



Market Release

Leadership and Quarterly Operational Update

13 April 2022

Transportation technology services company EROAD (ASX/NZX: ERD), with its purpose of safer and more sustainable roads, today released a leadership and quarterly update for the three months ended 31 March 2022. Key points include:

- Chief Executive Officer search well advanced with an appointment expected in the next few months;
- EROAD grew by 5,258 units (annualized growth of 10.3%) during the fourth quarter of FY22 reflecting growth in all markets, in particular North America and New Zealand;
- Strong Enterprise pipeline in North America, with eight pilots underway representing close to 26,000 units; and
- Coretex integration is on track with sales activities for the Coretex 360 platform and Corehub hardware solutions underway in North America.

Leadership Update

As announced on Friday, Mark Heine, EROAD's General Counsel and Company Secretary, has been appointed as Acting Chief Executive Officer while the EROAD Board concludes the final stages of the process to appoint a new Chief Executive Officer. The Board restarted the search process last year which had been paused due to COVID travel restrictions and while the Coretex acquisition was being negotiated. This process is expected to complete within the next few months.

Graham Stuart, Chairman of EROAD said:

"Mark has been with EROAD since 2015 and has worked closely with the Board and Steven on a day-to-day basis during this time as a member of EROAD's Executive Team. He brings a deep understanding of all aspects of the business in addition to strong leadership attributes. Mark came to EROAD from positions at top New Zealand and overseas legal practices including Bell Gully in Auckland and Allens in Sydney."

Supporting Mark Heine in his role, EROAD confirms today that Margaret Delany will be appointed Acting Chief Financial Officer, following the departure of the current Chief Financial Officer Alex Ball. His resignation was announced in February and Margaret will take over this role on Alex's departure in May. Margaret joined EROAD in September 2020 as Group Financial Controller following more than 15 years' experience in senior finance, commercial and leadership roles. Margaret was most recently Head of Finance at Summerset Group. The Chief Financial Officer search will be progressed following the appointment of a Chief Executive Officer.

EROAD’s Chair Graham Stuart said:

“EROAD’s leadership team are extremely capable and remain energized, with a clear strategy and direction as the company focuses on the integration of Coretex and builds growth momentum. We are confident that the appointments of Mark and Margaret will ensure that we continue the excellent progress achieved to date.”

“With the recent appointments of Selwyn Pellett (former founder and CEO of Coretex) and Sara Gifford to the Board, we have the right capability and capacity to support the management team as EROAD enters its next phase of growth. We are well advanced in our search for a new Chief Executive Officer with technology and customer experience credentials. EROAD remains well positioned for growth with a strong balance sheet, solid operational performance and with the Coretex integration progressing to plan.”

Steven Newman founder, former Chief Executive Officer and Board member said:

“It has been a great privilege to lead and grow EROAD for 14 years from pre-revenue to annual recurring revenues of greater than \$100 million. Providing world class transportation telematics solutions to more than 200,000 connected vehicles used daily by over 8,000 customers across New Zealand, North America and Australia.”

“EROAD is well set up for an incredible future having recently acquired Coretex, another great Kiwi company. The EROAD team is over 650 strong, and together this incredibly talented team is capable of driving the company forward to accelerate EROAD’s rate of growth and emerge into a major player in global transportation telematics.”

“I wish the new Chief Executive who is expected to be announced in the coming months the very best and will support their transition into the role. Colette and I remain committed and confident significant shareholders.”

Quarterly Operational Update

EROAD’s Key Operating Metrics as at 31 March 2022 are as follows:

	Total at 31 December 2021	Total at 31 March 2022	Total added this quarter
Contracted units*	203,439	208,697	5,258
New Zealand	104,804	106,916	2,112
North America	84,717	87,682	2,965
Australia	13,918	14,099	181
Clarity Dashcam	5,247	6,594	1,347
New Zealand	976	1,631	655
North America	4,149	4,846	697
Australia	122	117	(5)
Phillips Connect	1,019	1,554	535

*Total Contracted units is a non-GAAP measure used by EROAD which represents the total units subject to a customer contract and includes both units connected to EROAD’s platforms and units pending instalment. A unit represents a hardware solution installed in a vehicle or trailer providing telematics solutions. Following the launch of Clarity Solo and the completion of the Coretex acquisition, the definition of a unit now includes Clarity Solo units and Coretex units

EROAD grew by 5,258 units in the three months ended 31 March, ending the quarter at 208,697 units reflecting growth in all markets, particularly in North America and New Zealand. The integration of the Coretex business remains on track with sales activities for the Coretex 360 platform and Corehub hardware solutions underway in North America as EROAD's next generation product platform. EROAD is confident that the advantages of the transaction identified through due diligence remain as evidenced by the quality of the North American enterprise sales pipeline that the company anticipated at the time of the acquisition.

New Zealand continues to grow strongly from EROAD's core customer offering, with 2,112 units added in the quarter from both new and existing customers across all segments in the market. During the quarter, EROAD's largest New Zealand Enterprise customer, Downer New Zealand Limited renewed its contract for 5,500 assets installed with EROAD telematics devices with EROAD's Safe Driver product in addition to future subscriptions for EROAD Analyst, EROAD inspect and In-cab pre-Trip Comms and service alerts. In addition, there are currently five pilots underway relating to opportunities totaling around 2,700 units.

EROAD is well positioned to build further momentum in the North American market as a result of its improved product market fit and market position following the acquisition of Coretex. North America units increased by 2,965 in the quarter, principally reflecting increased sales of the Coretex products to new and existing customers. The upgrade of customers from 3G to 4G hardware as signaled in prior operational updates is nearing completion, with 94% of our EROAD legacy customers and 88% of our Coretex legacy customers now on 4G hardware. The North American business continues to have a strong pipeline of Enterprise opportunities and currently has eight Enterprise customer pipeline opportunities at the pilot stage relating to potential opportunities totaling close to 26,000 units.

Net growth in Australia was 181 units over the quarter (including the sale of 32 EROAD Solo Cameras) reflecting the substantively complete rollout of the Ventia Australia contract. Australia remains a substantial growth opportunity for EROAD in the medium term and sales focus will be on EROAD Clarity Solo cameras and EROAD Where tags sales in H1 FY23, with further growth momentum indicated following the launch of the fully integrated Coretex and EROAD platform towards the end of 2022. There are five ongoing Enterprise customer opportunities at the pilot stage relating to opportunities for approximately 2,000 units and c. 10,000 microtags.

Ends

Authorised for release to the NZX and ASX by the Chairman and Acting CEO of EROAD.

Conference call details

EROAD's Acting Chief Executive Officer, Mark Heine, Chairman, Graham Stuart, and Chief Financial Officer, Alex Ball, will discuss this leadership and operating update via a teleconference commencing at 11.00am NZDT.

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_UX7np0S9TbKLmBzfZGuWNw

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