

May 2024

# EROAD Governance Roadshow

**Susan Paterson**, EROAD Chair

**Sara Gifford**, Director

**Ksenija Chobanovich**, General Counsel and Company Secretary





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All financial information is in New Zealand dollars unless otherwise stated.

## 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.



# FY24 Highlights

## FY24 Guidance

REVENUE

**\$175m-\$180m**

NORMALISED EBIT

**\$0m-\$5m**

R&D SPEND

**\$30m**

### Free Cash Flow

EROAD expects to be Free Cash Flow positive in the latter part of calendar 2024

### Board renewal

Two new directors joined the Board in FY24

### Sustainability

Developed and launched decarbonisation dashboards to help our customers measure and reduce their emissions

### Continued Strategy Execution

- Appointed new Co-CEO David Kenneson in the US. Partnering with Co-CEO Mark Heine in NZ, to drive North American growth strategy while executing on ANZ initiatives.
- Achieved \$20m of annualised cost savings over FY23 and FY24 through optimisation of organisational structure and supplier renegotiations.
- Achieved 250k unit milestone globally
- Accelerated 4G upgrade program on track

### Strategic Collaborations

Collaborating with Microsoft who enables use of Generative AI

Partnered with Trane Technologies for direct integrations with their Thermo King Transport Refrigerated Units



# Our Board

- Cameron Kinloch, a North America based director, joined the Board in March 2024
- David Green, a New Zealand based director, joined the Board in August 2023
- External Board review in FY25 now that the onboarding of additional directors is completed

**BOARD STATS**

- 3/6 directors female
- 5/6 directors independent
- Average collective tenure 2.5 years

<sup>1</sup>Member of Finance, Risk and Audit Committee.  
<sup>2</sup>Member of Nomination Committee.  
<sup>3</sup>Member of Technology Committee.  
<sup>4</sup>Member of People and Culture Committee.



**SUSAN PATERSON<sup>1,2,4</sup>**  
*Chair, Independent Director*  
 Appointed March 2019



**BARRY EINSIG<sup>2,3</sup>**  
*Independent Director*  
 Appointed January 2020



**DAVID GREEN<sup>1,2,4</sup>**  
*Independent Director*  
 Appointed August 2023



**CAMERON KINLOCH<sup>1,2</sup>**  
*Independent Director*  
 Appointed March 2024



**SARA GIFFORD<sup>2,3,4</sup>**  
*Independent Director*  
 Appointed April 2022



**SELWYN PELLETTI<sup>1,2,3</sup>**  
*Non-Executive Director*  
 Appointed December 2021



# Ensuring we have the right skills around the board table

## BOARD SKILLS

At Board level, diversity allows EROAD to benefit from a range of different perspectives that collectively lead to healthier debate and decision-making. The Board considers that Barry Einsig and Selwyn Pellett have transport industry specific experience. Susan Paterson, David Green

and Cameron Kinloch bring listed company and finance / risk experience. Sara Gifford, Barry Einsig, Selwyn Pellett and Cameron Kinloch have extensive experience in technology solutions. Overall, the Board's skillset is as set out in the following table.

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

BUSINESS CONTEXT	CAPABILITY	KEY ELEMENT	BOARD SKILLS
Supporting financial and culture growth as scale and complexity builds	<i>Finance</i>	Scale public company governance experience - NZX, ASX, NASDAQ ESG / Shareholder engagement and partnering / Chair succession potential	● ● ● ○
	<i>People and compensation</i>	Corporate culture and diversity & inclusion Executive compensation experience / Employee engagement / Performance and talent / H&S	● ● ● ● ○
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	● ○ ○ ○
	<i>Demographic diversity</i>	Gender, ethnicity, age	● ● ● ● ○

THE KEY ● High capability ○ Moderate capability



# FY24 a year of Activity

- Board renewal undertaken:
  - David Green joined the Board effective 1 August 2023
  - Cameron Kinloch joined the Board effective 28 March 2024
- EROAD's founder, Steven Newman, joined the Board's Technology Committee as a consultant
- Executive team changes:
  - Co-CEOs appointed as part of the next phase of EROAD's global growth strategy.
  - CTO appointment announced with Duanne O'Brien joining the company on 18 June 2024.
- Key enterprise customer wins and expansions during the year:
  - Programmed in Australia (+3k connections),
  - renewed and expanded Boral (+1.3k connections) in Australia and Kinetic (owner of NZ Bus +1k connections) in New Zealand, and
  - expanded US Foods (+600 connections) in North America.
- Successfully completed an underwritten capital raise of \$50m concurrently with a restructuring of the company's credit facilities providing a strong balance sheet to execute on the company's strategy.
- Market guidance issued on 24 May 2023 and confirmed on 29 November 2023.
- Brillian APAC Pty Ltd ("Volaris") presented an unsolicited, non-binding indicative proposal (NBIO) in June 2023 to acquire 100% of EROAD's shares. After thorough review, the Board found the proposal materially undervalued EROAD's business. Consequently, neither party pursued the matter further and Volaris continues to remain a major shareholder.





# What's on the Board's agenda for FY25?

- Continuing to focus on repositioning the business, driving operational leverage and a pathway to growth.
- Co-CEO Partnership to drive focus on sales and marketing with strong understanding of US market
- Leveraging third party partnerships for business growth and expertise utilisation
- Taking advantage of opportunities presented by NZ Government policy changes for RUC for all vehicles
- Focus on sustainability initiatives



## Performance

### Measuring the right things, not just financial metrics

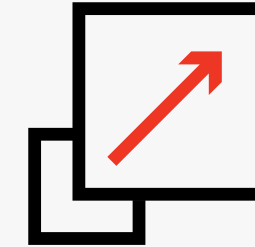
- Delivery against plan, expects to be free cash flow positive in the latter part of calendar 2024
- Quality of revenue and ARPU
- Cost containment & sound investment in R&D
- Staff engagement and retention
- Successful replacement of 3G units in New Zealand continues



## 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

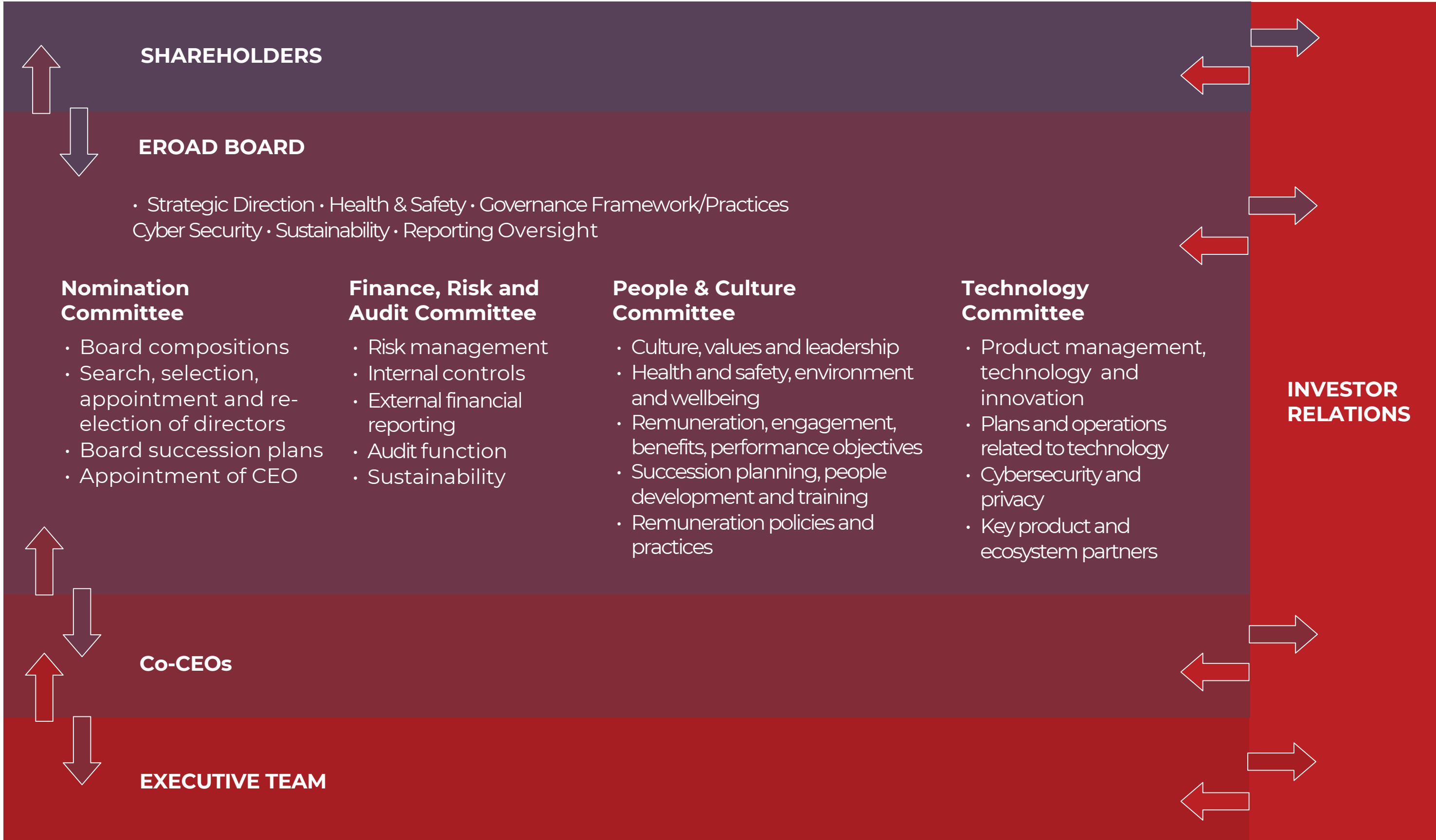
### Staying ahead of the business and anticipating pinch points

- Maintaining an up to date industry awareness
- Making the business model scalable and finding path to profitable growth
- Driving innovation
- Management succession planning



# Structure of Board / Subcommittees

Replaced the Remuneration, Talent and Nominations Committee with two separate committees - People and Culture Committee and Nominations Committee during FY24

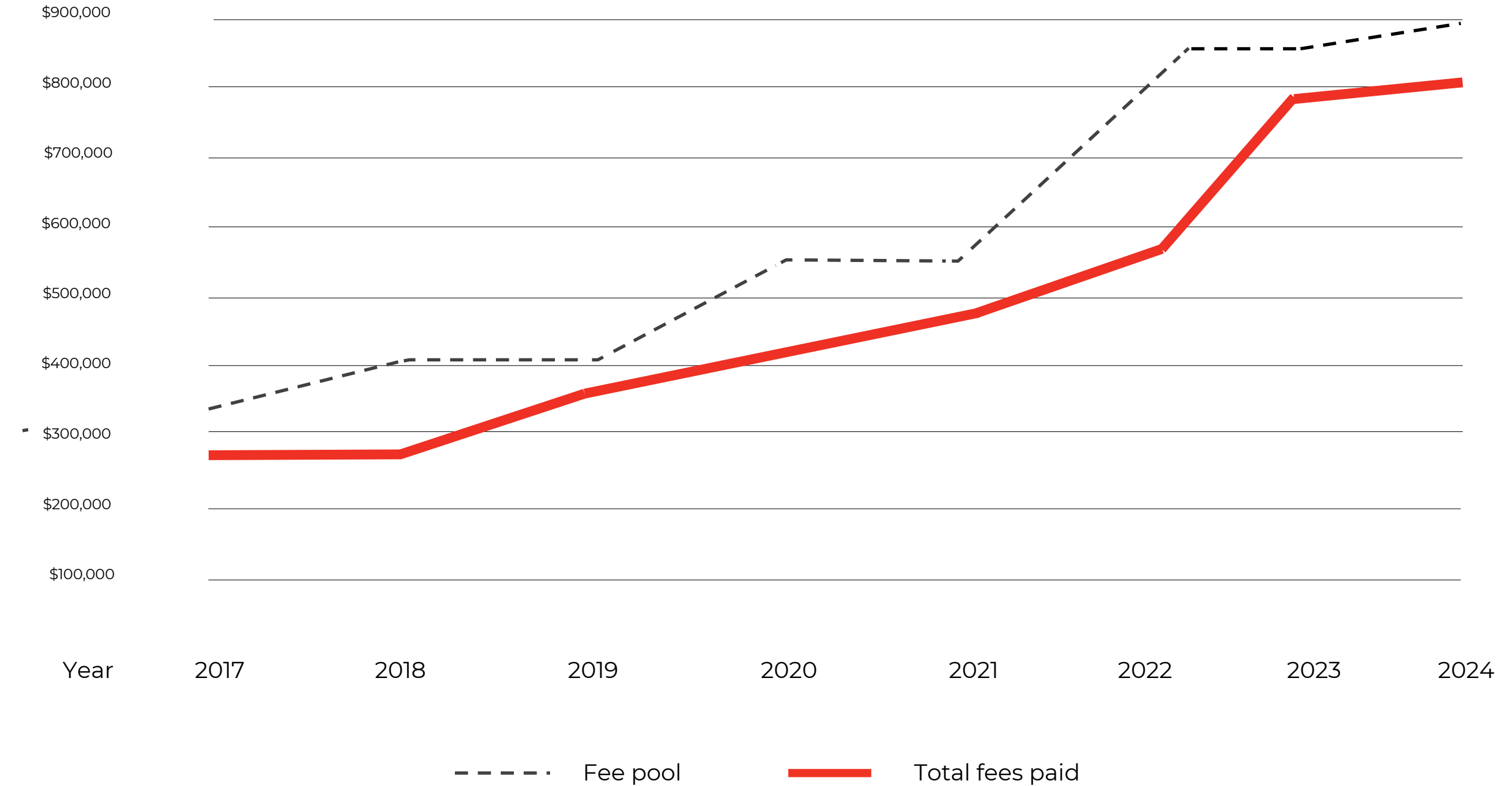




# Director fees

- 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 pays based on director fees for comparable companies in the market that the director is based in, in local currency
- Pursuant to NZX Listing Rule 2.11.3, the Board approved an increase to the director fee pool to NZD\$900,000 which is needed to accommodate the increased number of directors and possible fluctuations in foreign exchange rates. The Board elected to only increase the fee pool to the extent necessary to facilitate current director fee structure.

## EROAD DIRECTOR FEES<sup>4,5</sup>



<sup>4</sup>The increase in director fees in FY24 is largely due to the fx rate for North America based directors.

<sup>5</sup>Barry Einsig, Sara Gifford and Cameron Kinloch 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 31/3/2024.

<sup>6</sup>In addition to the listed fees, the Chair of Finance, Risk and Audit Committee received \$15,000 NZD, Chair of People and Culture Committee received \$12,000 USD prorated, and the Chair of Technology Committee received \$12,000 USD

<sup>7</sup>New Zealand based directors are receiving non-executive director fees in NZD.

<sup>8</sup>Based on the fx rate as at 31 March 2024

### COMPARABLE COMPANIES (based on data from FY21)

	Median NZ Fees	Median AU fees	Median US fees	EROAD fees <sup>6</sup>
<b>Chair fees</b>	NZ\$ 128,000	AU\$ 170,000	US\$ 118,500 (or NZ\$198,592 <sup>8</sup> )	NZ\$150,000
<b>Non-executive director fees</b>	NZ\$ 70,000	AU\$ 86,300	US\$ 90,250 (or NZ\$151,249 <sup>8</sup> )	NZ\$ 95,000 <sup>7</sup> or US\$96,000 <sup>4</sup>



# FY24 Remuneration Outcomes

## FIXED REMUNERATION

### Co-CEO Mark Heine:

- appointed as CEO in June 2022 and Co-CEO from March 2024.
- base salary of \$700,000 pa<sup>9</sup>

### Co-CEO David Kenneson:

- appointed as Co-CEO in March 2024.
- base salary of USD\$450,000 pa<sup>9</sup>

## SHORT TERM INCENTIVES

### Co-CEO Mark Heine:

- **FY23 STI:** Mark Heine earned \$331,240 under the FY23 STI Plan.
- **FY24 STI:** up to 40% of base salary, based on group performance against key financial metrics (75%) and achievement of selected non-financial strategic objectives (25%). Total payout of the STI target opportunity for FY24 still to be determined.

### Co-CEO David Kenneson:

- **FY24 STI:** not eligible for the FY24 STI Plan due to employment at fiscal year end

## LONG TERM INCENTIVES

### Co-CEO Mark Heine:

- **FY23 LTI Grant:** performance share rights were issued (for nil consideration) to participants which converted to shares (for nil consideration) on 6 April 2023 upon performance targets being met. Retention was the main driver of this plan. Total of 88,983 shares (valued at \$55,169 at the time of vesting) vested to Mark Heine as CEO.
- **FY 24 LTI Grant:** Up to 100% of base salary, based on criteria set out on slide 12. A total of 295,312 performance share rights were issued (for nil consideration) under this grant to Mark Heine which may convert into shares (for nil consideration) after 31 March 2026 provided performance criteria is met. This is a 3-year grant and as such performance against the criteria cannot yet be assessed.

### Co-CEO David Kenneson:

- **FY24 LTI Grant:** not eligible for the FY24 LTI Grant due to employment at fiscal year end

9. The Co-CEO's FY24 gross fixed remuneration (including benefits) will be disclosed in the FY24 Remuneration Report



# FY25 Remuneration Framework

- EROAD intends to adopt the new NZX Remuneration Reporting Template for FY24. EROAD's FY24 remuneration report will be included in the Annual Report expected to be published at the same time as FY24 financial results. Consequently, EROAD will not present a non-binding Say on Pay resolution to shareholders at its 2024 ASM.

## EROAD's FY25 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

Up to 50% of each Co-CEO's base salary eligible for FY25 STI, determined by the group's performance against core financial targets, with 100% of the incentive based on financial goals.

Co-CEO must also:

- achieve health & safety and behavioural gates; and
- the aggregated threshold for the financial metrics needs to be over 85%.



# FY25 Remuneration Framework CONTINUED...

## LONG-TERM INCENTIVES

Up to 100% of each Co-CEO's base salary eligible for FY25 LTI grant. Performance share rights (PSRs) to be issued as part of a 3-year incentive programme, where PSRs may convert to shares at the end of the programme provided performance criteria described in the following table is met:

EROAD's LTI plan initiates a new 3-year LTI grant each financial year.

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: <ul style="list-style-type: none"> <li>•Under 40th percentile of XTX – 0% rTSR shares vested</li> <li>•40<sup>th</sup> percentile of XTX = 50% rTSR shares vested</li> <li>•60<sup>th</sup> percentile of XTX = 100% rTSR shares vested</li> <li>•80<sup>th</sup> percentile of XTX = 150% rTSR shares vested</li> <li>•100<sup>th</sup> percentile = 200% rTSR shares vested</li> </ul>
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.



# Executive Team FY25

- Increase investment and focus on key roles and organisational design
- Appointment of Co-CEO David Kenneson
- Appointment of Chief Technology Officer, effective 18 June 2024
- Appointment of EVP Sales & Marketing North America
- Appointment of EGM Sales & Marketing ANZ
- Appointment of President, Product & Strategy
- 41% of EROAD female employees are in leadership roles, up from 32% in FY23



**MARK HEINE**  
*Co-Chief Executive Officer*



**DAVID KENNESON**  
*Co-Chief Executive Officer*



**MARGARET WARRINGTON**  
*Chief Financial Officer*



**DUANNE O'BRIEN**  
*Chief Technology Officer*



**AARON LATIMER**  
*Chief Operating Officer*



**AKINYEMI KOYI**  
*President, Product & Strategy*



**SHELLEY PRENTICE**  
*Chief People Officer*



**MARK DAVIDSON**  
*EVP Sales & Marketing North America*



**KONRAD STEMPIAK**  
*Executive General Manager Sales & Marketing, ANZ*



**JEREMY WILTON**  
*EVP, Product and Engineering - Devices*



# Sustainability Initiatives

- **Sustainability Committee**, led by the Chief Sustainability Officer, driving key sustainability initiatives.
- **New sustainability products launched in FY24:**
  - Sustainability Module** for our NZ customers. Includes reports and six dashboards aiding in emission reduction and fleet analysis.
  - Emissions Calculator** available to the public to assists fleets assessing their emissions relative to fleets of a similar profile.
- **State of Charge** reporting for EVs advanced through integrations with third parties.
- **Certified under the Toitu carbon-reduce programme**<sup>10</sup>
- **Assessed EROAD's climate risks and opportunities for the business** - FY24 Climate-related disclosures in preparation.

<sup>10</sup>. Certified for FY23, and recently completed the FY24 audit for certification





**For further information please contact:**

Ksenija Chobanovich, General Counsel

[Ksenija.chobanovich@eroad.com](mailto:Ksenija.chobanovich@eroad.com) · 027 2032555

NZX: ERD · [investors@eroad.com](mailto:investors@eroad.com) · [eroadglobal.com/investors](http://eroadglobal.com/investors)

**Global Head Office  
and ANZ Headquarters**

260 Oteha Valley Road,  
Albany Auckland, 0757  
[www.eroad.co.nz](http://www.eroad.co.nz)

**North American  
Head Office**

15110 Avenue of Science, Suite 100  
San Diego, CA 92128  
[www.eroad.com](http://www.eroad.com)

**Australia Office**

Level 1, 1-5 Link Road, Zetland  
Sydney, NSW 2017  
[www.eroad.com.au](http://www.eroad.com.au)