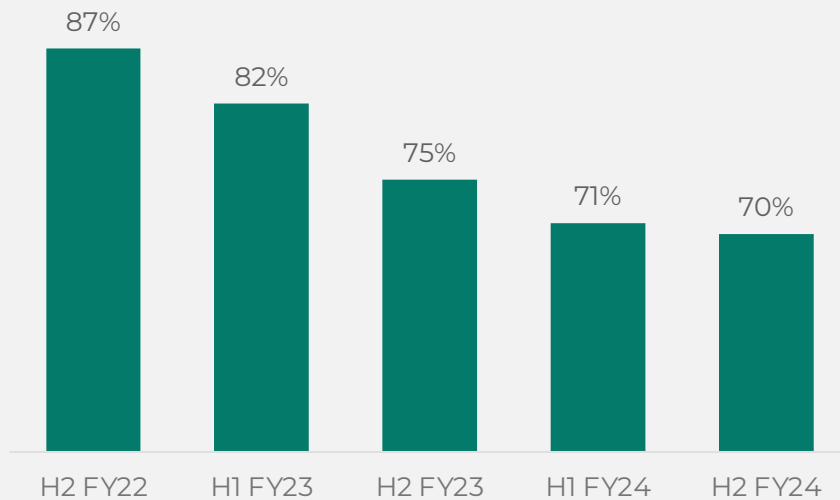


## Free Cash Flow



# Improving Profitability

## Operating costs as a % of revenue<sup>1</sup>



**Operating costs as a % of revenue** continues to decline reflecting the cost out program over FY23 and FY24 and operating leverage from unit growth

<sup>1</sup> Revenue normalised for \$9.6m in FY23 relating to accounting adjustment for contingent consideration

## Unit economics NZ\$

Cash Flow NZ\$	Year 1	-	Year 6	Total
Total operating inflows	795	710	710	4,347
Total operating outflows <sup>2</sup>	(681)	(146)	(146)	(1,409)
<b>Gross operating profit</b>	<b>115</b>	<b>565</b>	<b>565</b>	<b>2,938</b>
Margin, % of operating inflows	14%	80%	80%	68%
Customer acquisition costs	(535)	-	-	(535)
R&D platform maintenance costs	(75)	(75)	(75)	(447)
Service and corporate costs	(223)	(223)	(223)	(1,340)
<b>Free cash flow</b>	<b>(719)</b>	<b>267</b>	<b>267</b>	<b>615</b>
Cash conversion, % of operating inflows	(90)%	38%	38%	14%

### Per unit, assuming ~250k units

*Illustrative example assumes a constant asset base and excludes R&D for growth*

<sup>2</sup> Accounting for unit replacement after 5 years. Unit replacement assumption is based on historical customer behavior.

# Key Metrics Trend

Focused execution delivering strong results against refreshed strategy

**Implementation of refreshed strategy provides pathway to sustainable, profitable growth**

Goal	Metric	FY22	FY23	FY24	Strategy	FY26 Targets
SaaS Quality	ARR	\$134.6m	\$153.7m	<b>\$177.8m<sup>1</sup></b>	Grow customer base in-line with estimated market growth <sup>2</sup>	<b>11% - 13% CAGR</b>
	Churn	7%	5%	<b>5%</b>	Maintain historical churn rate	<b>5% - 7%<sup>3</sup></b>
	Average Lease Duration Remaining (years)	1.4	1.3	<b>1.4</b>	Rebalance toward longer-dated enterprise contracts	<b>1.5 – 2.0<sup>4</sup></b>
Investment	R&D as % of revenue	28%	23%	<b>18%</b>	Focus on projects with near-term ROI	<b>13% - 15%<sup>5</sup></b>
Return	Free Cash Flow <sup>6</sup> Margin	-39%	-18%	<b>1%</b>	Improve cash efficiency and drive NA growth	<b>9%+<sup>7,8</sup></b>

<sup>1</sup> Annualised recurring revenue includes positive FX impact of \$4.0m in FY24

<sup>2</sup> Targeted growth in-line with blended market growth in North America and ANZ; ANZ fleet management unit market is estimated to grow at a 16% CAGR (2019-2024); North America private fleet telematics market is expected to grow by 11% per year until 2030 (Sources: ACT Research, I.H.S., Berg, Expert interviews).

<sup>3</sup> In-line with historical churn rates (based on FY20-22A range).

<sup>4</sup> Assumes that average lease duration remaining (years) increases with weighting to longer dated enterprise contracts.

<sup>5</sup> Decrease in R&D as % of revenue is driven by streamlining of activities towards projects with near-term ROI.

<sup>6</sup> A non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows (excluding net interest paid).

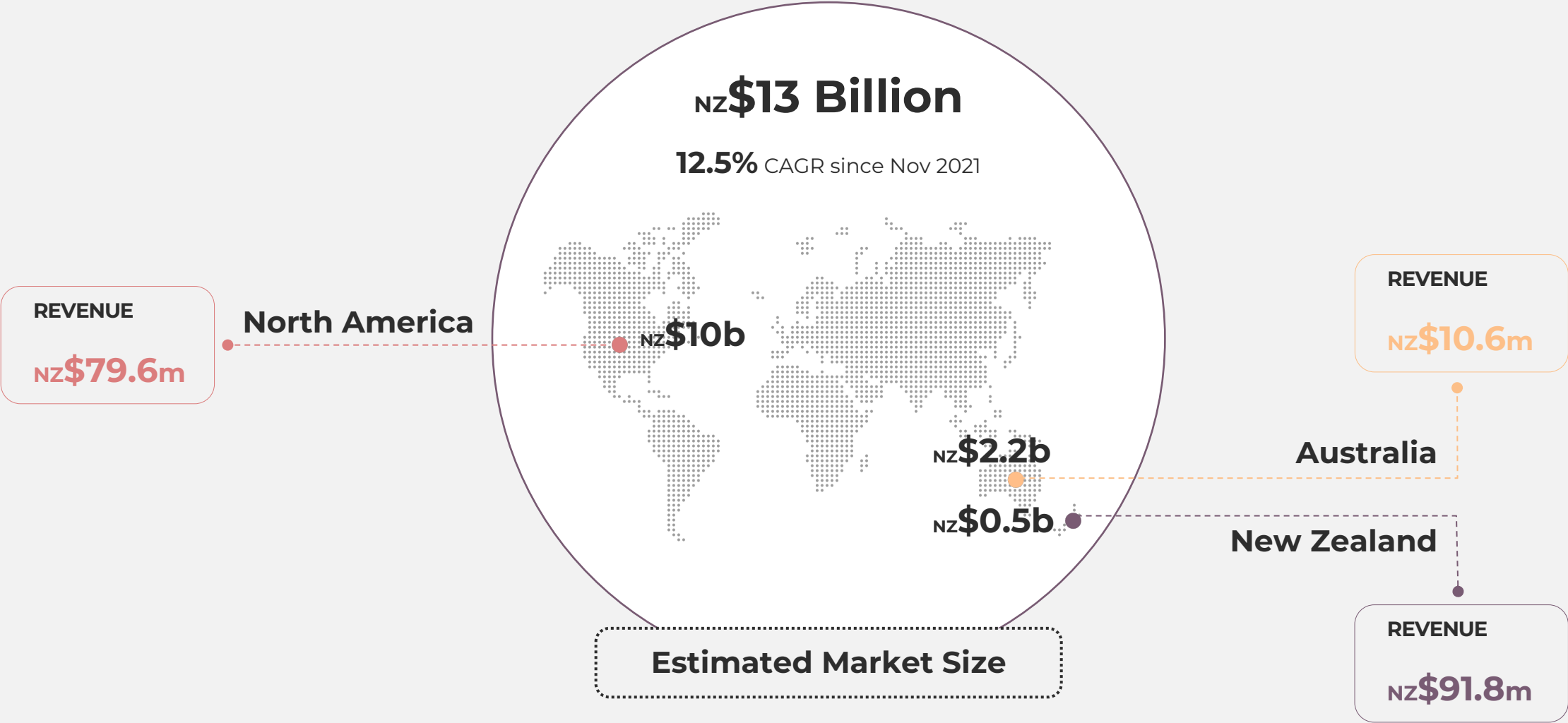
<sup>7</sup> Driven by additional cash efficiencies and growth in North America. Includes effects from roll-off of the switch program, leverage (holding fixed costs as we grow) and the anticipated \$20m cost-out.

<sup>8</sup> Normalised for 4G hardware upgrade costs



# Our Market Opportunity

Significant growth potential within a large and growing market



# Changes to Tax Regime for NZ Transport

We collect roughly 40% of all RUC for the government – the pool is expanding

• **3.6m**

## Opportunity:

Draft Government Policy Statement on land transport considering a transition of all vehicles to RUC from 2027

Fuel  
Excise

• **900k**

## EV Growth:

- 2% of light passenger market
- 20% of light passenger vehicle registrations (Dec 23)
- 78% YoY increase
- EROAD Installed in almost every EV Bus

Diesel  
RUC

• **~100k**

EV RUC

## EROAD RUC Today

**40%**

All RUC

**85%**

Heavy Vehicle  
eRUC

**NZ\$806m**

Collected in FY24

**86%**

Light Vehicle  
eRUC





EROAD



**Still celebrating 10 years on!**





EROAD

# Q&A



EROAD acknowledges the Tangata Whenua of New Zealand, the Indigenous Nations and First Peoples of Australia, and the Custodians of the lands and waterways in the United States of America where our offices are located. We express our gratitude and appreciation to these peoples for sharing their culture and traditions and for their stewardship of these lands. We recognise and pay respect to their Elders, past, present, and emerging.

**ASX & NZX: ERD**  
**investors@eroad.com | eroadglobal.com/investors**



**EROAD**



# 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.

## **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.

## **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.

## **ELECTRONIC LOGGING 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 ARR is more than \$100k in NZD for the Financial year reported

## **FREE CASH FLOW (FCF)**

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.

## **FY (FINANCIAL YEAR)**

Financial year ended 31 March.

## **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.

## **NORMALISED EBIT**

Excludes one-off 4G hardware upgrade program costs (\$3.6m). FY23 normalisations include acquisition accounting revenue (\$9.6m), and integration costs (\$3.4m).

## **NORMALISED EBIT MARGIN**

Excludes one-off items, consistent with the definition provided for Normalised EBIT

## **NORMALISED REVENUE**

Excludes the one-off acquisition accounting revenue in FY23 (\$9.6m).

## **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).