

EROAD ANNUAL SHAREHOLDERS MEETING

Thursday 1st August 2019

Good afternoon ladies and gentlemen. I might ask everyone to take the seats if that is possible. Our time for commencement is just ticked over a couple of minutes ago and so I would like to get underway as quickly as we can please.

Firstly, it seems strange to me to be introducing myself here as Michael Bushby, the ex-chairman of EROAD, or past chairman should I say, and I'm going to kick off the meeting this afternoon for Graham Stuart, who is your chairman of EROAD, but who has been a little delayed.

As we've got people on a streaming service being able to watch this we did want to get underway as close as possible to time, and once Graham arrives we will be able to include his address.

Firstly, warm greetings for everyone who has been able to make it and join us here today.

On behalf of the Directors and the Chief Executive Steven, I would like to acknowledge a lot of the EROAD team who are here and to welcome everybody to this Annual Shareholder's Meeting.

In particular, I would like to welcome those shareholders who have been able to join us this afternoon. It's great that you are here, and as I said before I would like to welcome those who are on the webcast as this is going out live this afternoon.

Before we start the meeting I would just like to address some important matters, including the fire exits, the primary exit is back out through the stairs the way we came in. I think it is fairly obvious the bathrooms are just outside this room and if I could get everyone to make sure that their mobile phones or cell phones are on silent mode please.

I would like to acknowledge the Board members who are here today. Graham will be here. I've introduced myself as Michael Bushby, and as we speak Candice (Kinser) and Tony (Gibson) are joining us as well.

Susan Patterson is with us, and of course our Board member and Chief Executive Steven Newman.

As I mentioned, there are a lot of the senior management team from EROAD, largely in the front stalls here. Please take a good look at them and make sure you grab them at the end for an opportunity to have discussions with them.

I would also like to acknowledge Mark Heine in particular. Mark is the Company Secretary and General Counsel for EROAD and is pivotal in supporting the Board in its processes.

During the year Gregg Dal Ponte, our Board member in the US, retired from the Board. Now, this is an opportunity for the rest of the Board to acknowledge Gregg's great effort over the 4½ years he was involved with EROAD, and it was great to have him as part of the Board.

And to let everyone know we have engaged international recruiters to look for a replacement based in the US, or potentially based in the US.

On arriving today, you will have seen the Computershare people out the front. They will be there to assist in terms of the voting and the registration for the meeting today. If there are any questions, please see them out there.

I'd also would like to acknowledge that KPMG are here, Lauder in particular who is our company Auditor and Chapman Tripp, the company's Solicitor, so welcome as well.

This is your meeting. Our role is to inform you of how the business is going, to answer the questions that you may have in relation to the Company and to be able to interact with the Board.

I can advise that the Notice of Meeting has been duly served and we have a quorum to undertake the meeting. As a result, I am pleased to declare open the EROAD Annual Shareholder Meeting.

The format of today's meeting will be slightly different to what we have had in the past. There will be a series of presentations from Steven and some of the senior execs within the organisation, and that will include

- Firstly Steven
- Then Jarred will address us as Chief Technology Officer
- Alex Ball as our Chief Financial Officer
- Tony Warwood, looking after Australia and New Zealand
- Norm Ellis is again here as President of North America
- Steven will then make some concluding comments and I would expect that Graham will be able to provide the President's address.

At that point, I think we will have questions in relation to both the financial statements and any of the presentations that have been given during the meeting and we will then move on to the four resolutions that were circulated as part of the Notice of Meeting.

After that formal component and the meeting has closed we would welcome you to stay and join us for some drinks and interaction with the Board, with Steven and the other executives from the organisation.

Before we go in to the presentations, I would actually just like to play a corporate video regarding EROAD and then once that is completed, Steven if you could address the meeting please. Can we roll the video.

EROAD corporate video

Steven Newman, CEO

Good evening everyone, it is good to see a lot of familiar faces. So I am getting to go first as opposed to second, so some of the things may be slightly out of order, but it will all come together. So FY19 was a year of building a solid platform for the future.

We focused on building

- Building better business systems
- Building saleable products and process and we
- Built our leadership team.

EROAD is now a lot more robust.

We attracted some incredible talent in to the company and that has strengthened the leadership team and the capabilities of the business.

Some of the executive team have already been introduced by Michael. I will introduce some of the other members:

In front of me is Genevieve, who looks after our marketing as our CMO, Matt, that looks after our global operations, and on the end we have Mike Sweet looks after our people.

It is great to have such a capable team to support me in growing this wonderful business that we have.

I hope you have had a look at our annual report, we put a lot of effort in to this year to improve and communicate better with you, our investors and owners.

Some of the high points from the report is that

- Again, our customers are showing us great loyalty with industry leading, retention rates
- We won our first large enterprise account in North America, a fleet of more than 5,000
- We proactively re-entered Australia, and Tony will talk more about that later on in the meeting
- We also refreshed our in-vehicle hardware making it easier to make, lower cost and also allowing us to transition from 3G to 4G cellular technology.

And we recently celebrated 100,000 vehicles being tracked by EROAD globally.

There are not that many telematics companies that achieve that milestone and to achieve it you need to be doing an awful lot of things right for a long time.

In the early days we were adding customers at the rate of 2,000 to 3,000 a year, in more recent years around the 20,000 mark. We have had to retain and give good service and value to their businesses as well as bringing on new customers.

When we did a little bit of research on this, we found that there were 28 companies across New Zealand, Australia, Canada and the US which had achieved that milestone. They did that in an average of 12 years and we have managed to do it in nine. So that is cool.

We then looked at how many companies had got to 250,000 and it is a much smaller group of about 15. So that really is our next big challenge, is to get to 250,000.

If we look at this slide it will help to explain why we will continue to grow quickly from our existing business.

- So you can see regulatory change in these four areas is going to increase the adoption, so in New Zealand we have road user charges, there are conversations going on in a lot of places around the world, both in Australia and US for us, around how do we fund the roads after electric vehicles come out, and the fuel tax, which is the main method at the moment, goes away.
- There is also a lot of concern about how do we know that the vehicles that are driving on the road are fit for purpose. Trucks are getting larger, and we are all too often seeing the accidents and the deaths on our roads.
- And of course, there is how do we improve road safety. And one of the big contenders there is the driver. So how do we manage their health and safety.
- And then of course the last one, is how do we manage driver fatigue.

There are a lot of products that we have provided over the last 10 years addressing these and we are well placed to help other countries and other markets solve those problems.

In addition to that, there is the transportation is going to go through a rapid amount of change with the introduction of electric vehicles, autonomous vehicles and blockchains.

Our customers need to actively manage these changes, and of course there will be regulation. There is the expectation from our customers that EROAD is going to help them and provide the solutions they need in their business.

In addition to this, there are three major customer trends I want to talk about

- The first one is, that our customers having started getting all this wonderful information from us, want us to do more with it, instead of it being static reports, they want us to interpret it for them, they want us to benchmark against others in the industry, and they want us to provide predictions in the context of their business.
- The next trend is the information technology that our customers need to remain competitive and compliant is getting evermore complex. At the moment they source solutions from a lot of different providers to meet all of their operational solutions. What they really want is to have one solution provider that can help provide all of these solutions.
- Things like logistics and cameras, which we once thought were adjacent to our market, will be expected in part of our core offering.
- Our customers also want to monitor all of their remote and mobile assets. And as the cost of tracking comes down, we are going to see some crazy stuff that we track. It will be more than generators and tractors, it will be rubbish bins, chainsaws and port-a-loos. We look forward to bringing our product that tracks the smaller assets to market in the coming months.

As a result of these technology and customer trends we need to continue to invest in product development in order to keep ahead of the 20% industry accumulated growth year on year.

We have a great opportunity to grow in a growing market.

I will now hand over to Jarred to take us through the R&D investments and what that means for our customers.

Jarred Clayton, Chief Technology Officer

Thank you, Steven.

Our team is bravely focused on solving complex transportation problems for our customers and we have seen some of those already. So being brave is really important for our team. It has allowed us to do things differently and it has allowed us to change the rules with regulators.

Being a regulatory first telematics company means we look at the wider context. We ensure our customer solutions make their lives easier in a regulatory environment that is increasing in complexity. Every-day customers' lives are getting harder with the regulatory burdens.

We work directly with policy makers, regulators and enforcement to help our customers get the best outcomes.

Our electronic logging device in the North America market is one of the only three used for enforcement for training purposes.

I will describe an example of what it looks like for our customers. And so this is a roadside inspection and the driver called in to our customer, and the driver really excited, he had no issues with his logs. He was also really excited that the officer thanked him how easy it was to use the EROAD ELD.

The customer noted and explained to us that other competitors' products are having problems out in the field and holding up driver's roadside with the enforcement struggling to use their products.

This diagram shows our portfolio investment mix. 60% of our R&D spend goes on customer facing product.

Our investment and reliability scale and quality continues to pay us back.

We have got a strong brand for this and also it has allowed us to scale to 100,000 connections we have today.

The new to the world category you see there, are leading products that we bring to the market. An example of this is RUC in New Zealand or EROAD share that is still new to the world.

A new to EROAD example is expanding our product portfolio with asset tracking and trailer tracking, both in the New Zealand and North American market. Tracking these assets on single platform is pretty unique to only big, big players, and we will see this expand as Steven mentioned.

Another example is our fuel tax credit solution in Australia. We work with customers and regulators to provide an easily accessible ROI for our customers for this.

One of our early adopter customers in the quarry has experienced a 220% ROI just on their monthly fee using fuel tax credits alone.

Unplanned enhancements are important to us. They allow us to respond to opportunities, customer needs and also market threats.

We are really paranoid in a good way, disruption in obsolescence in the tech industry, especially transport technology at the moment, is really real and we are constantly learning, experimenting and exploring new ideas.

We are currently building our next generation SaaS platform and researching our next generation in-vehicle hardware.

We continue to work with customers to ensure that our software meets their needs today and tomorrow, and make sure it is really easy to achieve their business outcomes.

One of our customers, JAS Trucking, in the US said, "EROAD is a great deal simpler to use than the 30 other ELDs we tried".

I will hand over to Alex to run you through the financial highlights.

Alex Ball, Chief Financial Officer

Thanks, Jarred, and good afternoon everybody.

I am happy to report that we have achieved continued strong growth in all of our key metrics in the last financial year.

Given the adoption this year of two new IFRs accounting standards, all figures are related to the prior financial year of being restated in both this presentation and the annual financial statements.

These international accounting standards are mandatory and for EROAD to have a significant impact on the presentation of our financial results.

The good news is that we consider the new accounting better reflects our strong recurring subscription type business that we have and so our accounts for now and going forward should be easier to understand.

So we turn to the key metrics on the slide.

- Our revenue increased 40% year on year up from \$43.8m to \$61.4m.
- Our earnings before interest, tax, depreciation and amortisation, or EBITDA, grew by 48% from \$10.5m in 2018 to \$15.6m in 2019.

This level of growth in EBITDA was influenced by a purposeful investment into continuing research and development that Jarred has just talked about, as well as strengthening our management team,

our business support systems and processes appropriate for future proofing the business for future growth.

And as we have heard, our research and development programme is vitally important to building a global sustainable business, and we would expect the same level of research and development to be going forward, so at least 18% of revenue for the next few years.

During the last financial year we made a decision therefore to increase the level of investment in research and development from a total of \$11.3m in the prior year, to \$13.4m in the year to 31st of March 2019. And this related to achieving a broadening of product offerings in our existing market as well as obviously, as Jarred has alluded to, expanding in to like new market Australia.

Turning to our Future Contracted Income, this grew 17% from \$100m to \$117m.

And in terms of our total number of contracted units across the group, that grew by 24% from 77,600 to 96,400. And within that group total the number of contracted units within our New Zealand and Australia business grew up 19% to 71,400 units and the number of contracted units in our North America business rose 40% to 24,900 at the end of March 2019. And it is interesting to note that the North American business therefore has now reached the equivalent size that the whole EROAD business was at when it listed in 2014.

After interest, depreciation and amortisation costs we recorded a net loss before tax of \$5.1m for the year.

If we turn the next slide.

These are other performance metrics, that as I said earlier, with the adoption of new accounting standards, almost all of our revenue now is considered to be software as service or SaaS related revenue.

And so we have now started to report additional metrics that enable investors to understand and value the business accordingly.

And importantly for a growing business, both our customer and our asset retention rates have remained very high in terms of industry high levels at 98.5% and 94.4% respectively.

We have previously reported the customer retention rate, but the asset retention rate, i.e. how many units have remained on connected vehicles year on year, is particularly important when it is used in conjunction with the other metrics.

Another new metric we have started to report is the annualised monthly recurring revenue figure, which projects revenue forward for the next 12 months based on a point in time, and it gives an important metric for users and shareholders to measure the company's growth.

As at the 31st of March 2019 that annualised monthly recurring revenue figure was \$66.5m.

The other key financial performance metric is the Monthly SaaS average revenue per unit or ARPU figure. As you can see this increased up to \$55.10 from last year's figure of \$54.30. This increase has been driven by a number of factors, but it include plan and upgrades for hardware for a range of customers, as well as a stronger US dollar, which is helped translation of our American result, partially offset by the increased penetration we achieved in the light vehicle market in NZ which brings with it a lower average ARPU.

We continue review our disclosure and we hope that you find these additional metrics useful in measuring both our growth and progress.

I am going to now hand across to Tony Warwood, who is our Executive General Manager of our New Zealand and Australian business to talk in more detail about that area for this year and for the next. Thanks.

Tony Warwood, General Manager Australia and New Zealand

Good evening everyone.

The New Zealand business achieved a EBITDA of \$27.3m, which is largely been underpinned by our SMB, or Small to Medium Business segment, that delivered around 60% of our connections, month on month consistent across all of the verticals that we operate in. We are seeing our hardware being fitted into trucks, light commercial vehicles and cars as we always have, but we are also seeing a lot more now going in to assets, machinery, things right down to lawn mowers and fixed assets, as our customers use technology in a greater way.

And we are also seeing a number more in SaaS solutions going into the marketplace, such as AR inspected product.

Our customers continue to grow in their right - an example of this, is a client that I signed a pilot agreement with nine years ago for 6 vehicles. That grew out to cover their heavy fleet of 80 vehicles, and I was fortunate enough to go back and visit that customer earlier this year as they were the recipient our 100,000th unit that EROAD had delivered into the market. And that customer now has over 600 vehicles and assets of all types.

On a larger scale, we are seeing our enterprise customers grow where we have a large client that had added over 700 vehicles in the last 12 months to their fleet, taking their total connected base with us to 4,500.

We are also seeing new large enterprise customers come onboard as they look for more complete solution that does not just track their vehicles but deals with their compliance requirements reliably as well.

The enterprise segment fluctuates somewhat more than the SMB segment, and this is what makes the difference between a good year and a really good year for us here in New Zealand.

The enterprise segment delivered around 40% of the sales volumes last year, and that tends to vary between 40% and 60% off the back of the extended buying cycle and installation cycles that we see with our enterprise clients.

In October 2018 we re-entered the Australian market off the back of our clients pulling us in to that market as they hit Trans-Tasman fleets. And it is a growth market with the regulatory changes that have taken place and the proposed changes that are on the horizon.

With the changes to the health and safety rules in Australia, known as “Chain of Responsibility” we are seeing a market that is playing out almost identical to the way that the New Zealand market did when the Health & Safety at Work Act came in to place here.

Off the back of this we are seeing not only our customers that have fleets on both sides of the Tasman looking for solutions that will support them in the future, but we are also seeing a surprising number of recommendations from our New Zealand customers to their Australian friends and counterparts that are actively in the market looking to replace systems that do not support the requirements that are now needed to operate a business of that type in Australia.

Conroy's are an example of this.

We have built a solid platform here in New Zealand to market, sell, deliver, support our New Zealand clients and we leveraging this to deliver and support into our Australian customers.

Lead generation for Australia is taken care of by our New Zealand based teams to support our Australian based sales teams, so they are in the market in Australia.

Another thing we have implemented this year is the creation of specific growth and retention teams to support our customers in their life cycle with this and into the future.

Thank you. And I will hand over to Norm Ellis, our American President.

Norm Ellis, President North America

Well good afternoon. I am thrilled to be here again.

A year ago I stood here speaking about the flurry of sales we had with the first ELD mandate in December of '17. That was the regulatory change requiring heavy duty trucks to have electronic logging devices.

The value our customers are receiving from our products and services and the differences we are making for their businesses, has been reflected not in our sales numbers, but by EROAD being ranked #1 in the eldrating.com website, and that takes feedback from many customers from all providers, and we ranged #1 in that rating system. Really high praise, and we are proud that we have earned that.

Our unit growth has continued, as you have seen in the report so far with a 40% growth for units over FY19.

The maps on the side show the growth that we have achieved throughout the United States, and as you start back in 2014 when we first launched in the Pacific Northwest and where we are now in 2019, have across the US very nicely.

Toward the end of the fiscal year 19 we found our first really large enterprise fleet that Steven mentioned earlier of nearly 5,000 units and I think as they continue to grow we will get close to 5,600 perhaps by the time the rollout is complete. We have over 3,000 rolled out now, and they will continue to roll out over the next several months.

We implemented a new way of looking at our customer health, called "Net Promoter Scores", otherwise known as NPS, and I first shot at that we got some really good feedback and some relatively high scores. So we will continue to do that going forward.

I thought I would bring to life for you today through the eyes of one our customers, Recoil Oilfield Services. Recoil is a customer based in Oklahoma and they transfer anything that can be transferred through pipes, typically water and dirt, and they spend a lot of time in the oilfields in the roof racking area.

They tested solutions from 12 different companies, including three months of product demonstrations by all suppliers before selecting EROAD to supply them their fleet management and electronic logging requirements.

These large fleets take a while to secure, as that one did, but we are glad that we have them in our portfolio.

They now are very strong advocates for EROAD, and I am share four specific measurements that they used to determine that value.

The first is –

- They are saving thousands of dollars a month in their tax reporting, because EROAD enables them to complete that reporting in two days instead of three weeks with their prior provider, so a huge savings administratively.
- They also use us in off-site safety audits, what happened with the Oklahoma Highway Patrol, and it helped them address maintenance issues that they had and lowered the cost of violations and fines. They were quite happy about that.
- They also reduced their insurance premiums by 7%, by using our system to help driver behaviour and driver safety.
- The last and probably most important one with EROAD they found the ability to accurately capture and track their off- road mileage, when they're off the public roads, they do not paid fuel tax. They are saving over \$200,000 annually. So a great customer, they are very happy, they regularly interact with other people in that industry and the oil and gas vertical market and they are not shy about talking about EROAD and what we are doing for them. So we are thankful to have them in our portfolio.

Our strategic refresh enabled us to refine and focus on geo-verticals, oil and gas being one of them, and we've got a great sound strategy moving forward that has already delivered for us in FY 1 of 20.

And I look forward to sharing more good news with you over the coming year.

I'll turn it back over to Steven. Thank you.

Steven Newman, CEO

Thank you, Norm.

I trust these highlights give you comfort on terms of the great progress we have made in FY19.

FY20 has got off to a strong start with 24% annualised growth in the first quarter, which is typically a slow quarter for us.

Of note, for the last two quarters the American business has matched the New Zealand business. So I am very pleased with that.

We started the quarter receiving the New Zealand Exporter Award for Company of the Year for Services with revenue over \$50m.

Another newsflash is that North America has recently signed another large enterprise account requiring 1,600 units to be delivered during the month of July and August, so congratulations.

As we attract more enterprise accounts across all our markets, we can expect that our quarterly numbers to bounce around a bit. Enterprise is hard, it is unpredictable, both in the time it takes to land the business and then the rate at which they roll out.

Enterprise is also to go slow when there are recessions. Fortunately, we have a very important run rate business with our small to medium customers, and they definitely are the bedrock of our customer base.

The interaction between enterprise and small to medium customers is very interrelated, so with many of our civil contracting customers in New Zealand, which are large in nature, they also have a lot of subcontractors, and to manager their safety EROAD's equipped through both the subcontractor as well the main contractor.

Some of the headlines that we can expect for FY20, if we look at North America, it has been 18 months since the ELD came in to law in December 2017. These new users of telematics many of them had never used telematics before ELD, now see the additional value of adding additional services to their solution, so we have seen customers upgrade, so if you are paying \$20 to \$30 a month to get an ELD, which is a regulatory requirement to manage driver fatigue and the number of hours they drive, for another \$20 a month you could add some serious commercial value to your business with some of the other solutions we have got.

We do expect a bit of a lift ahead of the last part of the ELD mandate. There was about 15% of the market, mainly large fleets that were grandfathered with prior piece of technology called a wonderful AOBDR, and automatic onboard distance recorder device. They need to transfer to ELDs, so that needs to happen December this year.

We would expect to win a few customers in that space. They will not be of the scale of the two enterprise accounts we have got this year, so they will be in the 100's maybe up to 500, so we expect a few of those.

But we continue to focus on our geo-vertical approach to continue to build that sustainable run rate business of our wonderful small to medium customers.

In Australia, this is a new market for us, we are expecting modest progress. As we gain traction and confidence we will continue to invest in marketing, sales and product capability.

And in New Zealand we will continue to grow strongly on the back of the Health & Safety reform, especially within the light commercial vehicles.

We will continue to upgrade customers at the end of the three years, and I think we are in the order of nearly 9,000 of those during this next 12 months. And as they upgrade many of them renew their upgrade to an EHUB02.

That releases the EHUB01 which we can refurbish and then put into parts of the market which we typically have not address up to this point. Generally, because they are really cost-sensitive markets, so some of the smaller trucks that were not a market we were going after, we can now address.

That recycled EHUB01 is mostly depreciated, so we can provide our service at a lower monthly amount, but that does not necessarily mean it is low margin.

Before I hand over for the business end, I would like one of our customer's videos to say the final words. Thank you.

Customer video plays

From a fleet perspective and been managing the vehicles, obviously we have different types of vehicles are run like courier vans and Metro trucks and it helps with our routes, we know where they are, what areas that they're in, and sometimes there would be crossovers which before previously you would not see, but now that is all visible on EROAD we are able to ensure that our vehicles are compliant, that they are fully roadworthy, that the maintenance is all done and complied with, that the RUCs are updated, and that the speed controls and that sort of thing, are all being done in accordance to what those compliance requirements are. So from our point of view from a Health & Safety that has a huge benefit to the company and to our people. A couple of people that were buying RUCs as and when needed basis, electronic RUC made essentially important for us being able to control that right through the country. Auto RUCs was a great thing and to start off, but also the other issue was that came with that, was being able to track the vehicles, being able to see where they were, the speeds that they

were doing and those sorts of things, makes a huge difference for the visibility of running an organisation of the size which is obviously very, very mobile. So the electronic side of the business is huge. We can't imagine in these days how you would manage a business this size without EROAD.

Michael Bushby

With that I would like to thank Steven, Jarred, Alex, Tony and Norm for their presentations. Thank you.

I would like to recognise that Graham Stuart has joined us and with the indulgence of the meeting, I would like to pass over the chairmanship of the meeting to Graham and call on Graham as Chairman of the Board to provide his address. Thank you.

Graham Stuart, Chair

Thank you, Michael. And my sincere apologies for not being here at the beginning of the meeting. It took me 92 minutes to travel 22 kilometres, so safe and more productive roads is clearly something I'm feeling quite passionate about at the moment. And I also think I probably should be fitting an EHUBO unit to my car.

Look, as you've heard from Steven and the team, last year was a year of great progress.

We achieved most of what we set out to do. We achieved double-digit growth in both units installed and revenue, as well as the bottom line. And most importantly we invested in building the business's solid foundations to platform us for the next stage of growth.

During the year we pursued a number of strategic initiatives that required significant resource, as you've heard from Steven and Tony we relaunched in Australia and the Board has good expectations of what that business will deliver in the coming years.

We also spent some time and effort evaluating an acquisition, but after due consideration we decided that was not in the shareholders' best interests to proceed with that. That's not to say that we won't continue to evaluate acquisitions when they come along, but in that particular case after spending the proper amount of time and effort, we decided against proceeding with that.

It was a very strong year, and I must acknowledge that this was only possible, through the commitment and passion of all our EROAD staff. And Steven, I would like to take this opportunity to publicly say, that the Board is deeply appreciative of the difference that you and your team have made. Thank you.

EROAD is making a difference. And it is not just your Board who think this.

In November the company received the International Procedures BRAKE Fleet Safety Award acknowledging the difference that EROAD's products and services are having in making our roads safer.

EROAD is a company that we are proud to say is driven by a strong purpose. EROAD is 'come to work to make our roads safer and more productive'.

We are pleased to hear recently the New Zealand Government come out with their proposal to achieve a 40% reduction in deaths and serious injuries on our roads by 2030. Now I don't know about you, but I think this graph makes it pretty easy to see how EROAD can help our Government achieve that goal.

There are four things about this company that the Board derives confidence will lead EROAD to creating sustainable shareholder value. First EROAD

- EROAD is driven and inspired by a compelling purpose.
- EROAD is all about making safer and more productive roads. That is what gets EROADers out of bed in the morning, that's what gets us through the day, that's why we come to work.
- EROAD has great products that create value for our customers. You have seen that from the presentations today and the Board ensure that we continue to invest heavily to make our product better and applicable to even more customers.
- Third, we have a large and assessable market. A recent study by McKinseys put this at about \$750billion. We think about our market geographically at the moment as being New Zealand, North America and Australia. And within these three countries we are almost unbounded by opportunities.
- And fourth and most importantly we have a strong and capable management team, a committed staff that is united by winning culture. During this past year we have invested to strengthen this team. We have made several key hires to the senior team, some of whom you have seen here today, and we have also promoted a number of strong performers from within the business. That significant value that our products and services are delivering to our customers in the health and safety space, regulatory compliance space and combined with the reliability and accuracy of our products, is why this company has grown so strongly.

As you have heard, shortly after the year end we announced we had achieved our 100,000th installation, signally that EROAD has joined the big boys club in heavy transport telematics.

The feeling of EROAD being a safer choice for our customers regardless of your business type or fleet size, is attracting more larger enterprise fleets as well as our core of stable small and medium sized enterprises.

During this past year we have refined our focus and invested in building the foundations for our next phase of growth. It is the Board's expectation that the business will continue to accelerate the momentum that it has established.

Most pleasingly, Steven and his team have managed to execute the strategic initiatives and strengthen the foundations without losing momentum without slowing growth.

Your Board is and will continue to remain focused on three things –

- Supporting and challenging Steven and his team to continually lift our performance.
- Ensuring that the company complies with the highest standards of conduct, and finally
- Working with Steven and his team to ensure that we are executing a winning strategy.

Well, we have concluded our presentations and I would now like to take this opportunity to hand over to the floor and take any questions on anything that has been raised here today, or any issues or concerns that you may want to raise with the Board.

I now invite questions from the floor. I ask you to use, there is a microphone that will be offered so if you indicate by putting your hand up if you have a question, and the first instance I will field that question and then I will where appropriate pass it on to who can best answer it.

Q: Good afternoon, Martin Watson, I'm a shareholder in the company and also the proxy holder for NZSA.

Firstly, congratulations on the initiative to livestream the event today, it's fantastic to have a greater accessibility to shareholders and I hope it is well supported. But congratulations on that.

And secondarily too, it's great to hear that the company is proposing to elect a new or replacement North American based director. It's clearly a key market to you, so it's important to have that covered.

The question I have is just in relation to clearly EROAD is a data company, but I was wondering if we could get a little bit more insight in to the opportunities for businesses around that data, beyond the immediate customer base and some of the challenges and opportunities that exist for that across the range of geographies that EROAD services?

Graham Stuart

Steven, I might pass that one over to you.

Steven Newman

You know when we look data there's kind of three areas; there's using the data to improve our performance as a business and how we can better support our customers, who is of course using that data to provide more value to customers, so we have the leader board for drivers which benchmarks drivers and fleets against all other fleets and other drivers, which is very cool.

And then there is the use of that data beyond our customers in terms of improving the road network. Over in the back corner you will see some examples of data being used for that.

The data, now we are collecting 48% of all heavy road transport RUC in New Zealand, is a very immense status set, and it can be turned to solving all sorts of problems.

One recent problem, which we are looking at, is how do we improve road safety round roadworks, so unfortunate that stat for this year so far is 11 deaths by workers working at road sites.

So we turning our mind to that, and working with our customers in terms of how we can help them keep their workers safe.

When you think about it, one of those accidents happened with a fully laden logging truck driving through a roadworks and killing two workers. That particular road site had been surveyed and I

thought it was safe but what had happened almost just before it started, was the logging of a large forest, so there were a whole lot more logging trucks.

We could help by maybe providing some more visibility on how the roads are being used. We could also potentially alert trucks and our customers as they approach these sites. We could potentially monitor the rate the speed of vehicles going through that site because at these road sites when it is congested everything is going slowly, but there is also requirements for people doing roadworks not to completely shut down the network.

They have kind of got to keep the network open, but they also need to keep their workers safe. That's pretty hard to do.

And the worst situation is where there is a break in the traffic and a vehicle can get up to a lot of speed, so being able to tell our drivers, our customers' drivers that where the roadworks are, monitoring the speed through those roadworks and when it is dangerous potentially, they should shut down the road site.

We are only part of solving that problem, but you know, when you think about many things to do with our roads and how we can make them better, and where we should invest the money, there is a lot of value in the data that we have got.

Hopefully that answered your question.

Q: We're all chasing the dollar these days and bonds and the interest rates do the Board see a likelihood of paying dividends in the coming year?

Graham Stuart

Short answer no. Longer form of that answer, why not? When you consider the market opportunities we have, the assessable market, it is a business that can grow at sort of rates we've demonstrated in the past year and much higher for quite some time yet, and the Board feel confident that we can grow at those rates without having to come back to you to require more fund for that organic growth.

So yeah, there's a lot more units to be sold, a lot more market to assess before we get to the stage where we'd slow down the investment in R&D, slow down the investment of market development and start thinking about monetarising that through the form of a dividend.

I wouldn't see in the foreseeable future, three to five years that we will be flicking the switch off growth and putting it towards returning cash to shareholders.

Steven Newman

I think my kind of extension to that, is the opportunities we have in front of us are huge, and there is competition in all the markets that we are in and part of the competition is the great products and innovations that we can deliver to customers. So we need to maximise that investment. If we take our foot off the accelerator, then we are going to fall behind.

It is a great opportunity for us to grow quickly in an expanding market, and that is really the main focus for us, and I think in terms of building shareholder value that is the best approach for us to take.

Q: Hello everybody. I'm [unnamed shareholder] from JS Alpha. Steven, I would like you to talk a little bit more about Australia please. A year ago you were relatively bullish, relatively upbeat on the Australian market, and today you sound a little bit more muted. You talked about further investment necessary, not yet about growth and not numbers that can be shared yet.

I would like to know why is Australia different than New Zealand, I mean the app is already developed, what are the problems, are they surmountable, and yeah, maybe you can talk around this?

Steven Newman

Sure. We are really excited about Australia. I think, you know, when we go into a new market it takes time to get our brand out. It takes time to understand the intricacies of those markets and build reputation. I am really pleased with the progress that we are making.

It is a bit different to what we originally thought it was. That's not a bad thing. With the 'Chain of Responsibility' and we saw it here in New Zealand with Health & Safety, the first customers for that were larger than smaller SMB. Our expectations round small to medium customers that we're find that in terms of where there may be more opportunity is in slightly larger fleets, which of course take longer time to go through their validation processes and their roll out.

I think it's a great market for us. It is different, they have different laws.

The two great products that we have developed the FBT, Fringe Benefit Tax and the fuel tax refund products I think put us in a really good position.

The reason it might sound mute, is that it does take time. We want to make sure that we set the right expectation with our shareholders that this is a great market for us, it is six times the size of what we have in New Zealand, and one of the things that we have validated is that New Zealand is not a market by itself for many of our customers. They talk about ANZ and their expectation is that they track their vehicles and assets across both markets. Again, I think that's something quite unique and well set for us because there's competition over there which can't currently do that.

Q: Beryl Plimmer, I'm a shareholder.

You are obviously only scratching the surface in the US market. What is your estimated what that market actually is, how big, what percentage of that market do you have, and like, if you went forward five years best case scenario, what do you think you could get as a percentage of that market?

Graham Stuart

Shall we flick this one to Norm – you've been a bit quiet sitting over there Norm. Why don't you come up here?

Steven Newman

Before Norm comes up here, the American market is massive. In proportion to that it is also competitive. We've got companies like Omni Track and People Net which are great companies who have been operating for 20-30 years with 300 to 400 engineers per year. In terms of the R&D asset, the product asset, built it's immense. I think we've got smarter people; we've got better technology but we're talking about thousands of man years or people years of stuff they've built.

We need to be realistic in terms of being very specific where we can be competitive, and our product is awesome, and is very appealing for certain groups. As we continue to invest in product the most winnable market for us opens up further. But, I think we go where our strengths are at the moment, but it's a wonderful market for us to grow in.

Norm Ellis

I second all the comments that Steven made with the Board here I want to be a little careful about being too optimistic, but it is a great market and we will do well there, there is no question in my mind we will do well. We do have a great product, and today as we have capability to we will be able to serve more of the market. We do have some great competition and so that, we have to rally against and we will, cos I know we can compete very well against them. But they have decades of experience and brand and our brand is getting stronger and stronger all the time as we get Recoil Oil and other accounts like that, that talk very proudly about EROAD. As that continues to develop we will continue to see opportunities to grow.

I'm optimistic and I hope that when I come back next year we have more good news and that we can continue to accelerate that.

Steven Newman: I would say that the US business should be bigger than the New Zealand business within that five year time.

Q: Good afternoon. Bob Stephen, shareholder.

I'd like to congratulate you on the growth of the company. It's very progressive.

I got looking at it really because I was looking for local companies that 5G would boost, give them a boost. And I see that Vodafone are introducing 5G in December.

I've got a question on that where you see that helping your business?

Then I also have a question is that is two major NZX listings that are in transport and I don't see them shown in your annual report. Now do you need, is the competition too strong or you're being a local with them, can you not nudge them a little bit and get in there?

Graham Stuart

There's two questions in there. I might ask Jarred to come and talk about 5G. Jarred is our chief technology and you would have heard from him.

Jarred Clayton

5G is definitely a technology that's out there in the marketplace today and Vodafone announcement, we saw that. They are one of our partners.

Like I said earlier though, we solve customer problems, so we do absolutely use technology to solve customer problems. So, some of the problems that the people are using for 5G, and maybe you are searching for a problem to use that technology for, and a lot of people are. And so it is not the first time we have seen that question.

We are seeing it come up more in the vehicle to vehicle space, in the vehicle to infrastructure space. So that's sort of real time connectivity. You've got to keep in mind though, you've got coverage problems on a network like that. So only 85% of our distance on the New Zealand road network is in coverage, so if you're doing a vehicle to vehicle or vehicle to infrastructure solution that you rely on, you've got a problem there. I think in an urban environment I think that's got some advantage.

It is more advantageous in a built-up road network where you've got alternative routes and you can direct traffic more widespread around the road network.

Our data rates today using our telematics, is quite low, however new products and services we are looking at using a lot more data, so when you talk about video and streaming videos back to servers and that sort of thing, 5G could be interesting. But 4G is more than capable to do those kinds of technologies. But certainly, one to look out for, and if you've got any ideas we can definitely talk later.

And Freightways and Mainfreight?

Tony would you like to talk to that?

Tony Warwood

Yeah, so like us, other providers in the marketplace have a fixed term contracts in place, which these guys need to work through. But you can be rest assured our sales team see a lot of those trucks out and about and are definitely knocking on their doors and communicating with these clients around what the future looks like once those contracts come to an end. And you will see some of the brands that we now do have on board where exactly that's played out over the last year.

Yes, we are knocking on everybody's door.

Graham Stuart

Thank you Jarred and Tony.

Q: Shareholder: A bit of housekeeping, it took me an hour and a half to come across from the south side today, and I wonder is it necessary to have a meeting, an AGM, a once a year meeting at rush hour time, I mean could we have it at half past one or maybe 10.30 in the morning, but to have it at quarter to five on a rush hour is just not on.

Graham Stuart

I have to declare a conflict of interest on this one. So we've listened, we've heard that and we will take that on board and work through. Thank you.

So if there are no further questions. Yes there is.

Q: Robin Searle, shareholder.

Just one quick question Steven, you mentioned either last year or the year before that the prime driver for not going at Australia boots and all was that they had yet to align their style of legislation with our style of legislation in the sense that there was a lot of legislative push here and there's equivalent in the States. Have you seen any signs of movement there?

Steven Newman

In Australia, you know there is a lot of reform happening. I think the heavy vehicle regulator which sits across all the states finally has got the reputation to move forward. Heavy vehicle regulator this is kind of the third generation of that, the two previous predecessors unfortunately were dismissed, but the current heavy vehicle regulator seems to have made traction.

The electronic work diary they've done a good job in getting that through and getting support for it. They've strengthened the "Chain of Responsibility" in terms of road user charging there is a small technical demonstration pilot that has been started, which EROAD is a part of that, so Australia has got many states and a Federal system, so it will take longer. But regulatory development in that market definitely is picking up pace. And it does have the potential, potentially five years out for telematics to be a certified type of product which would be more of a first globally but they've definitely got it in their sights in terms of how telematics can help regulatory outcomes.

Well thank you ladies and gentlemen. There's one more, sorry I missed a question.

Q: Jim FAMILTON, shareholder

I'm just mentioning about auditors. Now, are all the auditors, all the businesses in New Zealand seem to have American auditors, are there any New Zealand owned auditors, we pay a lot of good money for an auditor. And we you get the report, do they actually recommend you increase the sales team, or do they give you guidance about you're spending too much on your administration or they just purely crunch the numbers?

Graham Stuart

Yes. Our auditors are KPMG and we have a resolution coming in the formal part of the meeting. I think KPMG were absolved from being described as an American auditor. They are a global firm, one of the big four, and the vast majority of listed companies in New Zealand are audited by one of the big four. Their role as auditor is a statutory role. But also they provide assurance to the Board as well as to shareholders. It is the Board's responsibility to prepare the financial statements and we take that responsibility seriously, and we have a committee of the Board that oversees that process and management do the work, and the Board oversees that.

The auditors then there to ensure the truth and accuracy of those financial statements and that they are compliant with various sets of regulations, the Companies Act, the Financial Markets Conduct Act, New Zealand Risks and Rules. Internationally accepted accounting standards. They don't really audit the performance of the business in the manner that you asked.

Q: I had a look at half a dozen other companies which have got a similar capitalization as EROAD and one of them had, the cost was about \$600,000 a year, I think you're about \$400,000. But there

was one with \$150,000, another one with \$60,000 per year. So there's quite a range and I hope in the future you might shop around and get a good bargain.

A: Yes we do, and there is a fine line to be drawn between the quality of the audit, and the price we pay. The quality is at the top of the list. But it is a commercial environment and we treat that as commercial engagement within a set of procedures that we operate with, so yes we have noted that. There is a wee bit more complexity about this business of course, operating in both North America, Australia and New Zealand than some other businesses, that they may only just operate in New Zealand. Thank you.

This time, there being no further questions, I'll move to the more formal part of the meeting.

If you don't have a pen and voting paper and you'd like one, please raise your hand and we will bring you those.

We have four resolutions to consider today, so pen and voting paper down here please. One across here.

Resolution number 1, it is Steven Newman who is eligible for election, be elected as a director of the company. Steven has been nominated in accordance with the New Zealand Stock Exchange Listing rules and with the company's Constitution. The Board formally recommends to you as a director of EROAD Limited and unanimously supports his re-election.

I will now invite Steven to address the meeting.

Steven Newman, CEO

I think everyone's worked out I love this business. So you know I think, in terms of how I can add maximum value to it I think in addition to being Chief Executive Officer, being a director and helping with the governance I can add a lot of value there.

I do have a very strong Board that will challenge and keep me in line, so I don't think there's any derogation in the governance process me being part of the Board. Thank you.

Graham Stuart, Chair

Is there any discussion on this Resolution?

There appears to be no further discussion. I now put to the vote the ordinary Resolution that Steven Newman who is eligible for election be elected as a director of the company.

Please take this moment to mark your voting form in relation to Resolution 1.

I will now move to Resolution 2. Resolution 2 that Susan Paterson, who is eligible for election be elected as a director of the company.

Susan has been nominated in accordance with the NZX Listing Rules and with the company's Constitution. The Board has determined that Susan is standing as an independent non-executive director. The Board recommends Susan to you as a director and unanimously supports her election.

I now invite Susan to address the meeting.

Susan Paterson

Thank Graham, and good evening everybody.

I thought firstly I would just run through very quickly my background. I am an Aucklander, although I did go down to Otago for University where I studied a Bachelor and completed Bachelor of Pharmacy degree before moving actually into retail pharmacy both in New Zealand and overseas in the UK.

After that I realised I was pretty much in management not pharmacy anymore, and so I completed an MBA at London Business School. And on completion of that I joined a company based out of Boston, but I joined the London office where we were involved in the strategic use of information technology.

So that was back in sort of the mid-80's, and it's been an area that I've really been interested ever since and was fortunate to work both sides of the Tasman. We covered the whole of Europe from London office, but I also spent a couple of years in New York consulting on the strategic use of IT primarily in the banking sector.

After that I returned back to New Zealand and ended up working on Fletcher's bid for Telecom in the early 1990's, and then went on to manager of a number of businesses for Fletcher Challenge as General Manager.

For the past over 20 years I have sort of merged my career in to corporate governance and have been on the Board of a number of different companies, so I have got a lot of experience in mergers and acquisitions on Boards such Avida, which is a roll-up aged care company and Sita which is an IT company that I chair and we are now up to about 300 consultants.

I have also worked quite a lot on a number of businesses which are not actually dissimilar to EROAD in that they are operating very large networks. So I was on the Board of Transpar for 8½ years and I was on the Board of Airways and chaired Airways for a total of 9 years. And again, that is very much running a network and communications network, tracking a number of different, in Airways' case, planes, and making sure that safety is absolutely paramount.

I have spent several years or coming to up 10 years next year when I will complete my term as regulator for electricity. That has given me a really good insight in to the regulatory process and dealing with a number of things as far as pricing and how do you fund major infrastructure investment, which is not that different from actually having to fund roading and other significant investments, as well as being a regulator and making sure that all the regulations are actually enforced and are practical.

From a health and safety perspective, it is another area that I have really been interested in and as Chairman of Steel & Tube, which again is a major distribution company, certainly understand how critical health and safety and managing a network and coping with all the different incidents that happen in vehicles on a daily basis, and how important that is as we all try and really lift our health and safety performance in the country.

One particular area that I did want to address because you have probably seen from my CV, I am on a number of Boards and I know some people do get concerned when people are sitting on too many Boards. I am very fortunate in that I do have a husband that retired to completely support me and he acts as my PA, which works particularly well, and my family also they are all grown up and thankfully all paying tax, so it is not as though I have to be looking after different members of the family.

I have certainly spoken with the Shareholders Association with regards to that and I will be reviewing my portfolio and stepping off a number of entities over the next little while.

I am certainly excited about EROAD. I think it is a good match for a number of areas that I believe I can help and bring some of my skills and experience to it. I think it is a fantastic company. I love the growth aspect of it. I love the fact that it is actually purpose driven and doing really good thing, both for New Zealand but also for the companies that it is serving, and should you choose I would be very delighted to serve on the Board. Thank you.

Graham Stuart

Thank you, Susan. Is there any discussion on this Resolution?

Right, there being no further discussion, I will now the vote, to the vote the ordinary Resolution that Susan Paterson, who is eligible for election be elected as a director of the company.

Please now take another moment to mark your voting form in respect to Resolution 2.

Right, we move to Resolution 3.

Resolution 3 proposes that the directors be authorised to fix the fees and the expenses of KPMG as the auditor of EROAD.

Is there any discussion of this Resolution? There appears to be no discussion.

I will now put to the vote the ordinary Resolution that the directors be authorised to fix the fees and the expenses of KPMG as the auditor of EROAD.

Please take a moment to mark your voting form in relation to Resolution 3.

Right, move on to Resolution 4.

Resolution 4 proposes to amend EROAD's Constitution in the manner marked up and presented to shareholders in the Notice of Meeting dated the 28th of June 2019. These amendments are procedural

in nature and are required as a result of the new New Zealand Stock Exchange Listing Rules which came into effect on the 1st of July 2019, and to which EROAD transitioned to on that date.

Is there any discussion on this Resolution? There appears to be no discussion.

I now put to the vote the special Resolution that the Constitution of the company, that the company amend EROAD's Constitution in the manner marked up and presented to shareholders in the Notice of Meeting dated the 28th of June 2019, with effect from the close of this meeting.

Please take a moment to mark your form in relation to special Resolution 4.

Thank you ladies and gentlemen, that brings us to general business. Is there any other business which any shareholder wishes to raise?

No. That brings us to the end of the meeting. The results of the voting will be posted on the NZX tomorrow and as mentioned earlier, you are all especially welcome to join us for further discussion and questions over some light refreshments.

Thank you all very much for your attendance and for your continuing interest and support in the company.

I now declare the meeting closed. Thank you.