



EROAD

12 July 2023

Important EROAD Shareholder Update

On 22 June 2023 the EROAD Board received an unsolicited proposal outlining a non-binding indicative offer from a subsidiary of Volaris Group ("Volaris") to acquire all EROAD shares it does not already own, at a price of NZ\$1.30 per share in cash ("Volaris NBIO").

After careful consideration, the Board has determined that the Volaris NBIO materially undervalues EROAD's business. The Volaris NBIO therefore falls below the level at which the Board would be prepared to grant Volaris access to due diligence information, or to engage in negotiations on a scheme implementation agreement.

The Board has communicated this to Volaris today and will send the attached letter to all EROAD shareholders today (to which a copy of the response letter to Volaris is attached).

EROAD's response follows a thorough assessment of the offer in the interest of all shareholders, and taking into account the Board's dual responsibility to ensure the Volaris NBIO is given full consideration, while also ensuring the EROAD team remains focused on executing our strategic plans.

Authorised for release to the NZX and ASX by the Chair of the EROAD Board.

Ends

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EROAD

IMPORTANT EROAD SHAREHOLDER UPDATE

12 July 2023

Dear Shareholder,

On behalf of the Board and ahead of EROAD's 2023 Annual Shareholder Meeting ("2023 ASM") to be held on Friday 28 July 2023 I wish to provide you with the following update.

In particular, EROAD wants to draw your attention to the attached letter that we have sent to Volaris in relation to their takeover proposal. The rest of this letter provides the background to that proposal and provides additional information about EROAD.

Background

On 22 June 2023 the EROAD Board received an unsolicited proposal outlining a non-binding indicative offer from a subsidiary of Volaris to acquire all EROAD shares it does not already own, at a price of NZ\$1.30 per share in cash ("Volaris NBIO").

On receipt of the Volaris NBIO, EROAD requested a short trading halt. This was to consider the terms of the Volaris NBIO and to ensure shareholders were not trading on selective disclosure as Volaris had indicated it has had discussions with some of EROAD's shareholders and has agreed escalation payments for a small number of institutional shareholders.

During the trading halt the Board met and established a committee of directors to consider what next steps may be required, supported by expert advisers who have been appointed to assist the Board. The trading halt was lifted at midday on 22 June 2023.

EROAD's Response

Our response sent to Volaris today follows a thorough assessment of the offer in the interest of all shareholders, and taking into account the Board's dual responsibility to ensure the Volaris NBIO is given full consideration, while also ensuring the EROAD team remains focused on executing our strategic plans.

As communicated at the Company's [FY23 Result](#) briefing and [March 2023 Investor Day and Guidance Update](#), EROAD's strategy has been completed with the help of McKinsey and over the past 14 years the Company has committed to a substantial capital investment programme to develop the company's core technology platform, which included the 2021 acquisition of specialist telematics company, Coretex.

EROAD'S management team continues to make compelling progress to reposition the business with the aim of generating positive Free Cash Flow and drive profitable growth.



Under this strategy EROAD has already executed meaningful change to our operations and significant cost-out initiatives and exploring options to accelerate growth in all our markets.

Upcoming ASM

The Board looks forward to addressing shareholder questions at the upcoming 2023 ASM. Further details to participate in the ASM can be found in the recent [Notice of Meeting filed with the NZX on 28 June 2023](#).

We encourage you to attend what will be an important meeting in EROAD's journey. If there is anything you wish to share with the Board in the interim, please do so via investors@eroad.com.

Sincerely,

Susan Paterson
Chair, EROAD Limited

Attachment – EROAD Letter to Volaris



EROAD

725 Ann Street
Fortitude Valley
Queensland 4006
Australia

Attention: Troy O'Connor, Portfolio Manager Volaris Group

12 July 2023

RESPONSE TO NON-BINDING PROPOSAL FOR THE ACQUISITION OF EROAD LIMITED

Dear Troy,

On behalf of the EROAD Limited ("EROAD") Board, we thank you for the confidential, indicative, non-binding and incomplete proposal to acquire all of the shares in EROAD, which you would prefer to implement through a scheme of arrangement (the "Proposal") dated 22 June 2023.

We would also like to take this opportunity to welcome Volaris Group as a shareholder, and we look forward to your support as we continue to deliver on EROAD's strategy.

We note that under the Proposal, you have offered EROAD shareholders NZ\$1.30 per share in cash consideration which implies an EV / FY24 revenue (guidance) of c.1.2x.

The Board of EROAD has established a Sub-Committee, who have met on several occasions and carefully considered the Proposal along with Goldman Sachs as our financial adviser and Chapman Tripp as our external legal counsel.

The Board appreciates there are strategic benefits that EROAD could offer to your portfolio, including the attractive long-term growth prospects. After careful consideration, the Board has determined that the Proposal materially undervalues EROAD's business. The Proposal therefore falls below the level at which the Board would be prepared to grant access to due diligence information, or to engage in negotiations on a scheme implementation agreement.

The Board remains committed to value maximisation and acting in the best interests of EROAD and our shareholders. We look forward to engaging with you as one of EROAD's substantial shareholders.

Yours sincerely,

Susan Paterson
Chair, EROAD Limited