



## EROAD Annual Shareholder Meeting 2024

### Chair Address

#### Welcome

Hello and welcome to EROAD's 2024 Annual Shareholder Meeting.

I'm Susan Paterson, Chair of the EROAD Board.

Today's meeting is being held both in-person here in Auckland, and online through Computershare's online meeting platform.

For those of you attending the meeting virtually, if you would like to submit a question, the Q&A is always open so please feel free to submit questions throughout the meeting, these will be read out and addressed at the Q&A session at the end.

Any questions not answered in time will receive an email response after the meeting.

Voting today will be conducted by way of a poll on all items of business. I will shortly open the online voting for all resolutions.

If you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted. You can change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. I will give you a warning before I move to close voting.

I'd like to introduce the Board. Sara Gifford, Cameron Kinloch, David Green, Selwyn Pellett and Barry Einsig. You will hear more from both David Green and Cameron Kinloch later in the meeting.

From EROAD's executive team we have Co-CEO's David Kenneson, Mark Heine and CFO Margaret Warrington.

### Agenda

In terms of today's agenda – following my Chair's address I will hand off to David, Mark and Margaret for an executive update. We then move to the



formalities of the meeting, with 3 resolutions for today. And finally, an opportunity for any shareholder questions before we close.

## Introduction

This year has been one of decisive action, disciplined delivery, and a relentless focus on turning around the core of the business. As a result, the EROAD of today is in a much better position than it was twelve months ago - with the team, capital, and skills in place to capitalise on the future.

Our product offering has grown stronger, with targeted innovations that enhance efficiency, emissions reductions, fleet management, safety and compliance - core areas where EROAD continues to lead and differentiate itself in the market.

Our customer base, comprising key players in enterprise transport, refrigerated transport and construction sectors, has shown exceptional loyalty - maintaining our high retention rates of 94.8%. This is a testament to the real value EROAD provides in improving operational efficiencies, sustainability and compliance solutions for complex fleet operations.

I will leave the financial results for David, Mark & Margaret, however I would like to acknowledge the pleasing FY24 financial and operational performance, having met, or exceeded all guidance metrics set at the start of the year. It is also pleasing to note that FY25 has started well, with the first quarter continuing the trajectory we have been on.

These results demonstrate the company is on the right track, and reinforces the Board's conviction in EROAD's strategic direction, as it moves the business to being cash flow positive for FY25. Under the thoughtful and dedicated leadership of Mark Heine, we have successfully turned around the core of our business, and repositioned EROAD for growth. Mark's strategic foresight and disciplined approach have been instrumental in navigating the company through a complex market landscape, resulting in a stronger, leaner, and more competitive EROAD today.

Building on this foundation, and to capitalise on growth opportunities, in March we appointed US based David Kenneson to the role of Co-CEO alongside Mark.



David is a highly experienced global executive, with over 25 years in leadership roles across high-tech, manufacturing, and professional services sectors, including with supply chain software companies Delmia Quintiq and e2Open, and procurement optimisation platform Xeeva. His extensive international experience is complemented by a deep understanding of the US market - a critical advantage as we continue to expand our presence and seize growth opportunities in North America.

David's global mindset and market-specific knowledge, alongside Mark's established leadership and success in turning around our core operations, creates a powerful Co-CEO partnership - one with complementary skills, and a shared vision for EROAD's future.

## **Purpose & Sustainability**

EROAD's Purpose is *Delivering intelligence you can trust for a better world tomorrow*. This guiding purpose reflects both our deep history as a provider of technology solutions for fleets, while also looking to the future as our solutions expand to meet the growing needs of a changing market.

One such example is incorporating additional sustainability tooling to meet the increasing environmental scrutiny and costs that our customers face across emissions reduction and associated compliance and reporting.

By supporting our customers with the right data through our existing platforms, EROAD is uniquely positioned to make a meaningful difference to the reduction in Greenhouse Gas Emissions.

Here in New Zealand, with a reported 17% of the country's emissions attributed to transport, a key product launched for FY24 was the Sustainability Module for MyEROAD, developed in partnership with EECA, the Energy Efficiency and Conservation Authority.

By combining AI technology with the data formed from over 100,000 connected vehicles and assets, we can now give fleets the insights needed across fleet profile and usage patterns to understand and report on their fleet's emissions.

More importantly, it provides customers with the insights and recommendations to reduce their emissions and run a more sustainable fleet. EROAD customer Mātanga Projects saw a month to month reduction of 28% of their GHG emissions since using EROAD.



This is just one example of the steps toward achieving our overall mission, but we believe EROAD is well positioned to have a big impact on the sustainability journeys of fleets, globally.

## **Board & Governance**

As we continue to drive EROAD forward, we also acknowledge the contributions of those who have shaped our path. I extend our heartfelt thanks to Graham Stuart, who stepped down from the Board on March 31, 2024. During his tenure - including five years as Chair - Graham's contributions have fundamentally shaped the trajectory of EROAD. His leadership through the acquisition of Coretex marked a significant expansion of our capabilities and market presence. Graham's guidance was crucial during the strategic refresh that realigned our company's vision and operational focus, to position us for future growth.

His impact on EROAD is lasting, and his leadership qualities have been instrumental in setting the stage for the next phase of our growth. We are deeply grateful for his dedication and leadership.

In ensuring we have the Board for the future, the composition of skills, experience and geographical markets are carefully considered. To that end, we are delighted to have Cameron Kinloch and David Green join the board this year.

David, based in Auckland, offers deep leadership experience from a vast career of executive roles in the banking and finance sector in companies such as ANZ Bank and Deutsche Bank. Today, David is a professional director and investor and enhances our capabilities in financial oversight and risk management as Chair of the Finance, Risk & Audit Committee. David also serves on the People & Culture Committee, supporting our focus on leadership and organisational development.

Cameron, based in California, brings extensive governance and operations experience from roles as Chief Operating Officer and Chief Financial Officer of high growth companies where she drove strategic growth, and guidance through M&A, capital raising and IPO's. Today, Cameron is CFO at enterprise software company Weights & Biases, and a director of sustainably sourced coffee producer Copper Cow Coffee.



David and Cameron are the perfect complement to the rich skills and expertise of our existing directors. Barry Einsig, Chair of the Technology Committee, deepens our focus on integrating advanced transportation technologies, vital for our growth in North America. Sara Gifford chairs our People & Culture Committee, enriching our organisational development with her extensive experience in global software and logistics. Selwyn Pellett brings decades of strategic insight to our Finance, Risk and Audit, and Technology Committees, enhancing our risk management and innovation capabilities.

Their combined expertise further strengthens our Board's ability to guide our strategic direction and governance.

As we look ahead to FY25, the company remains focused on fiscal and operational discipline that supports profitable, sustainable growth.

We have solid foundations in place, a laser focus on continuing to deliver to targets, and a growing confidence in the long-term potential of the business. As a result, our guidance for the FY25 year is revenue between \$190m to \$195m.

I'd also like to take a moment to acknowledge and thank all of EROAD's people for their hard work and dedication. Nearly 25% of EROAD's staff were recognised for their long service of 5 to 20+ years in FY24 – a reflection of their commitment to the journey of EROAD, and the depth of knowledge and experience present in the company. We know people are fundamental to the success of the company, and we are grateful for everyone that continues to choose EROAD as their place of work.

This is a purpose driven company, delivering great value not only to its customers on many fronts, but to their employees through health and safety, to the countries in which we operate through safer roads, and revenue collection in NZ, and the planet through lower emissions. And to you, our shareholders, thank you for your ongoing support as we drive to deliver on our purpose while growing size and profitability of our business.

I will now hand over to David Kenneson, Mark Heine and Margaret Warrington for the Co-CEO and CFO Address.

## Co-CEO & CFO Address

### CFO Address

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Thank you Susan

Hi everyone, for anyone who hasn't heard from me previously I am Margaret Warrington, EROAD's CFO.

Our FY24 results reflect the focus, discipline and financial rigour we have instilled in the company over the last two years. For the second year in a row, we have achieved results on or above guidance. We remain focussed on consistently delivering on our promises, committed to achieving results that demonstrate sustainable and profitable growth.

For FY24 we have grown revenue to \$182m – representing an increase of \$10% from the prior year. This is in line with growth in our connected units which reached the milestone of 250,000 units globally – up 10% year on year.

The sustainability of this growth is evident in our improvements to free cash flow – from a negative of \$29.9m in FY23 to positive \$1.3m in FY24. We are proud of this achievement. It is important to note this result also contains approximately \$8-10m of one-off cash impacts attributed to our 3G upgrade programme. Importantly, we expect to be free cash flow positive in FY25 – 1 year ahead of previous projections.

This has been achieved through a series of cost out measures – removing \$20m of annualised costs from the business, \$10m per year in both FY23 and FY24. Approximately half of these savings were achieved through supplier negotiations, where our increased scale provided the ability to negotiate services for a reduced cost. The largest single contributor to savings was through reduction in headcount across employees, contractors and consultants which we were able to achieve while still maintaining our high quality of customer delivery and growth. Looking forward, our cost focus remains, with specific attention on ensuring our fixed costs are managed, and continually looking for efficiencies that help fund the investment required as we scale further.

We remain committed to continuing on our path toward profitability with a firm grasp on spend and fiscal management. Our financial position today is strong, and we are well positioned to fuel our growth objectives.

I will now hand over to Mark to talk more about that.

## Co-CEO Address Mark Heine

Hello everyone and thank you Susan and Margaret.



As you've seen, we have had a strong FY24 – and we are incredibly proud of our turnaround. Our achievement is off the back of disciplined execution, and an unwavering belief in our strategy.

We've continued to achieve our annual growth targets globally. We have delivered growth in all regions, while increasing the proportion of that revenue share from our higher total addressable markets of North America and Australia.

This shift has occurred alongside necessary internal changes to build a team and mindset that can capitalise on the investments we've made, and achieve growth in a sustainable and profitable way.

Today, we are leaner, faster and more focused than we've ever been – with absolute clarity about our direction, and our continued ability to deliver on our goals.

Now, to understand our business today, it's important to look at the journey we've been on to get here. From our roots in building the first electronic nationwide tolling system here in New Zealand, to providing a whole of fleet offering of compliance, safety, efficiency and sustainability tools for some of the largest fleets in the world.

It has been nearly 3 years since we announced our intent to acquire Coretex to accelerate growth, enhance the skills and capabilities of our team, increase our product offering, and expand our position in North America.

Through realisation of the value of the merger, the company we are today is vastly different. Our connected units have almost doubled, from 126k to over 250k - helping us to achieve the credibility, scale and operating leverage needed to increase our competitive position in our markets.

Prior to the merger, our team of approximately 495 EROAD employees and contractors were delivering revenue of \$91m. Our combined team size increased to approximately 640 at the completion of the merger, with our first full year of combined revenue at \$165m. When looking at today's revenue of \$182m, we have achieved that with a leaner team of around 530. At twice the pre-merger revenue, we're seeing an efficiency gain of 86%.

We're also seeing benefits from our size and scale with our supplier and partner contract negotiations. One recent example in North America - received just this month – will reduce our unit connectivity fees with a



crucial OEM partner by up to 80%. These savings offer increased margins, without the need to raise prices to customers.

We have remained resolute in our conviction that we would emerge as a high performing business that customers, employees and shareholders can be excited by. That our investment in Coretex would deliver our medium- and long-term objectives by transforming our company into one that has the experience, reputation, and scale to meet the changing needs of our market.

Change on this scale is never easy, and I want to thank our incredible team of EROADers who have displayed so much dedication and resilience throughout this time. They have shown that our culture of innovation extends beyond our products and applied the same thinking to cost savings; developing new and efficient ways of working without compromising on quality, delivery or speed.

Importantly, alongside the changes EROAD has continued to deliver new products and innovations, win new customers, while retaining and expanding the ones we have with high levels of service, and product.

As we focus more on larger enterprise accounts, and specialty verticals of construction and refrigerated transport, some notable successes for the last year include:

- Our long standing Kiwi customers Fulton Hogan, Hato Hone St John, Kinetic and Tranzit all signed new contracts this year reflecting a combined unit count of over 10,000
- We had 25% unit growth in Australia with wins like construction materials giant, Boral, and facilities maintenance provider, Programmed.
- In refrigerated transport for North America we saw US Foods expand with over 1,200 new units, and our channel partner Skybitz increase orders with nearly an additional 1,500 new units
- And of course, Sysco – this year we successfully rolled out over 9,000 units and have seen their orders increase by an additional 1,400 over the original contract.
- We also announced a partnership with refrigerated trailer OEM Thermo King – enabling customers to connect our software directly to their trailers without the need to purchase additional hardware.
- And we formalised a technology collaboration with Microsoft, accelerating our adoption of generative AI for product development





We have also had a strong start to this financial year. Today we are very pleased to announce we have signed a new contract with an existing NZ enterprise customer for 5,000 units in Australia. This contract also includes the renewal of 6,000 units across their NZ fleet.

Combined, this expansion elevates this customer into our top 3 globally in terms of overall unit count. This contract is a material milestone for EROAD as it accounts for 4% of EROAD's global total unit base and represents 25% growth in our Australian unit base. Australia is a key growth market for EROAD, and this contract significantly boosts our credibility, market influence and overall footprint in the region.

Renewals and expansions like this are a testament to the value our products and services deliver to our customers, and is further evidence of our attractiveness to enterprise fleets and our successful trans-tasman expansion.

We know where we're going, and have built the foundations and team to get us there. One key element of that is with our new Co-CEO David Kenneson who will now talk to you about some of our plans going forward.

## **Co-CEO Address David Kenneson**

Good afternoon everyone, it's a privilege to stand before you today at this pivotal moment in EROAD's journey.

Over the past few months, I've had the honour of meeting with our customers, partners, investors, and our dedicated team of EROADers across the globe. Three questions consistently arise, and I'm excited to address them today: What are our plans for the future? What drew me to EROAD? And most importantly, what groundbreaking developments have I witnessed?

At EROAD, we understand that true growth stems from our ability to identify and seize opportunities - whether it's forging strategic partnerships, expanding into new markets, or developing cutting-edge technologies. I'm passionate about uncovering hidden gems that, with the right team and strategy, can deliver exceptional value. Our plan is not just to continue this approach, but to accelerate it, leveraging our strengths and embracing the transformative power of AI to revolutionise the transportation industry.



What drew me to EROAD? The answer lies in the immense potential I see. This company is a powerhouse of talent, innovation, and technological prowess. We're not just creating products; we're developing sophisticated solutions that address critical challenges for some of the world's most iconic brands. The untapped potential here is staggering, and I'm thrilled to help lead EROAD into its next phase of growth and innovation.

I'm acutely aware of the privileged position I hold, stepping into a company that has not only stabilised its core operations but has positioned itself at the forefront of technological innovation in transportation operations.

Arriving at this crucial juncture allows me to view our potential with fresh eyes, and I can assure you - the future of EROAD is not just exciting; it's revolutionary. One where we're not just envisioning the future of transportation - we're creating it.

## Slide Change

Globally, EROAD has established itself as the go-to solution for customers with complex operations that demand more than off-the-shelf fleet management. Our strength lies in serving large enterprises, construction companies, and refrigerated transport - sectors where precision, efficiency, and reliability are paramount. While the scale of these contracts is attractive, there's a lot more to these customers worth mentioning.

In today's complex logistics landscape, moving a vehicle from point A to B is a multifaceted challenge. At the enterprise level, this complexity increases exponentially - larger fleets, extensive workforces, intricate systems, and significant reputational stakes.

EROAD has demonstrated unparalleled expertise in operating at this scale. We're trusted by some of the world's largest fleets to support the very core of their operations, leveraging our advanced technology to optimise every aspect of their business.

- They trust that the concrete slab for your new home will be a strong foundation, because EROAD ensured it was the right mix, delivered on time.
- They trust that their fleets are compliant, because our intelligent systems automate road user charges, tax lodgements, and driver hour management.



- Their drivers can trust that their employer cares about their safety, because EROAD's solutions simplify vehicle maintenance, promote good driver behaviour, and use predictive data to minimise incidents through smart alerting and suggestions
- And you can trust that the breakfast wrap you pick up with your morning coffee is safe to eat, because it was transported with our CoreTemp technology, ensuring optimal temperature control throughout its journey.

This deep-rooted trust fosters a unique collaborative relationship with our customers. We're not just service providers; we're innovation partners. Many of our current products, including our latest AI innovations, were born from these partnerships. As we speak, we're piloting multiple next generation solutions across our enterprise customer fleets, pushing the boundaries of what's possible in transportation technology.

Our customers' high expectations drive our relentless pursuit of excellence. We understand that our future is built on our reputation for delivering cutting-edge solutions and service that consistently exceed these expectations.

Innovation is the cornerstone of our competitive edge. We're strategically focusing on leveraging AI to deliver superior products that not only boost our core capabilities but also enrich our software ecosystem. For specialised add-ons, we collaborate with partners, ensuring we deliver a comprehensive, best-in-class solution to our customers.

## Cameras

Now, I'm excited to introduce you to EROAD's latest innovation: our advanced AI-powered camera system. This technology represents a significant leap forward in fleet management and road safety.

At its core, our AI camera system acts as an intelligent assistant for every vehicle in a customer's fleet. Using sophisticated machine learning algorithms, it continuously analyses road conditions, driver behaviour, and potential hazards in real-time. When it detects risks such as lane departures, tailgating, or signs of driver fatigue, the system provides immediate audio alerts to drivers, enhancing safety proactively.

This AI camera system represents a significant step forward in our mission to provide intelligent, data-driven solutions for the transportation industry.

## Refrigeration

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Turning to our refrigerated transport business, we're addressing a unique set of challenges. Beyond the usual transport hurdles, these customers must maintain precise temperature controls to ensure food safety and quality.

Equipment malfunctions due to improper maintenance have long been a critical issue in this sector. Unlike dry goods that can wait roadside for a replacement vehicle, a refrigerated trailer breakdown often means a complete loss of the load - a costly and wasteful outcome.

Recognising this industry-wide challenge, we've developed an AI-powered predictive maintenance tool for our cold-chain solution. This innovative system analyses each trailer's alert history to predict potential malfunctions before they occur.

By assigning only healthy trailers to critical jobs, we're safeguarding our customers' bottom line, reducing lost loads, and helping to decrease greenhouse gas emissions associated with food waste.

The response from our pilot customers has been overwhelmingly positive and we're thrilled to announce that this game-changing solution will be available for general release in the very near future - marking another milestone in EROAD's commitment to driving innovation in the transportation industry

In the construction sector, where time is money, our AI solutions are revolutionising operations. Construction companies operate on tight schedules, aiming to maximise concrete pours while daylight lasts. With only a 90-minute window between truck loading and potential cement rejection, every minute counts.

EROAD's advanced AI Assistant is transforming how dispatchers manage workflows, dramatically reducing wait times and minimising lost loads. By analysing a complex web of historical and real-time data - including job requests and traffic patterns - our AI provides accurate site wait time estimates. This allows customers to optimize their deliveries, redirecting loads to less congested sites and significantly boosting overall efficiency.

This is just a glimpse of the transformative power our leading-edge solutions are bringing to the construction industry.

EROAD's path is clear - with our continued investment in data and cutting-edge innovation combined with our unwavering commitment to solving



real-world problems, we are poised to redefine the standards of efficiency, reliability, and sustainability in the global transportation sector.

## **RUC – NZ Government changes slide Mark Heine**

Now of course, knowing where we're going, means knowing where we come from. And building on those foundations.

With the NZ Government signalling a switch to universal road user charging for all vehicles, it opens up the ~3.6m passenger vehicles currently operating under the fuel excise duty model.

EROAD currently collects approximately 85% of all eRUC in New Zealand, and 40% of the Government's total RUC take. And, in advance of the Government's shift to put all EV and Plug in Hybrid vehicles under the RUC system, EROAD enabled our platform and hardware to support these vehicles to transition seamlessly to RUC from 1 April.

We continue to work closely with government and other key stakeholders on the eco-system that will be needed to enable time of use charging to unlock congestion. This will deliver significant productivity benefits to businesses and NZ Inc.

While this work is still relatively nascent, EROAD has the skills, technology and experience to play a significant role in this emerging market.

We are proud of our journey and results for FY24. We are excited about the path forward as we continue to execute to plan with focus, discipline, renewed energy, and speed.