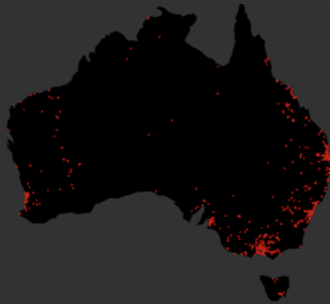
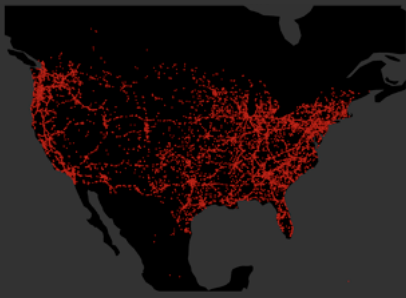


# Notice of Special Meeting

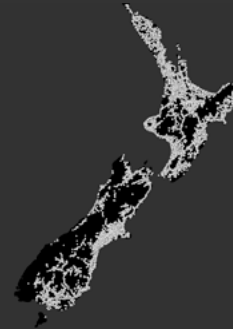
## Acquisition of Coretex

VOTE IN FAVOUR

EROAD



EROAD + CORETEX



EROAD

# Notice of Special Meeting

## Acquisition of Coretex - VOTE IN FAVOUR

### EROAD LIMITED

Notice is hereby given that a Special Meeting of EROAD Limited (EROAD) will be held on 30 July 2021, 1pm, Loyalty Lounge, Eden Park and virtually via the link [web.lumiagm.com](http://web.lumiagm.com) with the Meeting ID 312-976-984. Further information about how to attend and participate virtually are in the Virtual Meeting Guide.

The safety of our people and shareholders is our number one priority. In the event that COVID-19 related restrictions are in place which prevent us from holding a physical meeting, or the Board otherwise determines a physical meeting is inappropriate in the circumstances, we may decide to hold a virtual only Special Meeting of Shareholders. If this occurs, we will provide shareholders with notice through an announcement to the NZX, ASX and on our website.

The Special Meeting will be held in conjunction with EROAD's Annual Meeting.

**The items of business at the Special Meeting will be to consider, and if thought fit, to pass the following ordinary resolutions:**

#### **ORDINARY RESOLUTION 1: Acquisition of Coretex**

To ratify, confirm and approve for all purposes the acquisition by EROAD Financial Services Limited, a wholly owned subsidiary of EROAD, of 100% of the shares in Coretex Limited (Coretex) under an agreement for sale & purchase of shares dated 14 July 2021 (*Agreement*) (the Transaction) as described in more detail in the Explanatory Statement and accompanying materials, and to authorise the directors of EROAD to take all actions, do all things and execute all documents and agreements necessary or considered by them to be necessary or expedient to give effect to the Transaction.

#### **ORDINARY RESOLUTION 2: Issue of shares to Coretex Vendors**

To approve, for the purposes of Rule 4.1.1 of the NZX Listing Rules, the issue of up to 16,000,000 fully paid ordinary shares in EROAD to the vendors under the Agreement, at an issue price of NZ\$6.00 per share in partial satisfaction of the purchase price payable under the Agreement (Consideration Shares), and to authorise the directors of EROAD to take all actions, do all things and execute all documents and agreements necessary or considered by them to be necessary or expedient to issue the Consideration Shares, such Consideration Shares, when issued, to rank pari passu (equally) with all existing ordinary shares of EROAD.

#### **ORDINARY RESOLUTION 3: Issue of Capital Raising Shares to investors**

To approve, for the purposes of Rule 4.1.1 of the NZX Listing Rules, the issue of NZ\$80.5 million of fully paid ordinary shares in EROAD to subscribers in the capital raising being undertaken in connection with the Transaction (Capital Raising Shares), at an issue price of NZ\$5.58 per share (or such lesser amount as may be payable under the Share Purchase Plan as described in more detail in the Explanatory Statement), and to authorise the directors of EROAD to take all actions, do all things and execute all documents and agreements necessary or considered by them to be necessary or expedient to issue the Capital Raising Shares, such Capital Raising Shares, when issued, to rank pari passu (equally) with all existing ordinary shares of EROAD.

*The implementation of each resolution at the Special Meeting is conditional upon each other resolution at the Special Meeting being approved by the shareholders of EROAD.*

See the Explanatory Statement below for further details relating to the resolutions.

## **NOTES**

### **1. Ordinary resolutions**

An ordinary resolution is a resolution passed by a simple majority (i.e. over 50% of the votes of shareholders of EROAD entitled to vote and voting on the resolution).

The Transaction is not a Major Transaction for the purposes of section 129 of the Companies Act 1993.

### **2. Addresses by Chairman and Chief Executive Officer**

Please note that for shareholders who are unable to attend the meeting:

- the meeting will be broadcast online at [web.lumiagm.com](http://web.lumiagm.com) with the Meeting ID 312-976-984; and
- transcripts of the Chairman's and Chief Executive Officer's addresses to the meeting (and any accompanying presentation materials) will be posted on EROAD's website at [eroadglobal.com/global/investors/](http://eroadglobal.com/global/investors/) and released to the NZX and ASX market announcement platforms at the same time or before they are delivered to the meeting.

## **APPROVALS**

NZ RegCo has confirmed it has no objection to this notice of meeting, but takes no responsibility for any statement made in this notice of meeting.

## **EXPLANATORY STATEMENT**

### **Introduction**

The purpose of this Explanatory Statement is to provide shareholders with further information on the business to be considered at the Special Meeting of EROAD Limited (EROAD) to be held on 30 July 2021.

### **EXPLANATORY NOTE TO ORDINARY RESOLUTION 1:**

#### **Acquisition of Coretex**

EROAD Financial Services Limited, a wholly owned subsidiary of EROAD, has agreed to acquire all of the shares in Coretex Limited (Coretex) under an agreement for sale & purchase of shares dated 14 July 2021 (Agreement) (the Transaction). The terms of the Transaction are summarised in the Transaction Summary that accompanies this notice of meeting. The Transaction is conditional on the approval of EROAD's shareholders by way of an ordinary resolution. That approval is being sought at this meeting.

#### ***Listing Rules requirements - acquisition of assets***

Under NZX Listing Rule 5.1.1 a listed issuer must obtain shareholder approval for an acquisition of assets in respect of which the "Gross Value" exceeds 50% of the issuer's "Average Market Capitalisation" (each as defined in the NZX Listing Rules), or where an acquisition of assets would significantly change the nature of the issuer's business. The Gross Value of the assets being acquired is not expected to exceed 50% of EROAD's Average Market Capitalisation and therefore shareholder approval for the Transaction by way of ordinary resolution is not expected to be required under NZX Listing Rule 5.1.1(b), but the consideration ultimately payable remains subject to certain contingencies and adjustments. The Company does not consider that the Transaction will significantly change the nature of its business. Notwithstanding the above, the Board considers it appropriate that EROAD's shareholders have the opportunity to vote on whether to proceed with the proposed Transaction.

The Transaction does not amount to a Major Transaction for the purposes of section 129 of the Companies Act 1993 and therefore shareholder approval by way of special resolution is not required.

## **EXPLANATORY NOTE TO ORDINARY RESOLUTION 2:**

### **Issue of shares to Coretex Vendors**

For the purposes of the Transaction, EROAD has agreed to issue up to 16,000,000 fully paid ordinary shares to the vendors under the Agreement, at an issue price of NZ\$6.00 per share, in partial satisfaction of the purchase price of Coretex (Consideration Shares).

In order to issue the Consideration Shares, EROAD must obtain approval by EROAD's shareholders by way of an ordinary resolution. That approval is being sought at this meeting. 13.3 million Consideration Shares are expected to be issued on completion of the Transaction. EROAD has obtained a waiver from NZX Listing Rule 4.2.2(b) to enable some of the Consideration Shares to be issued more than 12 months after the date of the Special Meeting. Under the Transaction, up to a further 2.7 million Consideration Shares may be issued contingent upon the retention of customers post transaction and the development and implementation of Coretex's technology platform. These metrics will be assessed over the 12 months after completion of the acquisition. The waiver means that if shareholders approve the resolution to be put to them at the Special Meeting, EROAD will be able to issue Consideration Shares on completion as well as to the extent the contingent consideration metrics are met, without further shareholder approval being required.

### ***Listing Rules requirements – issue of equity securities***

Under NZX Listing Rule 4.1.1, an issuer must obtain shareholder approval for an issue of shares unless the issuer is eligible to issue the shares under NZX Listing Rule 4.1.2. Due to the placement completed on 18 September 2020, EROAD does not currently have any placement capacity and therefore is unable to issue the Consideration Shares in accordance with NZX Listing Rule 4.1.2(b). The Company seeks shareholder approval by ordinary resolution to issue the Consideration Shares pursuant to NZX Listing Rule 4.1.1.

### **Important information about the Transaction accompanies this notice**

The following materials accompany this notice:

- A presentation detailing the proposed Transaction accompanies this notice of meeting (Transaction Summary). The Transaction Summary includes details of the rationale for the proposed acquisition of Coretex, the key risks involved and the terms of the proposed transaction.
- An independent expert report in relation to the proposed Transaction accompanies this notice of meeting (Independent Report). The Independent Report details Grant Samuel & Associates Limited's opinion in relation to the merits of the Transaction.
- A letter from the Chairman of EROAD, Graham Stuart, summarising the Board's view of the proposed Transaction and its benefits to EROAD (Chairman's Letter).

**You should read the Transaction Summary, the Independent Report, and the Chairman's Letter in full as they contain important information to assist you in determining whether to vote in favour of resolutions 1 and 2.**

### **EXPLANATORY NOTE TO ORDINARY RESOLUTION 3: Issue of Capital Raising Shares to investors**

For the purposes of the Transaction, EROAD intends to raise NZ\$80.5m by way of an offer of shares to new institutional investors and existing eligible shareholders by way of a NZ\$64.4m placement (the Placement) and a NZ\$16.1m share purchase plan (the SPP) (together, the Capital Raise). Further details on how to participate in the SPP will be provided to NZX and ASX by market announcement and directly to eligible shareholders in due course.

The Placement will be conducted on or about the date of this notice of meeting, and an update will be provided to NZX and ASX upon conclusion of the Placement as to the outcome. The Placement (and SPP) will be conditional upon shareholder approval at the Special Meeting. EROAD has obtained a waiver from NZX Listing Rule 4.19.1 to enable the Capital Raising Shares in relation to the Placement to be issued more than 10 business days after the close of the Placement. This waiver does not apply to the SPP and further details as to the timetable for the SPP will be provided directly to eligible shareholders in due course.

Under the SPP, the price of the Capital Raising Shares to be issued to eligible shareholders who subscribe will be the lower of the price paid by investors in the Placement, being NZ\$5.58 per Share, and the five day volume weighted average price of EROAD shares traded on NZX during the five NZX trading days up to, and including, the closing date for the SPP. In the event of oversubscriptions in the SPP, the Company reserves the right to place additional capital under NZX Listing Rule 4.5.1 (15% Placements) to the extent it is able to do so.

Both the placement and SPP are structured to provide all shareholders, where possible, at least a pro rata allocation of shares.

#### ***Listing Rules requirements – issue of equity securities***

Under NZX Listing Rule 4.1.1, an issuer must obtain shareholder approval for an issue of shares unless the issuer is eligible to issue the shares under NZX Listing Rule 4.1.2. Due to the placement completed on 18 September 2020, EROAD does not currently have any placement capacity and therefore is unable to issue shares under the Capital Raise in accordance with NZX Listing Rule 4.1.2(b). Additionally, due to the share purchase plan completed on 2 October 2020, many of EROAD's shareholders would not be able to participate in a share purchase plan conducted in accordance with NZX Listing Rule 4.1.2(a). Therefore, the Company seeks shareholder approval by ordinary resolution to issue the shares under the Capital Raise pursuant to NZX Listing Rule 4.1.1.

The shareholder approval sought covers both the shares proposed to be issued to the wholesale investors under the Placement and to retail investors through the SPP.

## **Recommendation of the Board**

The Board unanimously recommends the Transaction and associated matters to shareholders for approval and encourages all shareholders to vote in favour of the Resolutions. In negotiating the purchase price under the proposed Transaction, EROAD took into consideration a range of factors, including its view as to the future sustainable earnings of Coretex, synergies available and the multiple of revenue implied by the consideration. More information about the due diligence process is included in the Transaction Summary. In the Board's view, the Transaction, the vendor placement and the capital raising are each in the best interests of EROAD and its shareholders. The directors intend to vote all shares in EROAD held or controlled by them in favour of each Resolution, subject to the voting restrictions that apply to Resolution 3.

## **Consequences if Resolutions are not approved**

If EROAD's shareholders do not approve the Transaction, the issue of the Consideration Shares and the Capital Raise within 30 business days following the date the Agreement is executed, then either party may terminate the Agreement in which case the Transaction and Capital Raise would not proceed. There are no break fees under the Agreement.

## **PROCEDURAL NOTES**

### **Voting restrictions**

Any shareholders of EROAD, and their Associated Persons (as that term is defined in the NZX Listing Rules), who are to receive any of the Consideration Shares referred to in resolution 2 are not entitled to vote in favour of resolution 2, unless casting votes under an express proxy of a person who is not disqualified from voting.

Any shareholders of EROAD, and their Associated Persons (as that term is defined in the NZX Listing Rules), who are to receive any of the Capital Raising Shares under the Placement referred to in resolution 3 are not entitled to vote in favour of resolution 3 unless casting votes under an express proxy of a person who is not disqualified from voting. On the other hand, shareholders who wish to participate in the SPP are entitled to vote in favour of resolution 3 (on the basis that the offer was made on the same basis to all shareholders of the same class except to the extent permitted by NZX Listing Rule 4.4.1(e), which allows an Issuer not to offer the shares outside New Zealand if, in the Issuer's reasonable opinion, it would be unduly onerous for the Issuer to make that offer in that jurisdiction).

### **Conditional nature of resolutions**

The implementation of each resolution at this Special Meeting is conditional upon each other resolution at this Special Meeting being approved by the shareholders of EROAD.

### **Voting procedure**

- a. The persons who will be entitled to vote on the resolutions at the Special Meeting are those persons who will be the shareholders of EROAD at 5pm on Wednesday 28 July 2021.
- b. A shareholder may vote at the Special Meeting either in person or by proxy. A body corporate which is a shareholder may appoint a representative to attend the Special Meeting on its behalf in the same manner as that in which it could appoint a proxy.
- c. A proxy need not be a shareholder of EROAD. A shareholder who wishes to do so may appoint the Chairman of the Meeting to act as proxy.
- d. A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions. If the Chairman is appointed as proxy and the voting is left to his discretion, the Chairman intends to vote in favour of all resolutions, noting that the Chairman will not be participating in the Placement and therefore is entitled to cast such votes on resolution 3.
- e. A proxy form is enclosed and, if used, must be lodged with the share registrar, Computershare Investor Services Limited, in accordance with the instructions set out on the form not less than 48 hours before the time of the holding of the meeting.
- f. All resolutions must be passed by an ordinary resolution of shareholders, i.e., by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

### **Questions and comments**

Shareholders are invited to submit questions prior to the meeting to [investors@eroad.com](mailto:investors@eroad.com).



**EROAD**