



EROAD

EROAD corrects Corporate Governance Roadshow presentation

1 July 2022

Transportation technology services company EROAD LIMITED (NZX/ASX: ERD) attaches a copy of the updated Corporate Governance roadshow that includes a correction to EROAD director fees on slide 8.

Ends

Authorised for release to the NZX and ASX by Acting General Counsel, Ksenija Chobanovich.

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EROAD GOVERNANCE ROADSHOW

Graham Stuart, EROAD Chair
Ksenija Chobanovich, Acting General Counsel

JULY 2022

IMPORTANT INFORMATION

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CORETEX

The Coretex merger completed on 30 November 2021. All financials include 4 months of Coretex.

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 are not subject to audit or review. Definitions can be found in the Glossary on page 43 of this presentation.



**FINANCIAL RESULT
REFLECTS INVESTMENT
IN CAPABILITES FOR
FUTURE GROWTH**

\$114.9m

REPORTED REVENUE

FY21: \$91.6m
reflecting the merger of Coretex and
organic growth across all markets

\$21.0m

REPORTED EBITDA

FY21: \$30.4m
reflecting one-off transaction and integration
costs of \$7.6m and increased operating
expenditure as EROAD invested in capability
to build momentum of growth

**Over
200,000**

CONTRACTED UNITS

FY22: 208,697 FY21: 126,203
reflecting both inorganic and
organic growth

**SIGNIFICANT PERIOD OF
TRANSITION DESPITE
CHALLENGING MACRO-
ECONOMIC CONDITIONS**

\$134.6m

AMRR

FY21: \$88.4m
reflecting growth in recurring revenues
from the Coretex acquisition, along with
new units

\$55.57

MONTHLY SAAS ARPU

FY21: \$58.30
reflecting improvement in selling additional
products, offset by a \$1.64 negative FX impact
and Coretex's historical revenue model of
selling hardware upfront

93.4%

**EROAD STAND ALONE ASSET
RETENTION RATE**

FY21: 94.9%
Coretex 4 month asset retention rate
was 98.4%

**WELL POSITIONED
TO BUILD GREATER
GROWTH MOMENTUM
OVER FY23 AND
BEYOND**

\$31.7m

SPENT ON R&D

FY21: \$21.3m
focused on improving product market
fit and increasing capabilities around
enterprise customers

**CORETEX
MERGER**

improving product market fit, enterprise
capabilities and increased scale in
North America

**CEO
SUCCESSION
PROCESS
COMPLETE**

OUR BOARD

- Sara Gifford, an additional North American director, and Selwyn Pellett, former CEO of Coretex both joined the Board during the year
- Search for an additional North American director will start soon and expected to complete in next 6 months
- Propero review to start in September



GRAHAM STUART^{1,2}
Chairman, Independent Director
Appointed January 2018



BARRY EINSIG²
Independent Director
Appointed January 2020



TONY GIBSON^{1,2}
Independent Director
Appointed October 2009



SUSAN PATERSON^{1,2}
Independent Director
Appointed March 2019



SARA GIFFORD²
Independent Director
Appointed April 2022



SELWYN PELLETT²
Executive Director
Appointed December 2021

BOARD STATS

- 2/6 directors female
- 5/6 directors independent
- average tenure 3.5 years

¹Member of Finance, Risk and Audit Committee.

²Member of Remuneration, Talent and Nomination Committee.

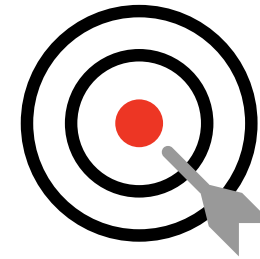
ENSURING WE HAVE THE RIGHT SKILLS AROUND THE BOARD TABLE

BUSINESS CONTEXT	CAPABILITY	KEY ELEMENT	CURRENT BOARD	BUSINESS CONTEXT	CAPABILITY	KEY ELEMENT	CURRENT BOARD
A depth of industry experience and awareness of sector trends	<i>Executive industry experience</i>	<ul style="list-style-type: none"> • Modern executive telematic hardware experience • Hardware R&D 	● ○	Scaling experience to guide EROAD growth towards a \$1b company	<i>Scale software Company</i>	<ul style="list-style-type: none"> • Scaling a technology or SaaS organisation - beyond \$1b • Growth strategy development and execution • Capital market leadership 	●
	<i>Product software</i>	<ul style="list-style-type: none"> • Fleet management or adjacent software development • Data-driven innovation and growth • Deep software development experience 	● ● ○		<i>Investment</i>	<ul style="list-style-type: none"> • Direct exposure to investments in technology companies that have successfully scaled • M&A / takeovers • Long-term value creation • Finance / investment community insight 	● ● ○
	<i>Transport and supply chain</i>	<ul style="list-style-type: none"> • Strong insight into transport - systems, trends • Fleet management • Supply chain Regulation Sustainability • Customer perspective 	● ● ● ○		<i>Technology infrastructure</i>	<ul style="list-style-type: none"> • Scale IT infrastructure • Technology trends • Technology risk 	● ● ○ ○
Driving long-term value creation through serving customer needs	<i>Modern technologist</i>	<ul style="list-style-type: none"> • SaaS businesses • Data analytics / AI • Strong scale tech networks • Modern cloud expertise • Cybersecurity • Key trends in tech sector 	● ● ○	Supporting financial and culture growth as scale and complexity builds	<i>Finance</i>	<ul style="list-style-type: none"> • Former CFO / CA / ARC Chair expertise Financial strategy (tech) • Financial reporting and regulations • Risk management 	● ● ○
	<i>Tech go-to-market strategy and sales</i>	<ul style="list-style-type: none"> • Sales channel leadership experience - digital and enterprise selling • Customer-centric strategies identifying new growth opportunities • Building world-class sales capability • Go-to-market strategy • Driving revenue growth - beyond \$1bn 	● ● ○		<i>People and compensation</i>	<ul style="list-style-type: none"> • Corporate culture and diversity & inclusion • Executive compensation experience • Employee engagement • Performance and talent • H&S 	● ● ○ ○ ○
	<i>Digital product marketing</i>	<ul style="list-style-type: none"> • Tech sector marketing • Building customer insight • Brand development 	● ○ ○		<i>Listed governance</i>	<ul style="list-style-type: none"> • Scale public company governance experience - NZX, ASX, NASDAQ ESG • Shareholder engagement and partnering • Chair succession potential 	● ● ○
	<i>Key customer segment insight</i>	<ul style="list-style-type: none"> • New Zealand • North America • Australia 	● ● ● ● ● ●		<i>Demographic diversity</i>	<ul style="list-style-type: none"> • Gender, ethnicity, age 	● ●

Key ● High capability ○ Moderate capability

WHAT'S ON THE BOARD'S AGENDA FOR FY23?

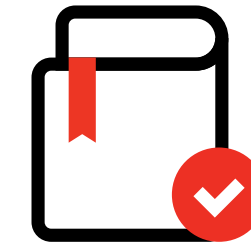
- Complete the Coretex Integration
- Keep building momentum in North America
- Retain and delight NZ and Australian customers
- Roll-out the EROAD 2.0 employee value proposition
- Strategy refresh
- Improved operating leverage



PERFORMANCE

Measuring the right things, not just financial metrics

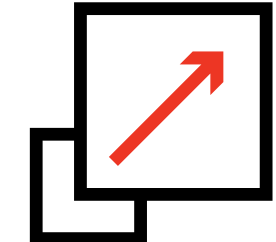
- Delivery against plan
- Lead indicators on customer satisfaction and retention
- Quality of revenue and ARPU
- Investment in R&D
- Staff engagement and retention
- Recruitment of key roles and organisational design



COMPLIANCE

Driven by purpose and setting the tone from the top

- Promoting an open and engaged culture, acting ethically and responsibly
- Sound risk taking culture and effective risk management
- Conscious of cyber security threats and protecting our customers' privacy
- Ensuring a healthy and safe work environment, including monitoring COVID and other risks



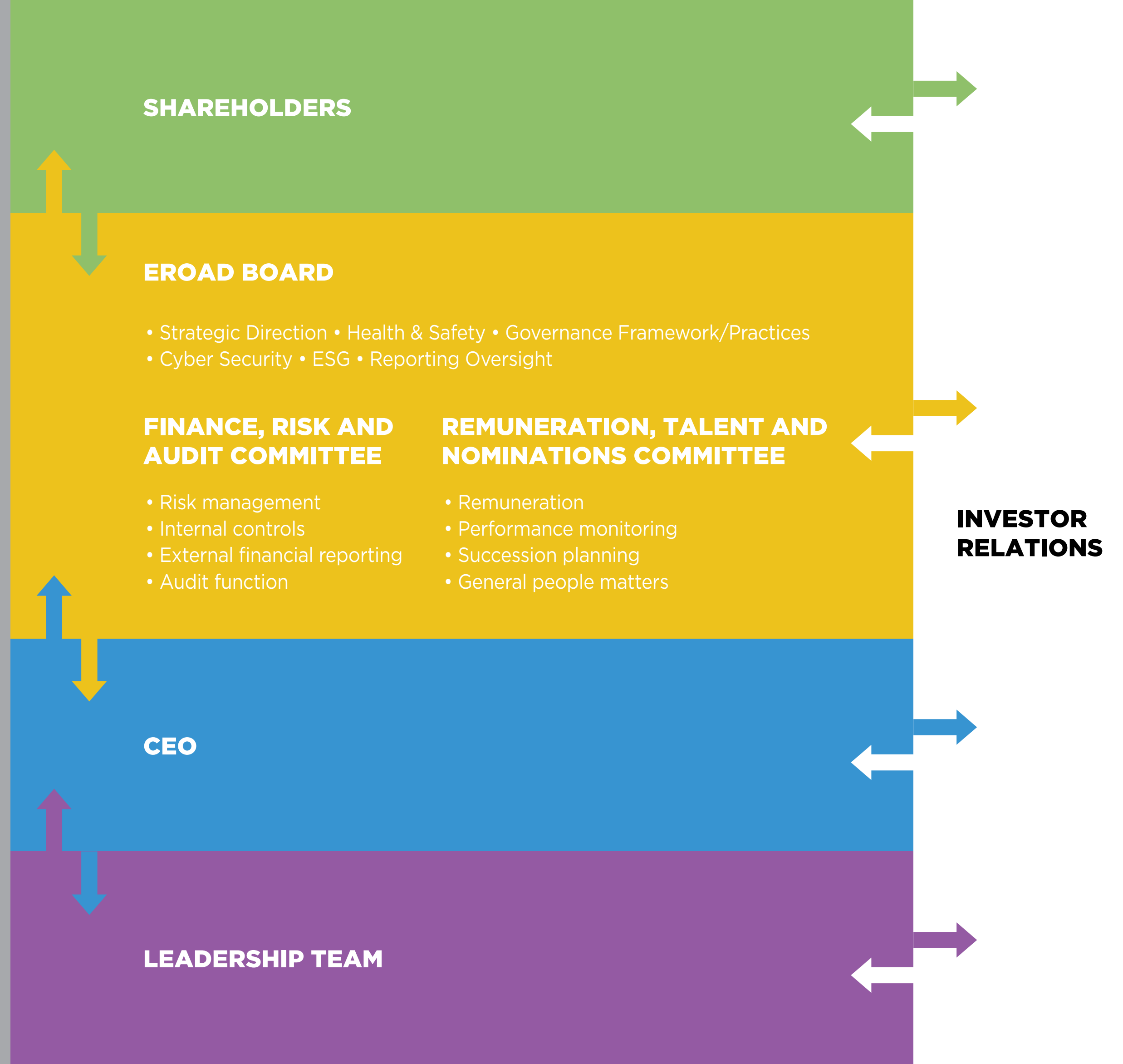
FOCUSED ON THE BIG PICTURE

Staying ahead of the business and anticipating pinch points

- Maintaining an up to date industry awareness
- Making the business model scalable
- Investing wisely in R&D
- Ensuring access to capital at the right cost
- Board renewal and management succession planning

STRUCTURE OF BOARD/ SUBCOMMITTEES

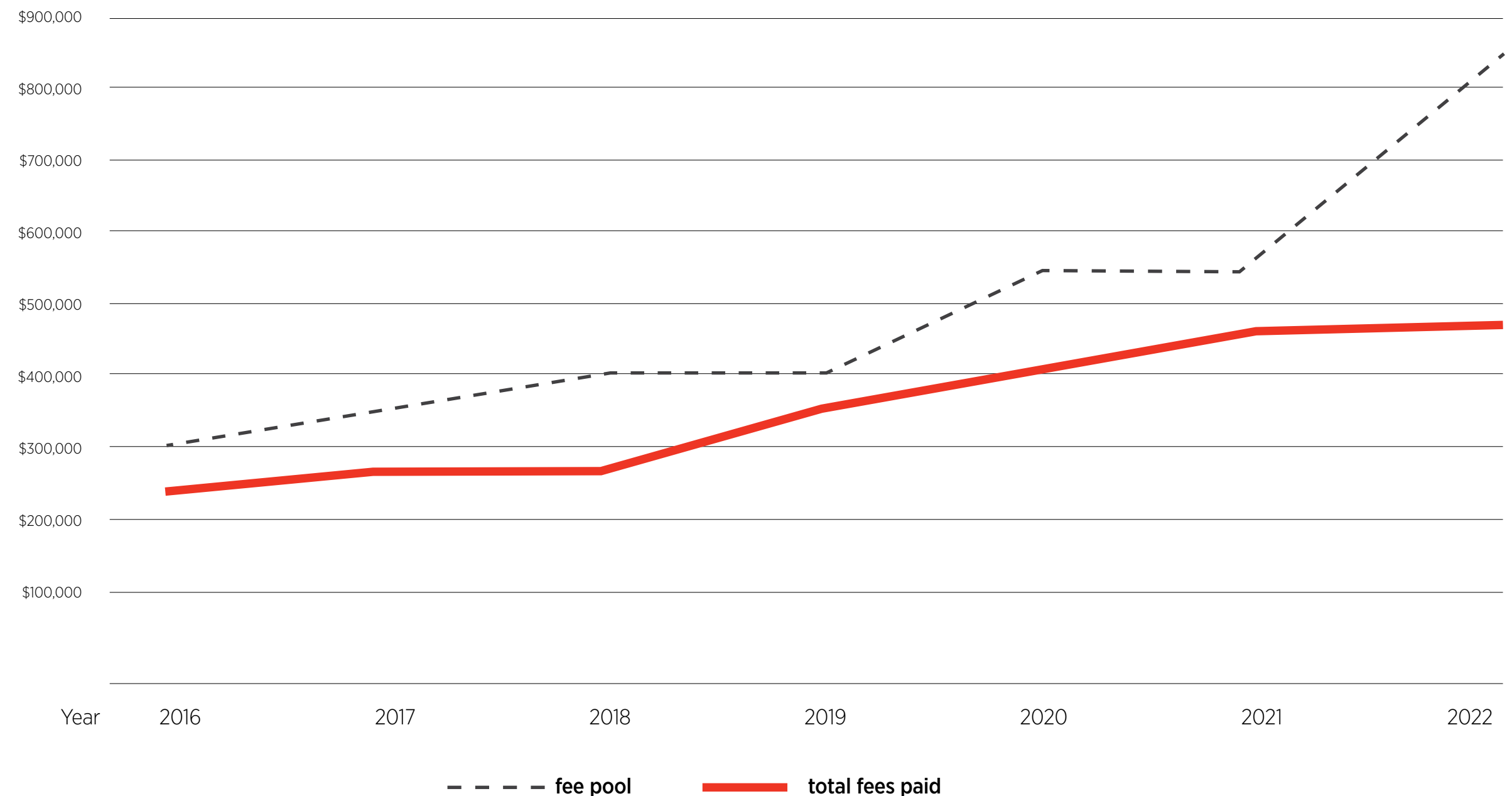
- In the process of adding a Technology & Innovation Board subcommittee



DIRECTOR FEES

- When determining director fees, EROAD considers the median director fee levels for comparable listed companies in New Zealand
- To attract appropriately qualified overseas candidates, EROAD has shifted to paying based on director fees for comparable companies in the market that the director is based in
- Elected to voluntarily comply with the Australian say on pay, by publishing a comprehensive remuneration report and putting a vote for adoption at the ASM

EROAD DIRECTOR FEES^{3,4,6}



COMPARABLE COMPANIES⁵

	Median NZ Fees	Median AU fees	Median US fees	EROAD fees
Chair fees	NZ\$ 128,000	AU\$ 170,000	US\$ 118,500	NZ\$ 150,000
Non-executive director fees	NZ\$ 70,000	AU\$ 86,300	US\$ 90,250	NZ\$ 95,000

³Barry Einsig's fees have been included and are represented in NZD with exchange rates calculated as at 31/3/2022.
⁴Barry Einsig's director fees were USD\$96,000. This is consistent with director fee levels for comparable listed companies in the United States.
⁵Comparable companies median fees data is from FY21.
⁶Steven Newman and Selwyn Pellett, in their capacity as executive directors, did not receive remuneration as a director of EROAD.

EXECUTIVE REMUNERATION

- CEO remuneration earned for FY22 was a total of \$793,438, comprising of a salary of \$677,618 and STI of \$115,819.
- LTI shares granted to CEO:
 - Under the FY18 LTI plan to the value of \$150,000 (vested at 100%), and FY19 LTI plan to the value of \$181,478 (vested at 50%). Plans vested in May 2021
 - Under FY20 LTI plan performance share rights granted to the value of \$350,495.05. Plan vested in May 2022 at 101%
- Mark Heine appointed in June 2022 package
 - base salary of \$700,000
 - STI: 40% of base salary, based on performance against key financial (60%) and strategic (40%) metrics
 - LTI: 60% of base salary, of which 50% is based on performance against key financial and strategic metrics, 50% based on retention

Fixed remuneration

EROAD's policy is to set fixed remuneration in line with external market trends, the intrinsic value of a job and internal relativities.

Short-term incentives

Based on group performance against shared team goals.

- 40% = performance against financial metrics;
- 60% = achievement of strategic program targets from the annual plan

Long-term incentives

FY20-22 LTI plan: performance share rights have been issued (for nil consideration) to participants which convert to shares (for nil consideration) if targets are met. The award is linked to growth in EROAD's Total Contracted Units between 1 April 2019 and 31 March 2022.

EXECUTIVE TEAM

- Increase investment and focus on key roles and organisational design
- Appointment of new Chief Executive Officer Mark Heine
- Appointment of new President North America & Chief Innovation Officer Akinyemi Koyi (AK)
- Commenced search for permanent Chief Financial Officer. The skillset looking for anticipates a more internationally focused business



MARK HEINE
Chief Executive Officer



MATT DALTON
Chief Operating Officer



AKINYEMI KOYI
President North America & Chief



BRIDGET O'SHANNESSEY
Acting Chief People Officer



KSENIJA CHOBANOVICH
Acting General Counsel



SARAH THOMPSON
Chief Product Officer



TONY WARWOOD
General Manager ANZ Business



TIM HOGAN
Chief Technology Officer



NINA ELTER
SVP, Global Market Development

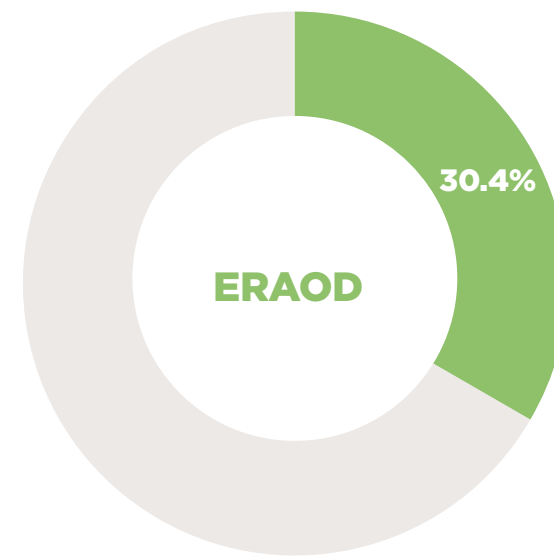


MARGARET WARRINGTON
Acting Chief Financial Officer

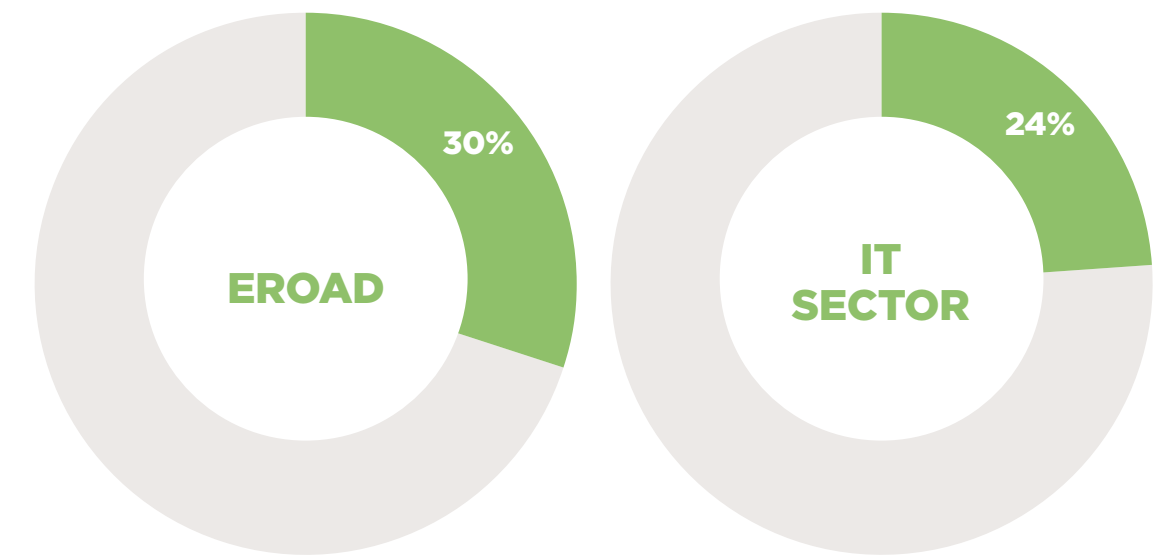
OUR PEOPLE AND DIVERSITY

- EROAD encourages and values the unique experiences, skills and background of its people
- It continually strives to create an inclusive, collaborative and open space where people feel safe and empowered to think differently to create new ideas
- Helping bravely solve customers' complex problems

FEMALE % OF OUR TEAM



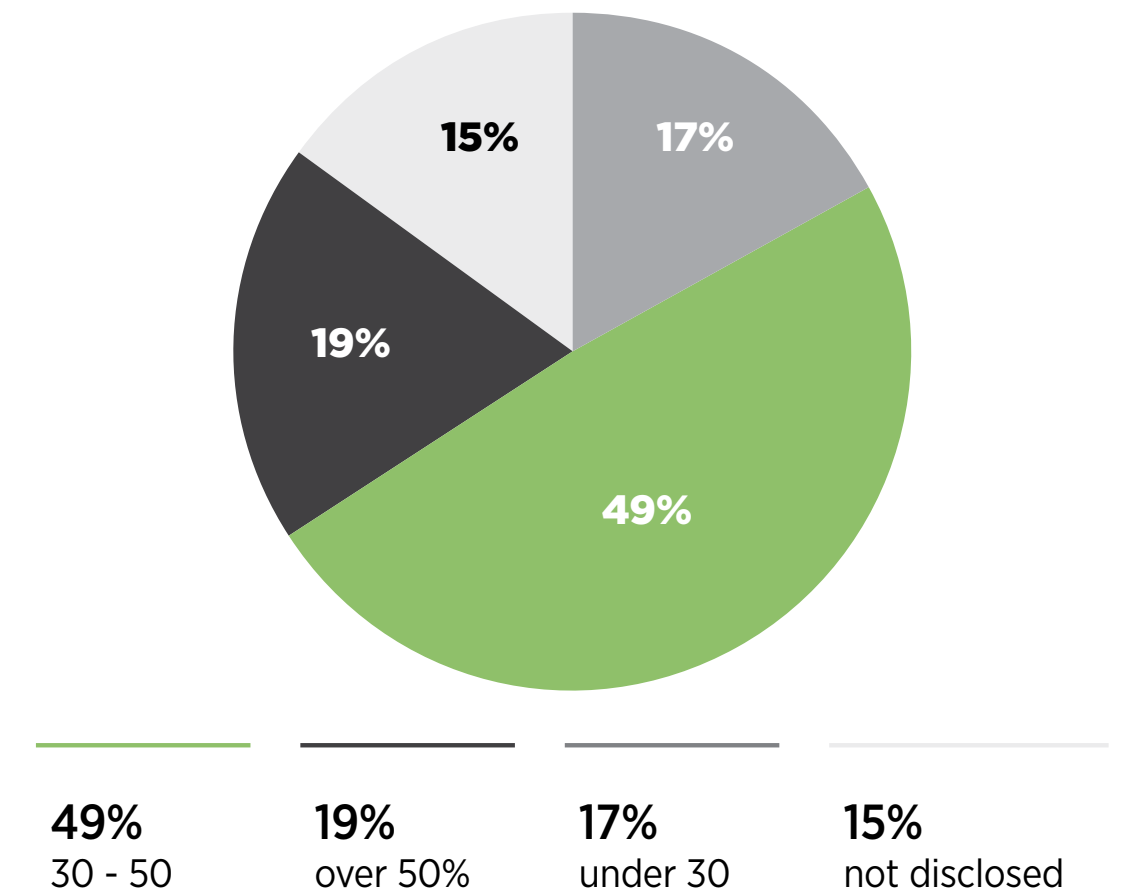
PEOPLE LEADERS DIVERSITY



EROADERS COME FROM OVER

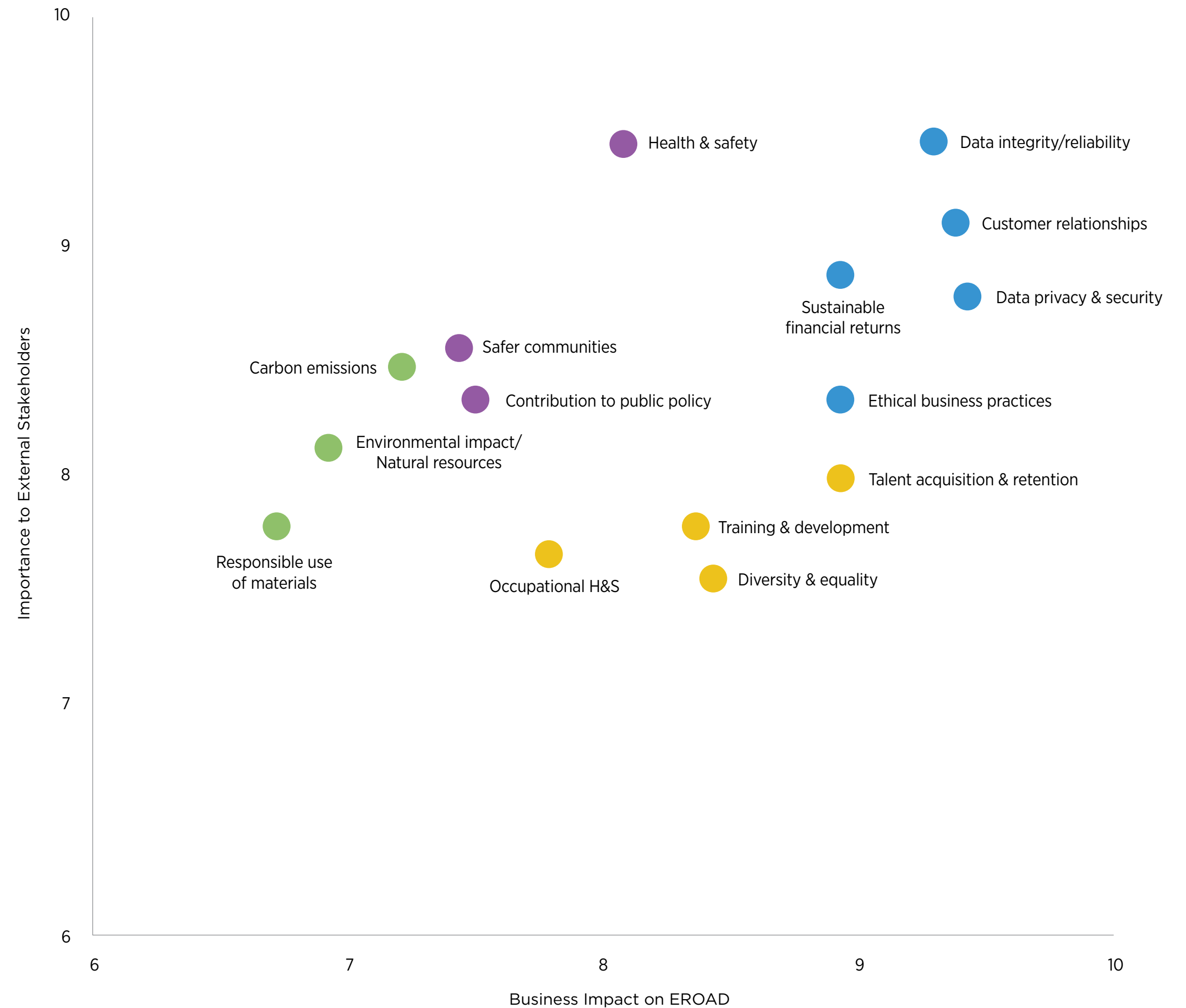


AGE SPLIT CHART



FOCUSING ON WHAT MATTERS TO OUR STAKEHOLDERS

Updated the materiality assessment in 2022 for Coretex key stakeholders - no material change to the outcome and our material issues remain unchanged.



WHERE TO NEXT

Sustainability is core to our business, and as we continue to make progress towards our net zero strategy we'll be focusing our efforts in the following key areas:

Helping customers measure and reduce their emissions

- EROAD's net zero product strategy, to be delivered within the next five years, includes new solutions and features to support customers to improve fuel efficiency, provide tools that will enable better decision making to reduce carbon emissions and solutions to help them meet their ESG credentials.

Measuring and reducing our own carbon footprint

- After measuring our emissions through the Toitu carbon reduce programme, work is underway on initiatives to reduce our Category 1 & 2 emissions - such as fuel and electricity use.

Performance Targets

- Performance targets for areas important to our stakeholders will be provided in the FY23 Sustainability Report.



SAFER AND MORE SUSTAINABLE ROADS



Over 8,000 customers and 200,000 connected vehicles

We have the opportunity, through our customers in New Zealand, North America and Australia to improve the community safety, conserve and improve the environment and support sustainable economic growth.



Keep our community safe

- Reduce unsafe driving behaviour
- Ensuring vehicles are safe
- Ensure compliance with local regulations



Partners

We work alongside our commercial partners, regulators and policy makers to provide solutions to our customers and advocate for the advancement and refinement of laws to ensure that they are practical, business friendly, meet policy, environmental and regulatory outcomes and are future proofed.



Conserve and improve the environment

- Improve driving behaviour
- Optimise fleets
- Maintain vehicle health
- Reduce fuel usage
- Reduce food waste
- Reduce construction waste
- Reduce waste contamination
- Promote Eco-driving
- Enabling evaluation to transition to low emission vehicles



Support economic growth

- Improve fleet productivity & efficiency
- Enable better decision making through data



EROAD



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