



EROAD

EROAD 2023 Corporate Governance Roadshow

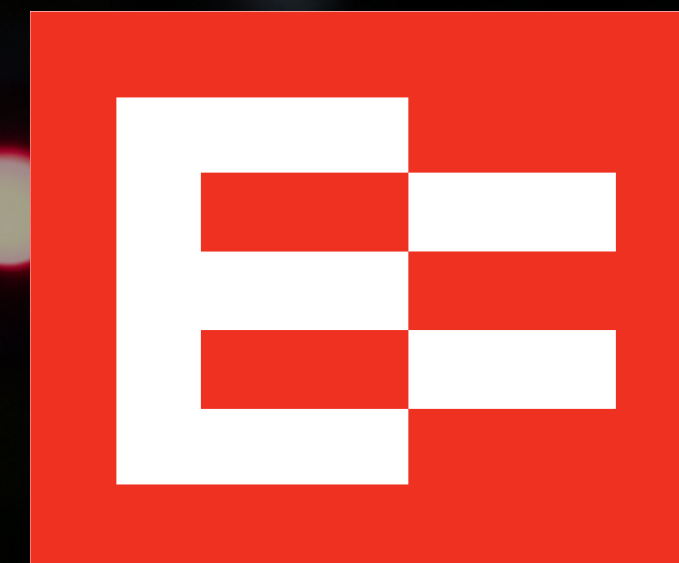
Transportation technology services company EROAD LIMITED (NZX/ASX: ERD) attaches a copy of the Corporate Governance roadshow that the Chairman Graham Stuart and General Counsel Ksenija Chobanovich will be presenting to a number of investors in the upcoming period.

Ends

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

Investor enquires please contact:
Matt Gregorowski Citadel-MAGNUS
+61 422 534 755
mgregorowski@citadelmagnus.com

For Media enquiries please contact:
Hugo Shanahan
Hugo@shanahan.nz



EROAD GOVERNANCE ROADSHOW

Graham Stuart, EROAD Chair
Ksenija Chobanovich, General Counsel and Company Secretary

June 2023



IMPORTANT INFORMATION

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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 are not subject to audit or review.

FY23 HIGHLIGHTS

REPORTED REVENUE

\$174.9m

normalised for one off contingent consideration accounting impacts \$165.3m
(FY22: \$114.9M)

R&D AS A % OF REVENUE

23%

reflecting the benefit from the growth in revenue with a full year of both companies
(FY22: 28%)

REPORTED EBITDA

\$45.2m

FY23: \$39.0m normalised for integration costs and contingent consideration accounting
(FY22: \$21M)

ASSET RETENTION RATE

94.8%

reflecting high asset retention rates in all regions
(FY22: 93.4%)

AMRR

\$153.7m

reflecting growth of 14.2%, including a positive FX impact of \$8.6m
(FY22: \$134.6M)

FREE CASH FLOW MARGIN

(18)%

normalised for Coretex consideration in FY22 and FY23
(FY22: (39)%)

CONTRACTED UNITS

227,149

representing net growth of 18,452 units globally
(FY22: 208,697)

MONTHLY SAAS ARPU

\$56.34

reflecting expansion of SaaS products and ancillary hardware within our customer base along with a positive FX impact of \$2.11
(FY22: \$55.57)

OUR BOARD

- Sara Gifford, a North American director, joined the Board at the start of FY23
- Search for additional directors has commenced and expected to complete in next 3 months
- External Board review in FY24 after onboarding of additional directors

BOARD STATS

- 2/6 directors female
- 5/6 directors independent
- average collective tenure 4 years

¹Member of Finance, Risk and Audit Committee.
²Member of Remuneration, Talent and Nomination Committee.
Selwyn Pellett became a member in May 2023.
³Member of Technology Committee.



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



BARRY EINSIG^{2,3}
Independent Director
Appointed January 2020



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



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



SARA GIFFORD^{2,3}
Independent Director
Appointed April 2022



SELWYN PELLETT^{2,3}
Non-Executive Director
Appointed December 2021

ENSURING WE HAVE THE RIGHT SKILLS AROUND THE BOARD TABLE

BUSINESS CONTEXT	CAPABILITY	KEY ELEMENT	CURRENT BOARD
A depth of industry experience and awareness of sector trends	<i>Executive industry experience</i>	Modern executive telematic hardware experience Hardware R&D	<div><div></div><div></div><div></div><div></div></div>
	<i>Product software</i>	Fleet management or adjacent software development Data-driven innovation and growth Deep software development experience	<div><div></div><div></div><div></div><div></div></div>
	<i>Transport and supply chain</i>	Strong insight into transport – systems, trends Fleet management Supply Chain Regulation Sustainability Customer perspective	<div><div></div><div></div><div></div><div></div><div></div></div>
Driving long-term value creation through serving customer needs	<i>Modern technologist</i>	SaaS businesses Data analytics / AI Strong scale tech networks Modern cloud expertise Cybersecurity Key trends in tech sector	<div><div></div><div></div><div></div><div></div><div></div></div>
	<i>Tech go-to-market strategy and sales</i>	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	<div><div></div><div></div><div></div><div></div></div>
	<i>Digital product marketing</i>	Tech sector marketing Building customer insight Brand development	<div><div></div><div></div><div></div><div></div></div>
	<i>Key customer segment insight</i>	New Zealand North America Australia	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>

BUSINESS CONTEXT	CAPABILITY	KEY ELEMENT	CURRENT BOARD
Scaling experience to guide EROAD growth towards a \$1b company	<i>Scale software Company</i>	Scaling a technology or SaaS organisation – beyond \$1b Growth strategy development and execution Capital market leadership	<div><div></div><div></div><div></div></div>
	<i>Investment</i>	Direct exposure to investments in technology companies that have successfully scaled M&A / takeovers Long-term value creation Finance / investment community insight	<div><div></div><div></div><div></div><div></div></div>
	<i>Technology infrastructure</i>	Scale IT infrastructure Technology trends Technology risk	<div><div></div><div></div><div></div><div></div></div>
Supporting financial and culture growth as scale and complexity builds	<i>Finance</i>	Former CFO / CA / ARC Chair expertise Financial strategy (tech) Financial reporting and regulations Risk management	<div><div></div><div></div><div></div><div></div></div>
	<i>People and compensation</i>	Corporate culture and diversity & inclusion Executive compensation experience Employee engagement Performance and talent H&S	<div><div></div><div></div><div></div><div></div><div></div></div>
Driving best practice in governance and strategic leadership	<i>Listed governance</i>	Scale public company governance experience - NZX, ASX, NASDAQ ESG Shareholder engagement and partnering Chair succession potential	<div><div></div><div></div><div></div><div></div></div>
	<i>Demographic diversity</i>	Gender, ethnicity, age	<div><div></div><div></div><div></div><div></div><div></div></div>

Key High capability Moderate capability

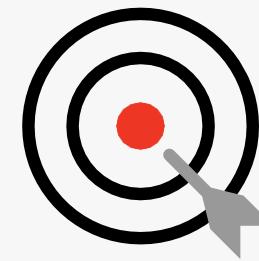
FY23 A YEAR OF RECOVERY

- Company went off the rails in FY22; FY23 results reflect strategic shift and rebuilding momentum.
- Board responded by:
 - Giving market guidance in May 2022
 - Appointing new CEO and CFO
 - Supporting the new CEO to appoint a new senior management team
 - Six new faces on lead team only one remaining from FY22
 - Last outstanding role to be filled in July 2023
 - Undertook strategic refresh led by McKinsey & Co. Completed in December 2022.
 - Initiated strategic review and investigation of partnership options in North America.
 - FY23 results announced in May in-line with market guidance.



WHAT'S ON THE BOARD'S AGENDA FOR FY24?

- Board renewal
- Implementation of the refreshed strategy set to provide pathway to sustainable, profitable growth
- Identify partnership opportunities to assist EROAD in accelerating the North American strategy
- Sustainability governance initiatives aimed at promoting environmentally responsible practices and ensuring long-term sustainability of EROAD



Performance

Measuring the right things, not just financial metrics

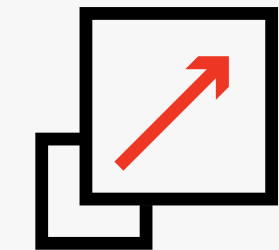
- Delivery against plan, cash neutral by FY25 and cash positive by FY26
- Quality of revenue and ARPU
- Cost containment & sound investment in R&D
- Staff engagement and retention
- Successful replacement of 3G units in New Zealand



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
- Alert to cyber security threats and protecting our customers' privacy
- Ensuring a healthy and safe work environment



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 and finding path to profitable growth
- Investing wisely in R&D
- Ensuring access to capital at the right cost
- Board renewal and management succession planning

STRUCTURE OF BOARD/SUBCOMMITTEES

- Established a Technology Board subcommittee during FY23



DIRECTOR FEES

- Selwyn Pellett’s directorship status updated from an Executive Director to a non-Executive Director in FY23.
- 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
- In FY22, EROAD 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 continues to take this approach in FY23

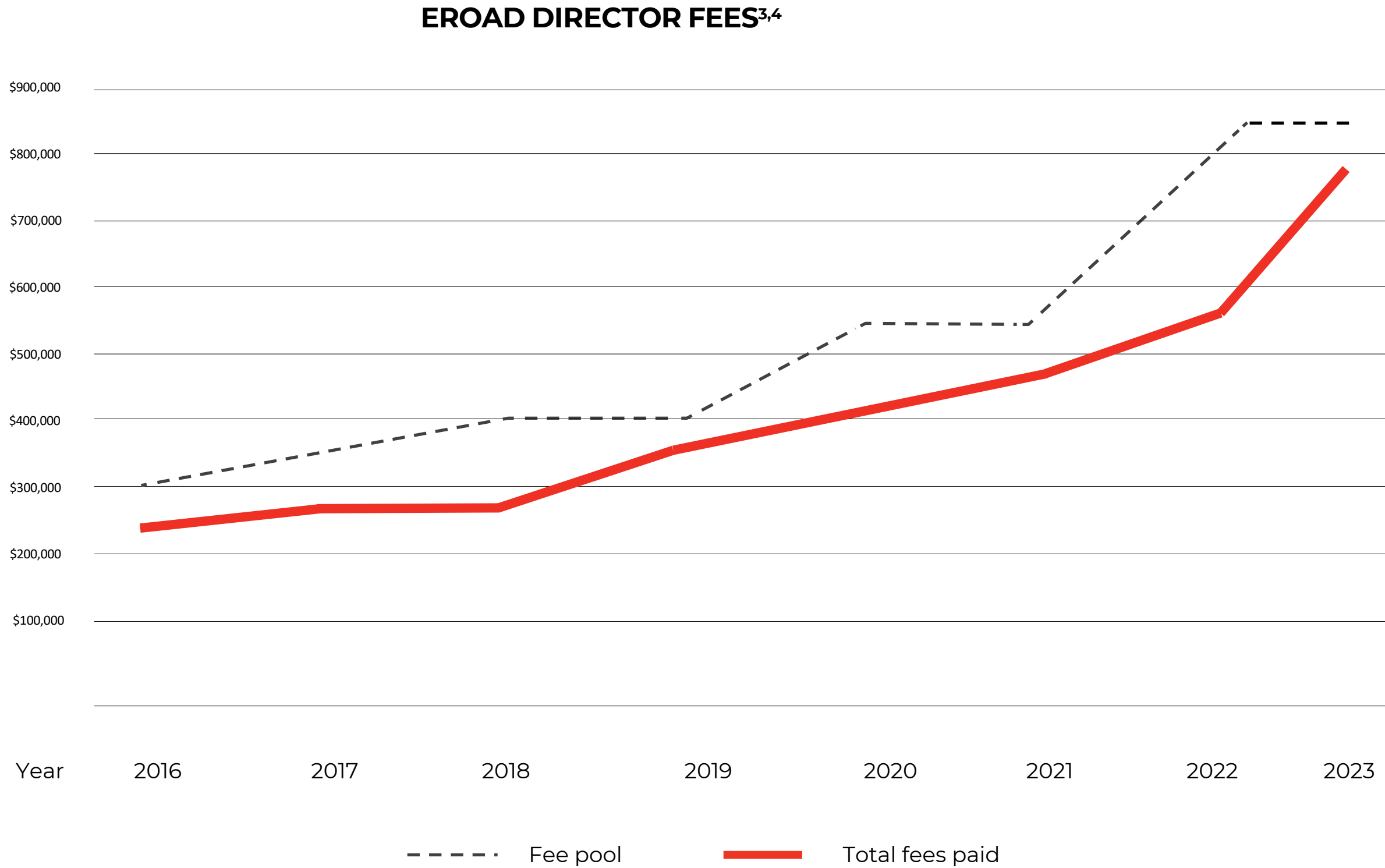
³The increase in director fees in FY23 is due to the addition of Sara Gifford to the Board, change in Selwyn Pellett’s directorship status, and introduction of the Technology Committee Chair.

⁴Barry Einsig and Sara Gifford are receiving non-executive director fees of USD\$96,000. This is consistent with director fee levels for comparable listed companies in the United States. On the graph, these fees are represented in NZD with exchange rates calculated as at 31/3/2023.

⁵Comparable companies' median fees data is from FY21.

⁶In addition to the listed fees, the Chair of Finance, Risk and Audit Committee received \$15,000 NZD, Chair of Remuneration, Talent and Nomination Committee received \$12,000 NZD, and the Chair of Technology Committee received \$12,000 USD prorated

⁷New Zealand based directors are receiving non-executive director fees in NZD.



COMPARABLE COMPANIES ⁵				
	Median NZ Fees	Median AU fees	Median US fees	EROAD fees ⁶
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 ⁷ or US\$96,000 ⁴

EXECUTIVE REMUNERATION

FY23 Remuneration Framework and Outcomes

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.

- Mark Heine appointed as CEO in June 2022:
- *base salary of \$700,000*
- *CEO remuneration earned for FY23 (including in his acting and permanent CEO capacity) was a total of \$883,430, comprising of gross fixed remuneration (including benefits) of \$722,584, and LTI of \$160,846 under the FY20 LTI Plan.*
- Margaret Warrington appointed as CFO in December 2022:
- *base salary of \$420,000*
- *CFO remuneration earned for FY23 (including in her acting and permanent CFO capacity) was a total of \$391,036 comprising of fixed remuneration (including benefits) of \$360,975 and LTI of \$30,061 under the FY20 LTI Plan.*

Short Term Incentives

- CEO FY23 STI: 70% of base salary, based on group performance against key financial metrics (60%) and completion of the strategic review (40%).
- *Total payout of 67.6% of the STI target opportunity (paid in June 2023).*
- CFO FY23 STI: 25% of base salary, based on group performance against key financial metrics (40%) and non-financial metrics (60%).
- *Total payout of 0% in H1 and 57% in H2 of FY23 (paid in June 2023).*

Long Term Incentives

FY20 LTI Plan: performance share rights were issued (for nil consideration) to participants which convert to shares (for nil consideration) on 26 May 2022 upon the company meeting the performance metrics. The award was linked to growth in EROAD's Total Contracted Units between 1 April 2019 and 31 March 2022.

- Total of 55,464 shares (value of \$160,846) vested to the CEO.
- Total of 10,263 shares (value of \$30,061) vested to the CFO.

EROAD did not operate a LTI Plan in FY23 and is intending to implement a new LTI Plan commencing FY24.

FY23 Share Retention Plan

Performance share rights were issued (for nil consideration) to participants which converted to shares (for nil consideration) on 6 April 2023 provided participants remained employed by EROAD on 31 March 2023. This plan was exclusive to FY23:

- Total of 88,983 shares vested to the CEO.
- Total of 22,034 shares vested to the CFO.

FY24 REMUNERATION FRAMEWORK

Review of EROAD's Remuneration Framework

- In FY23 the Board's Remuneration, Talent and Nomination Committee (RTNC) focused on aligning remuneration packages with the new strategic direction.
- Engaged Haigh & Company, international consulting firm, to review and evaluate market trends and advise on remuneration structure.
- RTNC is now in the final stages of designing EROAD's remuneration framework, aimed at attracting and retaining top talent globally, with focus on North America.
- The changes expected in the new remuneration framework are outlined in the right-hand column and on next slide.

Expected changes to EROAD's Remuneration Framework

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. It includes base pay and benefits. Fixed remuneration is benchmarked against roles in organisations of similar size and geographies and is set from the 50th percentile or market median.

Short-term incentives

- Transitioning from a 6-monthly to an annual cycle for STI Plan payments, which may be paid in shares instead of cash
- Based on group performance against shared team goals:
- *75% - core financial targets*
- *25% - key strategic and operational targets*
- Participants must also achieve health & safety and behavioural gates
- The aggregated threshold for the financial metrics needs to be over 85% and for non-financial 75%.

FY24 REMUNERATION FRAMEWORK CONTINUED...

Long-term incentives

Performance share rights (PSRs) issued as part of a 3-year incentive programme that incorporates award types as described in the following table:

AWARD TYPE	PORTION OF TOTAL	VESTING MECHANICS INTENTIONS	RATIONALE	WEIGHTINGS	PERFORMANCE RANGE
Time Vested Units	1/3	Vests 100% at the end of three years	Supports retention and continuity of key employees while EROAD implements and executes its new long-term strategy	100%	0% (if not achieved) or 100% (if achieved)
Performance-Relative S/H Return (rTSR)	1/3	Vests at the end of three years based on EROAD's rTSR against the peers on the ASX Technology Index (XTX) over 3 years of the plan	Focuses management and key employees on building and maintaining long-term shareholder value and outperforming relevant market benchmarks	100%	From 0% - 200% of rTSR shares vested, as follows: •Under 40th percentile of XTX – 0% rTSR shares vested •40 th percentile of XTX = 50% rTSR shares vested •60 th percentile of XTX = 100% rTSR shares vested •80 th percentile of XTX = 150% rTSR shares vested •100 th percentile = 200% rTSR shares vested
Performance – Absolute EROAD Performance (Revenue, EBIT, FCF)	1/3	Vests at the end of three years but assessed as follows: 20% per annum performance segments based on the 3-year budget set at the beginning of the LTI plan; and 40% 3-year cumulative segment	Focuses on execution of the long-term strategy delivering revenue growth, profitable performance and positive free cashflow	20% each year and 40% cumulative at the end of the 3-year period	From 85% - 130% depending on achievement. Failure to meet minimum threshold of 85% means zero pay-out.

A new 3-year LTI grant would commence each financial year.

EXECUTIVE TEAM

- Increase investment and focus on key roles and organisational design
- Appointment of Chief Financial Officer
- Appointment of Chief Transformation Officer
- Appointment of Chief People Officer
- Appointment of Chief Operating Officer



MARK HEINE
Chief Executive Officer



MARGARET WARRINGTON
Chief Financial Officer



SHELLEY PRENTICE
Chief People Officer



AARON LATIMER
Chief Operating Officer



AKINYEMI KOYI
*President North America &
Chief Innovation Officer*



STEEN ANDERSEN
Chief Transformation Officer



KONRAD STEMPIAK
*Executive General Manager
ANZ*



JEREMY WILTON
*Vice President Product and
Engineering*



TIM MOLE
*Vice President Product and
Engineering*

OUR PEOPLE AND DIVERSITY

- EROAD's purpose is to deliver intelligence you can trust, for a better world tomorrow.
- EROAD encourages and values the unique experiences, skills and background of its people who help deliver on this purpose.
- It continually strives to create an inclusive, collaborative and open space where people feel safe and empowered to think differently to create new ideas.

35%

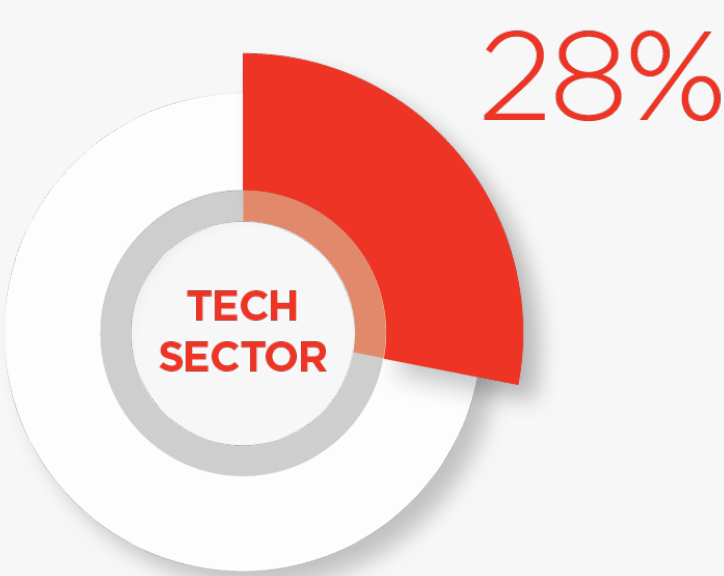
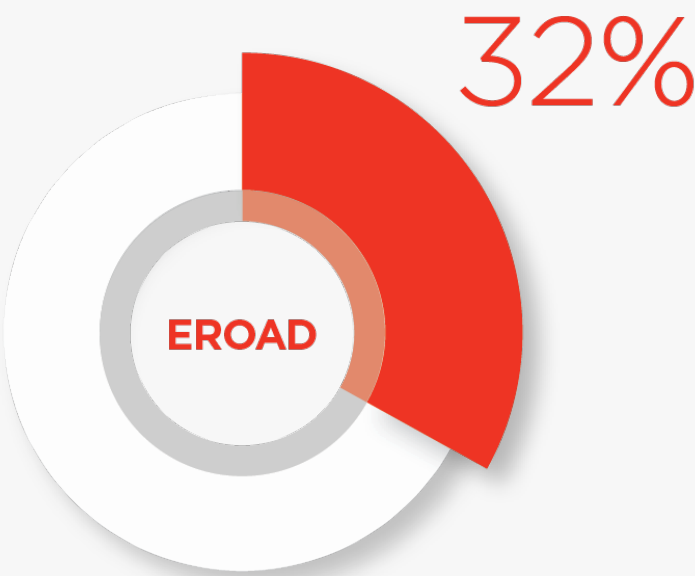
EROADers are female

64%

EROADers are male

1%

EROADers are not declared/gender diverse



32% of EROAD female employees are in leadership roles compared to 28% in the technology sector overall

SUSTAINABILITY INITIATIVES

- New Chief Sustainability Officer appointed.
- EROAD's internal Sustainability Committee established to drive internal and customer facing sustainability initiatives.
- Work is underway to ensure compliance with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 requirements from FY24.
- EROAD is committed to helping our customers on their sustainability journey by introducing innovative solutions and features that help promote fuel efficiency, decarbonisation planning and fleet management recommendations.
- EROAD is certified under the Toitu carbon-reduce programme.
- FY23 Sustainability Report will be available in June.

Total EROAD emissions for FY23

28,610.86 tCO₂e





EROAD

For further information please contact:

Ksenija Chobanovich, General Counsel

Ksenija.chobanovich@eroad.com · 027 2032555

NZX: ERD · investors@eroad.com · eroadglobal.com/investors

**Global Head Office
and ANZ Headquarters**

260 Oteha Valley Road,
Albany Auckland, 0757
www.eroad.co.nz

**North American
Head Office**

15110 Avenue of Science, Suite 100
San Diego, CA 92128
www.eroad.com

Australia Office

Level 1, 1-5 Link Road, Zetland
Sydney, NSW 2017
www.eroad.com.au