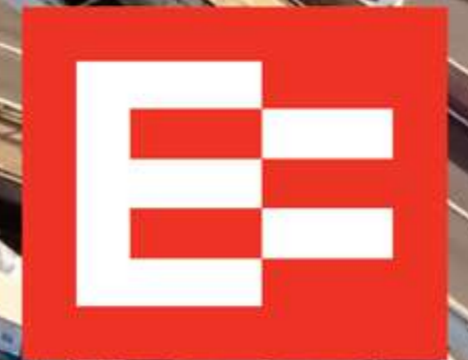


EROAD

Annual Report 2021



REVENUE

▲ **13%**

reflecting growth in all regions

FY21: \$91.6m • FY20: \$81.2m

CONTRACTED UNIT GROWTH

▲ **8%**

despite challenging macro-economic conditions

FY21: 126,203 • FY20: 116,488

EBITDA

▲ **13%**

reflecting growth in units and ARPU and increased spend on accelerating growth strategies

FY21: \$30.7m • FY20: \$27.1m

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU) STABLE AT

\$ **58.30**

reflecting additional SaaS products sold offset by FX movements

FY20: \$58.38

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)

\$ **88.4m**

reflecting additional contracted unit sales

FY20: \$84.0m

ASSET RETENTION RATE STABLE AT

94.9%

reflecting quality of service and product offering

FY20: 95.2%

▼ **54%**

REDUCTION IN SPEEDING FREQUENCY BY EROAD CUSTOMERS SINCE 2015

640

CUSTOMERS RENEWED THEIR EROAD PLAN (13,821 CONTRACTED UNITS)

> **99.99%**

INDUSTRY LEADING SERVICE UPTIME



1,054

'EROAD CLARITY' DASHCAMS SOLD IN MARCH 2021

83%

EROADER'S RECOMMEND EROAD AS A GREAT PLACE TO WORK

\$ **53m¹**

CAPITAL RAISE IN CONJUNCTION WITH ASX LISTING TO ACCELERATE GROWTH STRATEGIES



¹ \$51m raised (net of \$2m transaction costs) via capital raise

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GLOSSARY

NON-GAAP MEASURES

EROAD has used non-GAAP measures when discussing financial performance in this report. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. Non-GAAP measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by EROAD in accordance with NZ IFRS. The non-GAAP measures EROAD have used are Adjusted EBITDA, Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, EBITDA margin, Free Cash Flow and Future Contracted Income (FCI). The definitions of these

can be found on pages 157-158 of this Annual Report. All numbers relate to the twelve months ended 31 March 2021 (FY21) and comparisons relate to the twelve months ended 31 March 2020 (FY20), unless stated otherwise. All dollar amounts are in NZD.

This report covers the financial year ended 31 March 2021 and is dated 28 May 2021. The report has been approved by the Board and is signed on behalf of EROAD Limited by Graham Stuart, Chairman and Steven Newman, Managing Director and Chief Executive Officer



Graham Stuart
Chairman



Steven Newman
Chief Executive Officer

EROAD is a hardware enabled SaaS company that pioneered Regulatory Telematics

Purpose is **SAFER AND MORE SUSTAINABLE ROADS**

Provides **REGULATORY COMPLIANCE AND TELEMATICS SOFTWARE** to heavy and light vehicle fleets in New Zealand, North America and Australia

Develops **TECHNOLOGY SOLUTIONS** to manage vehicle fleets, support regulatory compliance, improve driver safety and reduce costs of operating a fleet of vehicles and assets

126,203
CONTRACTED UNITS

94.9%
ASSET RETENTION RATE

\$58.30
MONTHLY SAAS ARPU

CLARITY DASHCAM

EHUBO2



IN-VEHICLE HARDWARE



SAAS PRODUCTS



'MyEROAD'



Growth through providing our customers additional products and services



Increases addressable market



Improved Monthly SaaS Average Revenue per Unit



Retention Tool

EROAD CLARITY DASHCAM

Dual facing dashcam. Integration of dashcam while Ehubo data and other key driver and vehicle statistics supports advanced driver coaching and accident exoneration in MyEROAD Replay



1,054

SOLD IN MARCH (86 WHICH WERE NEW EROAD CUSTOMERS)

EROAD GO

A workflow application that connects with the transport management system



OPENS UP ADDRESSABLE MARKET

LONG SALES LEAD-IN TIMES

EROAD DAY LOGBOOK

Simplifies fatigue management by enabling drivers to capture work and rest hours via a smart phone or tablet



6,407

DRIVERS SUBSCRIPTIONS (515 WHICH ARE STANDALONE)

MyEROAD FLEET MAINTENANCE

Simplifies vehicle maintenance with automated service schedule based on time lapsed, distance travelled or engine hours, plus a full service history archive



5,647

IN-CAB SERVICE ALERTS

5,818

PRE-TRIP COMMS

EROAD INSPECT

Makes vehicle inspections easy, capturing defects with your mobile device, and providing transparent and traceable inspection information



10,490

DRIVERS SUBSCRIPTIONS

OVER **306**

CUSTOMERS

EROAD WHERE

Affordable Asset Tracking



5,060

SOLD TO

OVER **164**

CUSTOMERS

Letter from the Chair and CEO

We are pleased to report our financial results for the year ended 31 March 2021 (FY21). In a year that presented challenging macro-economic conditions we continued to grow across all of our markets. In addition, we accelerated our growth strategies to take better advantage of opportunities that have emerged from the challenges of the last twelve months. EROAD is now stronger than ever before, better positioned to capture the increasing growth opportunities in telematics.



Continuing to grow in challenging macro-economic conditions

Revenue increased year on year by 13% to \$91.6m and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew by 13% to \$30.7m. Our Annualised Monthly Recurring Revenue metric (AMRR), which provides a forward view of sustainable revenue, increased from \$84.0m at 31 March 2020 to \$88.4m as at 31 March 2021.

Reflecting the quality of EROAD’s service and product offering, in a year that brought with it a significant amount of uncertainty for our customers, EROAD’s Asset Retention Rate remained stable at 94.9% (FY20: 95.2%). In addition 640 customers renewed their plan (13,821 contracted units).

In New Zealand, we grew by 7,526 contracted units. This growth reflects further extension into fleets of existing customers, as well as new customers in Construction & Civil Engineering, Freight & Road Transport, Services & Trades. During Q3, we secured a large Enterprise customer, Toll New Zealand. EROAD is to supply Toll New Zealand with almost 1,000 units and EROAD SaaS products, across their heavy vehicle, light vehicle and trailer fleet.

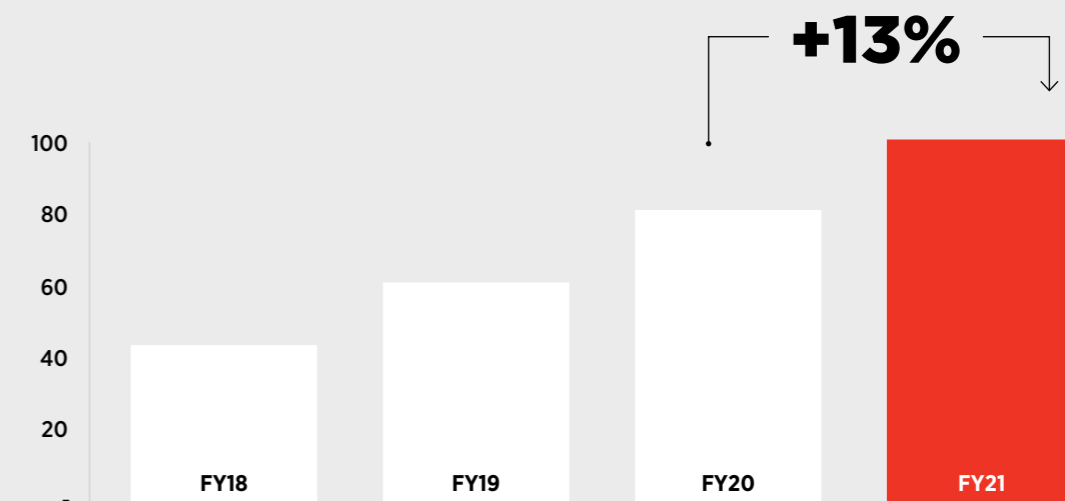
North America, has been the most challenging of our markets during COVID-19 due to the impacts of lengthy lockdowns, wild fires, civil unrest and politics. New sales were significantly challenged, with customers working from home and focused on maintaining their businesses as opposed to looking at making changes. While we did grow in North America, adding 1,425 units during the year representing growth of 4%, it was significantly less than the prior year. We are encouraged by signs that the North America economy has started to open up again, bolstered by the increase in government support and rollout of vaccination programme with workers beginning to return to their workplaces across the region. Reflecting this, EROAD currently has two enterprise customer prospects in pilot for its Ehubo delivered services (approx. 1,500 units) as well as a solid mix of mid-market pilots either launched

or beginning soon. There are also further pilots for Clarity Dashcam with existing and new customers.

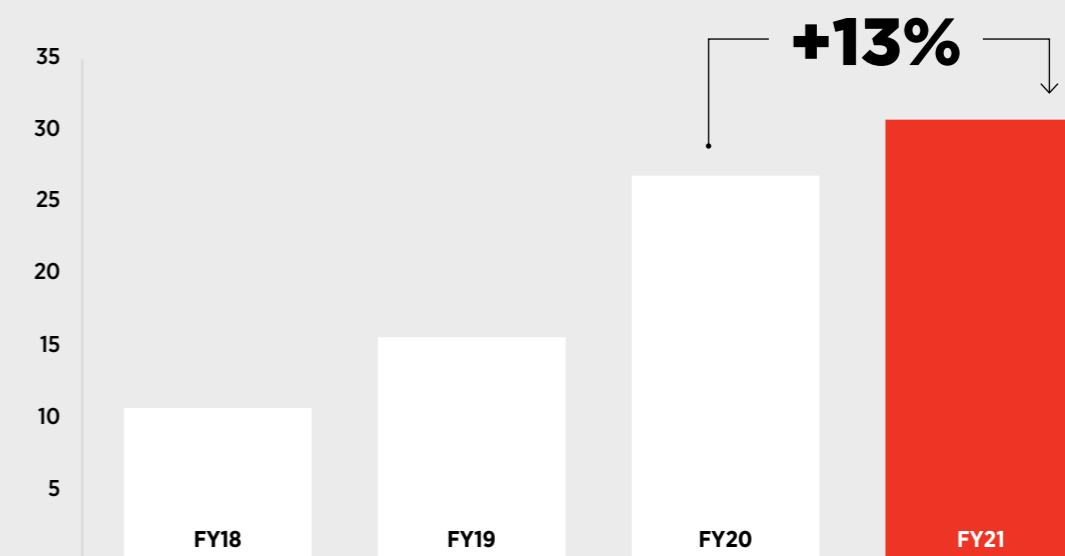
In Australia, despite restrictive lockdown in the first half of the year, we added 754 contracted units in the year with the majority of the units being added in H2. This growth predominately came from new small-to-medium size customers in Freight & Road Transport, Construction & Civil Engineering, Services & Trades. During the year, we were focused on securing some large enterprise opportunities within our Australian pipeline. We announced at the beginning of April that we had signed our largest Australian enterprise customer, Ventia. This contract alone, almost doubles the size of our Australian presence and we are still working on a short to medium term enterprise sales pipeline of some 15-20,000 connected vehicles.

In the year ended 31 March 2021, a total of \$21.3m (FY20: \$15.6m) was invested in research and development, representing some 23% of revenue. As we have previously signalled, we see substantial and increased future growth opportunities in the markets we operate in. As such we have accelerated our research and development spend during FY21 and it is anticipated this will grow to some 24-27% of revenue in FY22 to be able to appropriately capitalise on this growth opportunity.

REVENUE



EBITDA





'EROAD CLARITY DASHCAM'

1,054

Subscriptions sold in March 2021

Accelerating Growth Strategies

During the year, EROAD accelerated its growth strategies - extending the platform further and launching new products. This will enable us to grow contracted units and Average Revenue Per Unit (ARPU) and retain customers. It also leaves us very well positioned to capture the significant and growing opportunity with Enterprise customers in North America and Australia now that uncertainty is beginning to recede. We are starting to see results already and we expect this to continue. Following the launch of Clarity Dashcam in October 2020, EROAD began marketing, selling and dispatching this product in March 2021.

As expected, high demand was seen in North America as our customers looked for safety solutions to deal with challenges associated with increased insurance premiums. For the month of March 2021, EROAD sold a total of 1,054 EROAD Clarity Dashcams and we expect this run-rate to continue for the Group as North America continues to return to normality after restrictive COVID-19 lock downs and further momentum is built within the New Zealand and Australian markets

Our EROAD Day Logbook product has seen great success with some 6,407 drivers now using the product, including 515 subscriptions to customers who do not currently have EROAD hardware installed.

'EROAD DAY LOGBOOK'

6,407

Subscriptions sold since launch in Q1 FY21





Improving our sustainability reporting

At EROAD we are committed to sustainable business practices that recognise the role our business plays in providing positive outcomes for the communities we operate in and the environment we share.

Last year we committed to taking this one step further by moving towards reporting against a recognised sustainability reporting framework. We are pleased to report that we have made good progress during the past 12 months, including completing a materiality assessment which will provide the foundation for driving future improvements in our sustainability efforts.

As you will notice, we have aligned our disclosure in this annual report around what matters most to our stakeholders as well as reporting against Global Reporting Initiative (GRI) requirements. Additionally, following our ASX listing EROAD is committed to moving towards best practice reporting in Executive Remuneration disclosure over time.

Ensuring we have the right team in place

During the year, EROAD has continued to add capability and talent to its team to support its growth ambitions in North America and Australia, alongside the increased focus on winning Enterprise customers. As part of this, we were pleased to appoint Casey Ellis to the role of President, of North America. This has enabled Norm Ellis, who previously held that role, to move into a newly created role of Executive General Manager, Enterprise in March 2021. Norm will lead and buildout EROAD’s global capability in Enterprise sales. In November, EROAD also appointed Tim Hogan as its Chief Technology Officer. Tim has held leadership roles of major global companies including Warner Bros and Tivo. He brings extensive experience in the technology sector to the team.

Around the Board table, we also need the right skills and capabilities for EROAD. Following the external review in 2019 as part of our succession plan Michael Bushby and Candace Kinser stepped down from the Board in 2020. We thank them for their leadership and guidance given to EROAD, including our IPO in 2014, and entering into the North America and Australian markets. Following their retirements, we have identified a vacancy which we will look to fill during FY22. When filling this vacancy the missing skill sets from the Board and the diversity of the Board will both be considered.

Creating shareholder value

Throughout the challenges of FY21, we continued to focus on creating shareholder value. During a year of an unprecedented uncertainty, our business model and customer value proposition ensured that we weathered the storm. Our Board, management and over 300 EROAD’ers stepped up and navigated the new reality – working differently and an increased focus on managing our cost base. We recognised that this was the time to be bold and prepare to take best advantage of growth opportunities when conditions improved. For EROAD this meant increasing and accelerating its investment in its platform and productivity. The ASX listing and simultaneous \$53m capital raise in September 2020 ensured we had the upfront funding to be able to begin this acceleration. We achieved what we set out to do. EROAD is now stronger than ever and ready to grow – and grow quickly. Our share price increase of over 120% over FY21 is a vote of confidence that our shareholders also believe we have the right strategy in place and we are delivering against that.

Significant and growing growth opportunities

EROAD operates in the global telematics industry, which is estimated to grow to US\$750b by 2030.² As countries around the world look to solve their transportation problems and as companies look to solve their operational problems - the demand for telematics and our products grows.

Our customers are going through a digital transformation and therefore are looking for solutions that give visibility, data and insights to manage their fleets more productively, track and manage mobile and remote assets as well as help with their ESG reporting requirements.

As governments look to solve transportation problems, regulatory telematics solutions in particular are forecast to be a significant growth driver forcing telematics adoption over the next 5+ years. Declining transportation revenues (as cars become more fuel efficient and EV uptake increases) and continued growth in road congestion will accelerate moves to road pricing globally. EROAD is focused on world leading regulatory telematics solutions is therefore well positioned to take advantage of this trend.

EROAD's cash flow, combined with the recent \$53m capital raise and banking facilities puts the company in a strong position to pursue strategic growth opportunities. EROAD continues to consider inorganic growth opportunities that will provide customer base and product capabilities to differentiate EROAD further.

FY22 Outlook

We reiterate the FY22 guidance provided November last year at the time of the H1 FY21 financial results release. It is anticipated that the percentage revenue growth in FY22 will strengthen from that delivered in FY21, but not be at the level experienced in FY20.

In New Zealand, we expect to add a similar number of units to that seen prior to FY21 (-9,000 p.a). New Zealand Ehubo sales will be complemented with Clarity Dashcam sales. In North America, we expect increased unit growth in FY22, supported by Clarity Dashcam sales, as economy returns to pre-COVID conditions. In Australia, growth during the next 2 years will come predominantly from an Enterprise pipeline of 15-20,000 vehicles. As EROAD continues to accelerate new product delivery for future growth in FY23 and FY24, we anticipate spending 24-27% of revenue on R&D during FY22. However, we anticipate that EBITDA margin will be maintained for FY22 will improve at the end of FY22.

Thank you for your continued support of EROAD and we look forward to seeing you at the ASM.

Graham Stuart
Chairman

Steven Newman
Chief Executive Officer



² Source McKinsey & Company (2018). Relates to global telematics plus the monetary value of the global ecosystem developing around monetizing vehicle data—including consumer vehicles.

Our stakeholders

ENGAGING WITH OUR STAKEHOLDERS IS CRITICAL TO THE SUCCESS OF EROAD.

Customers

In New Zealand and Australia, we win customers through a combination of face to face interaction and effective marketing material. Once a customer is committed to EROAD, one of our certified technicians arrange installations. For our enterprise customers, this is project managed and coordinated through our Enterprise Support Team. To service customer needs we have a variety of touch points: Customer Success (help desk, tech support, onboarding), Telephone Account Management, and Key Account Management personnel for our larger customers. Key issues for New Zealand and Australia customers in FY21 was environmental consciousness, health and safety for their staff, and increased profitability in a post-COVID market.

In North America, we win customers through solution based consultation through team selling and demo deployment. Once a customer is committed to EROAD we provide step-by-step instruction for all required installations steps. Our onboarding team assists with pulse checks during the install process. Regular outreach to Customers ensures they are informed on best practice and new products and services EROAD can provide. For larger fleets, an annual business review is provided. The key issue for North America customers in FY21 was the impact of COVID-19.



Policy Makers, Industry Regulators and Associations

EROAD works alongside regulators and policy makers to advance and refine regulatory laws and rules that are practical, business friendly, met policy and regulatory outcomes and are future proofed. By providing a bridge between the industry and the regulations, EROAD enables industry-accepted high-quality solutions to be delivered to the market that, in turn, deliver safer and more sustainable roads.

In New Zealand, EROAD engages with the Ministry of Transport sharing our experiences and providing insights to support regulatory change. EROAD engages regularly with the New Zealand Transport Agency/Waka Kotahi to help troubleshoot various matters arising, and this supports a collegial and constructive quarterly RUC performance meeting with them, and the ability to have free and frank discussions on more strategic issues. Key industry associations that EROAD works with is the Bus and Coach Association, Civil Contractors New Zealand, Intelligent Transport Systems New Zealand, New Zealand Trucking Association, Road Transport Association, Road Transport Forum, WasterMINZ. The key policy area EROAD focused on in FY21 with regulators and associations was New Zealand's future revenue system and on how to make RUC less burdensome for light electric vehicle owners once the current RUC exemption expires.

In North America, EROAD is deeply involved in research on future transportation funding, engagement including with the Federal Highway Administration, the American Trucking Association, the Mileage Based User Fee Alliance, the Eastern Transportation Coalition, federal and state governments.

Key industry associations that EROAD works with are American Trucking Association, Colorado Trucking Association, Commercial Vehicle Safety Alliance, Florida Trucking Association, Florida Trucking Association, Georgia Trucking Association, Indiana Motor Trucking Association, Louisiana Trucking Association, Mileage Based User Fee Alliance, National Private Truck Council, New York Trucking Association, Nevada Trucking Association North American Transportation Services Association, North Carolina Trucking Association, Oklahoma Trucking Association, Ohio Trucking Association, Oregon Trucking Association, Pennsylvania Trucking Association, South Carolina Trucking Association, Tennessee Trucking Association, Texas Trucking Association, Truckload Carriers Association, Utah Trucking Association, Washington Trucking Association, Wisconsin Motor Carriers Association, Women in Trucking, Wyoming Trucking Association. The key policy area EROAD focused on in FY21

was to continue to input to future sustainable transportation funding research in North America and globally.

In Australia, EROAD attends the Transport Certification Australia (TCA) online quarterly Telematics Industry Group meetings. This is supplemented with targeted discussions with TCA, the Australian Tax Office and the National Heavy Vehicle Regulator on matters relating to current or proposed equipment and service standards. Key industry associations that EROAD works with are Australian Furniture Removers Association, Australian Trucking Association, Civil Contractors Federation New South Wales, Civil Contractors Federation Queensland, Civil Contractors Federation Victoria, Queensland Trucking Association. The key policy area EROAD focused on in FY21 with regulators and the industry was to input into on-road heavy vehicle RUC trials, and the review of the Heavy Vehicle National Law (HVNL).

EROAD also has deep relationship with the International Road Federation (Global) and International Bridge Tunnel and Turnpike Association.

Investors

EROAD has a formal Investor Relations programme which focuses on providing communication in a balanced, clear and transparent way. The communication is ongoing through financial reporting, quarterly financial updates, Annual Shareholders Meeting (ASM), Management and Governance roadshows. In April 2020, EROAD was announced as the finalist for the INFINZ Emerging Leaders Best Investor Relations award.

Key issues on the minds during the FY21 year included the impact of COVID-19 on the growth of EROAD.

EROAD Team

EROAD is always looking at how to enhance the employee experience. We check in with our people monthly through an employee survey. We also regularly communicate with our global team through weekly email updates, intranet articles and the monthly all staff meeting. We meet with senior leaders across the business each month to enable discussion on key topics. We have a vibrant social scene that helps our teams connect on a more personal level. FY21 saw an increase in digital and virtual communication as we adapted to lockdown restrictions in all regions and an overall increase in people working remotely.

Key issues in FY21 were how to look after our people's physical and mental wellbeing through the pandemic as well as attracting and retaining talent to successfully grow our business.

What Really Matters to our stakeholders

During FY21 we completed a materiality assessment which will provide the foundation for driving future improvements in our sustainability efforts. EROAD's materiality assessment process has enabled us to identify and prioritise the Environmental, Social and Governance issues that are of most importance to the business and its stakeholders so our improvement efforts can be impactful.

Materiality Assessment Process

The process we used to develop our materiality matrix included several rounds of engagement throughout the company and with a broad group of external stakeholders.

As a first step, we held a series of internal workshop meetings to uncover material Environmental, Social and Governance factors relevant to EROAD's business. Our discussions were informed by:

- The internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting Standards which were developed to help companies report in a consistent and transparent way;
- The 17 Sustainable Development Goals (SDGs) developed by the United Nations in 2015 which governments around the world have signed up to, including in the countries in which we operate; and
- EROAD's risk management framework which sets out the company's key risk areas and tolerances.

The process was then extended to wider group of internal stakeholders including Board members and team members from across the business who were asked to rank the factors based on what they believed should be most important to EROAD. The results were used to provide an indication of the overall relative importance of the material factors.

The next step was to expand the process to include feedback from EROAD's key stakeholders, including customers, investors (institutional and retail), regulators, industry bodies, branches of local and national government, partners and suppliers. Stakeholders were asked to assess the importance of each material factor and also the impact of that factor on them as a stakeholder in EROAD's business.

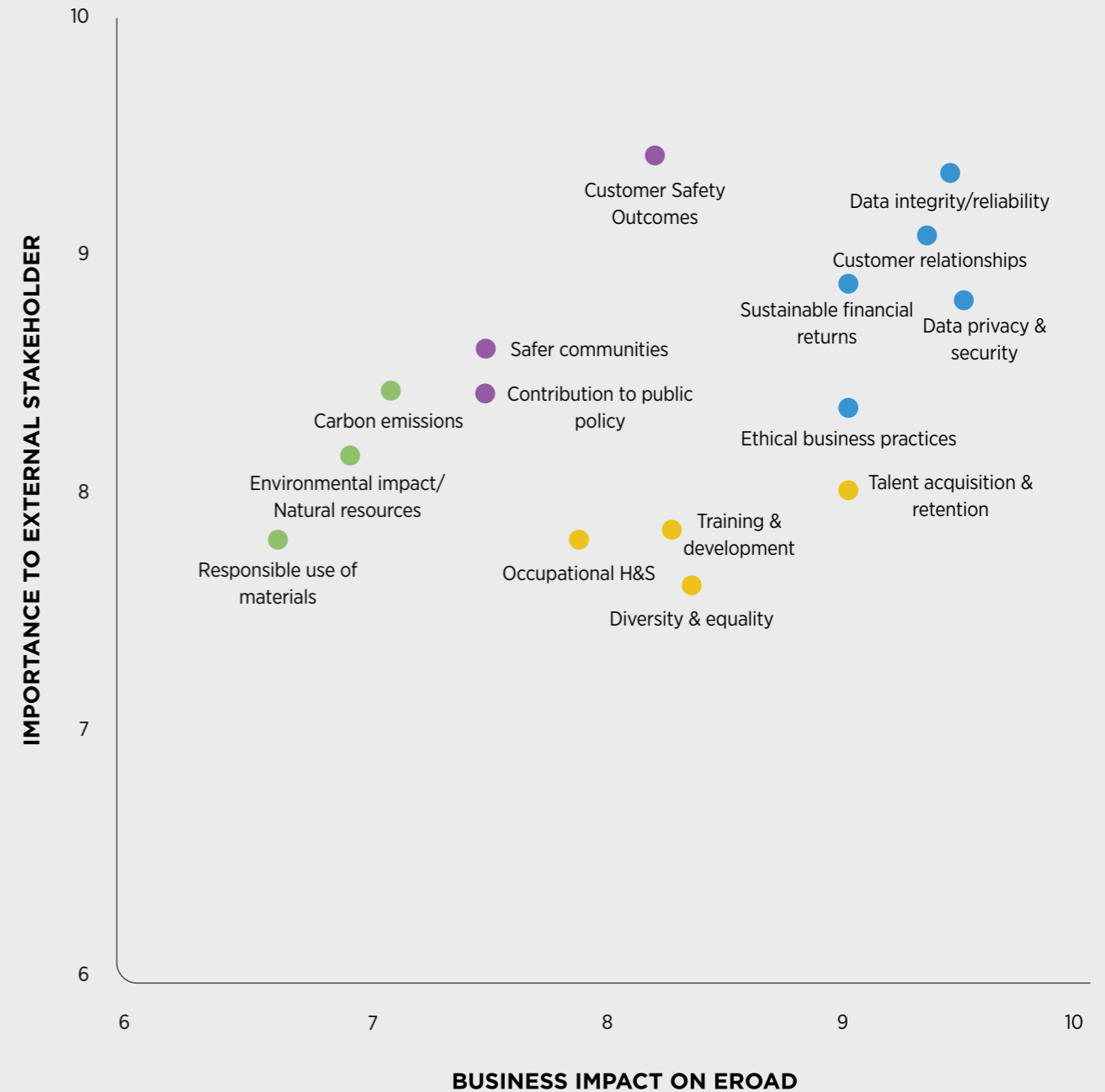
Pleasingly, the material factors we identified through this process were strongly aligned with EROAD's purpose and values.

Next steps

Having developed and validated our materiality matrix, we have aligned the disclosure in this Annual report to align with what matters most to our stakeholders.

Going forward, we will look to report against the GRI standards and as a first step, you will find a reference index based on the GRI standards on pages xx to xx of this report. EROAD will now begun to put in place measurement process and to capture information on our performance. From there we will be creating meaningful goals to focus our improvement efforts and bring about meaningful change. We look forward to sharing our progress with you in future reports.

MATERIALITY MATRIX



OUR ENVIRONMENT



OUR PEOPLE



OUR COMMERCIAL APPROACH



OUR COMMUNITIES



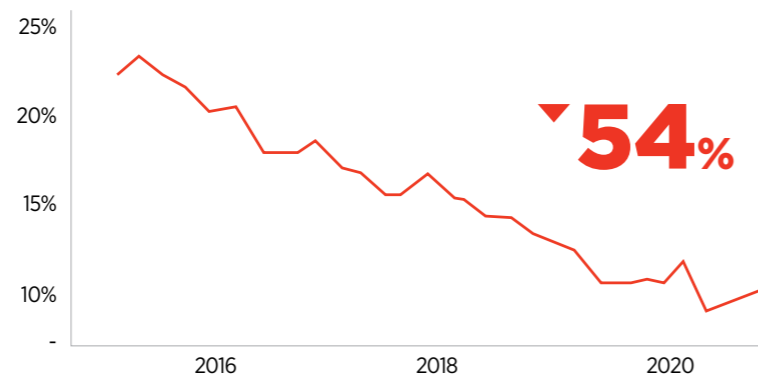
Safer Roads

EROAD contributes to safer roads through the delivery of products and services to transport operators and drivers, and the road network insights we provide to road controlling authorities and the wider transportation industry.

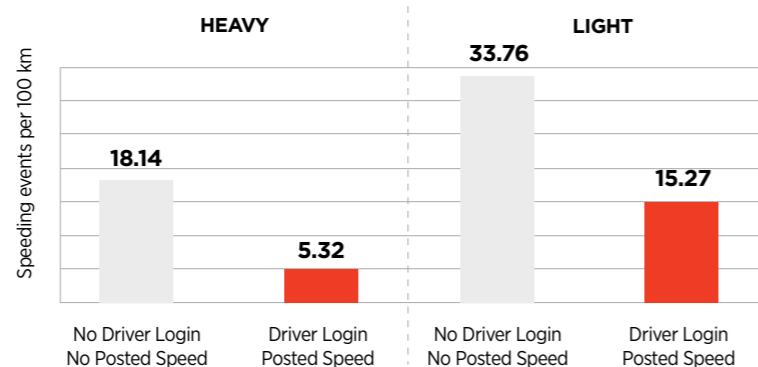
SAFE ROAD USE

Drivers are trained and behave in a safe way

FREQUENCY OF SPEEDING BY EROAD CUSTOMERS SINCE 2015



SEVERITY OF SPEEDING BY EROAD CUSTOMERS SINCE 2019
SPEEDING FREQUENCY BY PRODUCT COMBINATIONS



SAFE ROADS AND ROADSIDES

Ensuring the road design is appropriate for the users

EROAD's Road Network Insights team provide insights and analytics to Road Controlling Authorities and the wider transportation industry to improve the understanding of vehicle activity and driver behaviours on the road network and as a result influence and improve decisions around road lifecycle management.

SAFE SPEEDS

That speed limits are set appropriate for the road and conditions

EROAD provides anonymised and aggregated insights into travel times and patterns across road networks.

EROAD's product highlights the speed limit to drivers so they are always aware of their environment.



SAFE VEHICLES

Vehicles that are fit for purpose and safe to drive

Through EROAD's Inspect App and in-cab inspections, Drivers have conducted over 1.8 million inspections. 3.3% of these inspections identified unsafe-to-drive trips which enabled the customer to take the appropriate action.

"The Inspect App is excellent, we use it for pre and post-trip inspections. Our drivers love it, they can upload photos and communicate any issues they can see coming. We can then act quickly to isolate a vehicle or adjust maintenance dates when required."

Ben Field, General Manager
Busfleet Australia

¹ Graphic based on New Zealand's Safe Systems approach to combatting road deaths and serious injury



▼ **54%**

of vehicles showed a decline in speeding frequency after installing Clarity dashcam

1,054

sold in March 2021



Eyes on the road

Clarity dashcam works alongside EROAD's Ehubo product and is designed to help improve safety, enabling driver coaching and incident prevention, and in cases where an accident has happened, proof of facts.

We expect to see strong demand for this product as our customers look to improve safety and reduce their insurance premiums from demonstrating their vehicle safety.

Research has shown that experienced drivers have an established set of habits while driving and the opportunity to amend some of these habits can lead to safer driving behavior.

Video provides a visual coaching opportunity for the driver to see, understand, and improve. Video provides an understanding of root cause, and with that information companies can make quality operating decisions in a very efficient manner. Professional drivers are only at fault in catastrophic accidents ~20% of the time. Enabling our customers to exonerate their drivers with video provides a strong return on investment. The long term benefit is the reduction of claims dollars for customers using video by 50 - 80%.



Leaderboard

Changing the way businesses and the industry operates

In New Zealand, EROAD's Leaderboard has become a well-known benchmark for drivers, in providing companies visibility on their performance in managing health and safety associated with driving.

EROAD Leaderboard allows a customer to benchmark its drivers against industry benchmarks, ranking them on key driver metrics. The customer can use the insights provided by Leaderboard to support driver training and reward programmes, helping it improve driver retention and meet its duty of care obligations.

This gamification aspect of the product has driven a safety culture through customer fleets, with feedback from customers that friendly competition has helped change the mindsets of their drivers, proving that positive reinforcement often works better disciplinary action.

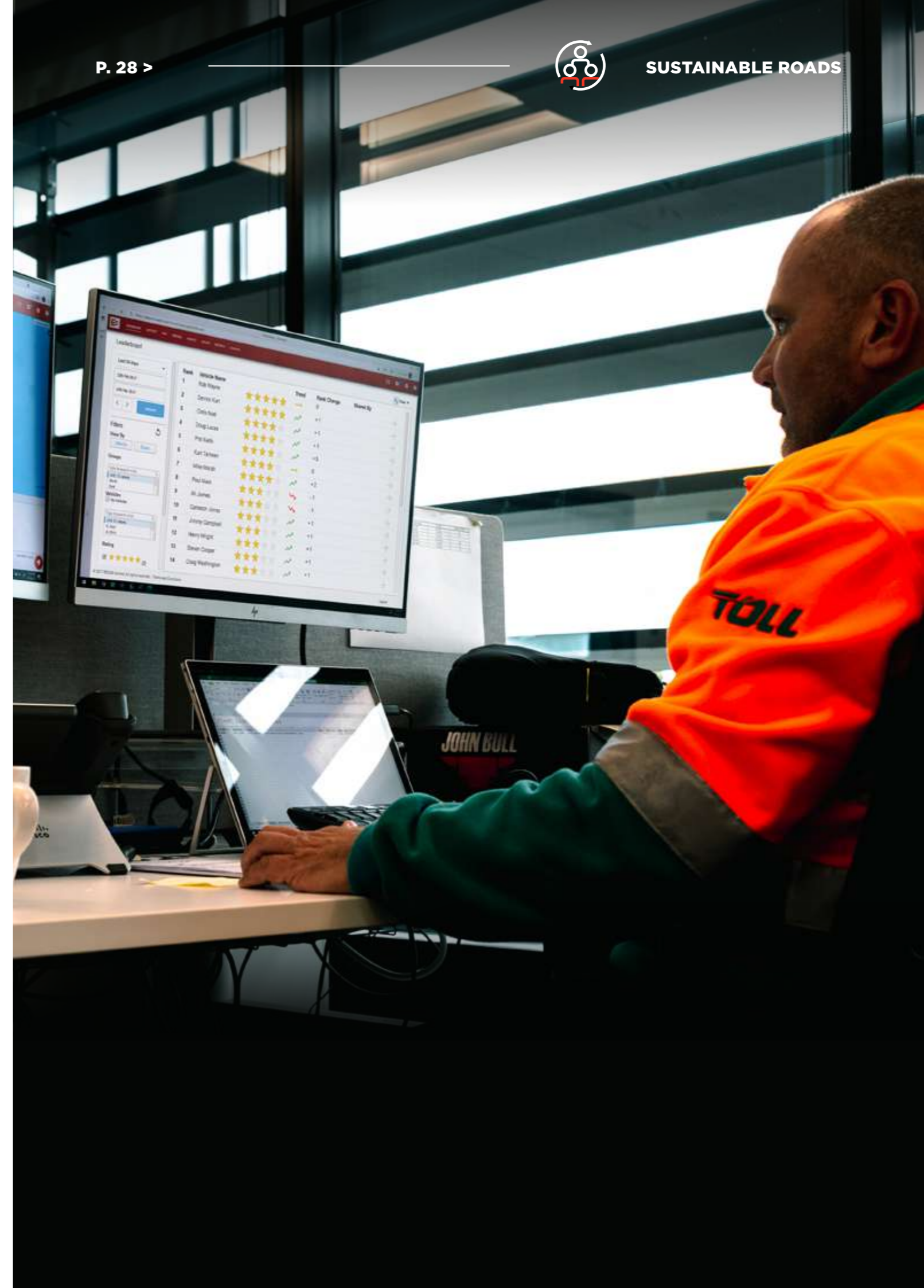
Smart Environmental Ltd doubled their 5 star drivers over FY21, due to an initiative which saw the introduction of a star rating to driver KPI's. Cardinal Logistics Limited began internally displaying monthly leaderboard results and rewarding those top drivers. Through this they obtained a 61% drop in speeding events.

“ Driver behaviour has improved markedly since we have been using Eroad in our fleet, overspeeds and other adverse driving behaviours have reduced and in general we are seeing better performance from our trucks and drivers which has also made a positive impact on our fleet downtime. The Leaderboard is referenced to reward good driving behaviour and this has created a friendly rivalry to improve driver ratings resulting in safer practices, better operators and an improvement on the bottom line”

Murray Pharaoh, National Fleet Manager,
Smart Environmental Ltd.

“The EROAD Leaderboard allows us to visibly show drivers how we are accurately tracking Speeding events of our fleet. Speeding is not only a safety risk but also negatively impacts Asset Damages. These reports create awareness amongst the drivers that we are using data that is real and live to manage their weekly bonus paid out if certain criteria's are met with Speeding being the most import aspect”

Leonard Griessel, National Transport Manager,
Cardinal Logistics Limited





Helping our customers run their businesses more productively

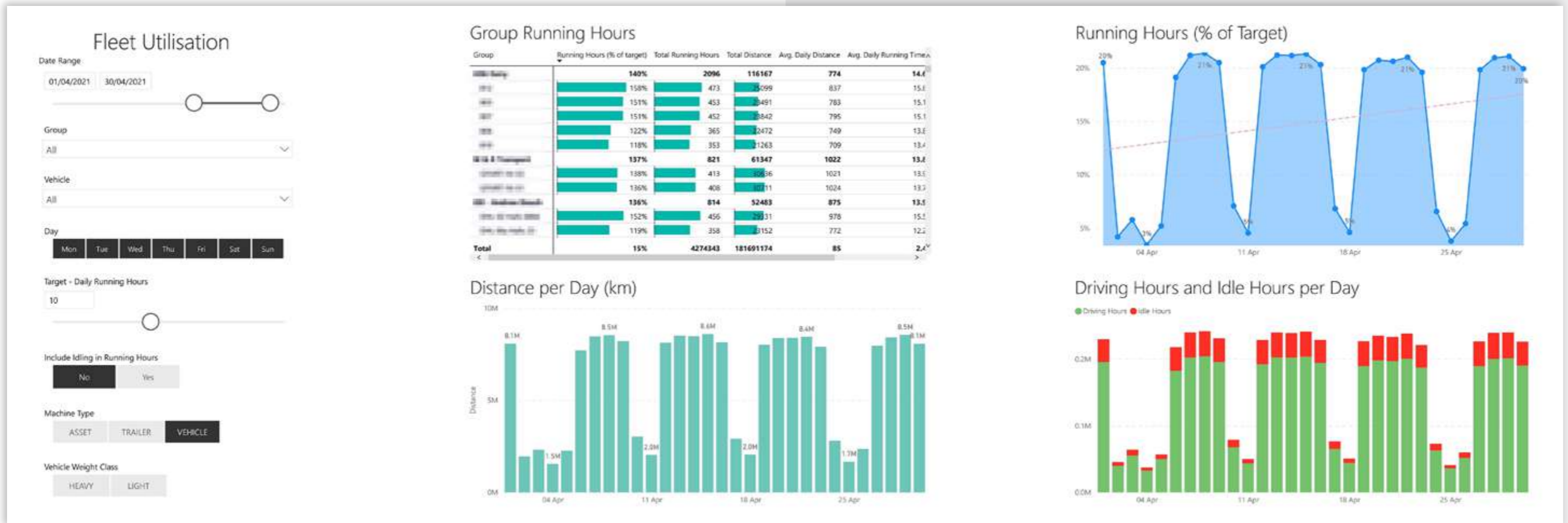
With over 126,000 connected vehicles, checking in every few seconds, EROAD can offer a significant amount of insight on how effectively our customers' businesses are operating.

EROAD's new suite of premium data products, EROAD Analyst, was made available in March 2021. Representing the first stage of EROAD's data strategy, these products focus on improving customer access to data, by providing connection to an always up-to-date data set accessed through a modern visualisation and analytics platform.

This approach automates much of the work required by customers to derive intelligence from their data. Customers are able to customise their own dashboards based on specific requirements, including safety and utilisation metrics, detecting ensuring accurate time keeping by cross-referencing logbook data with vehicle use, and informing more profit-focused

business decisions by combining EROAD data with financials in route and vehicle level profit & loss reporting.

Through its team of professional data engineers, visualisation experts and data scientists, EROAD will continue to enhance this platform to build on the level of insights offered to its customers.



The Future of Transportation Funding

In 2010, EROAD and New Zealand led the world by introducing an electronic means of managing Road User Charges. By taking advantage of GNSS-based digital technologies, New Zealand’s original distance-based charging scheme was able to leap forward with simpler, more accurate, and faster processes.

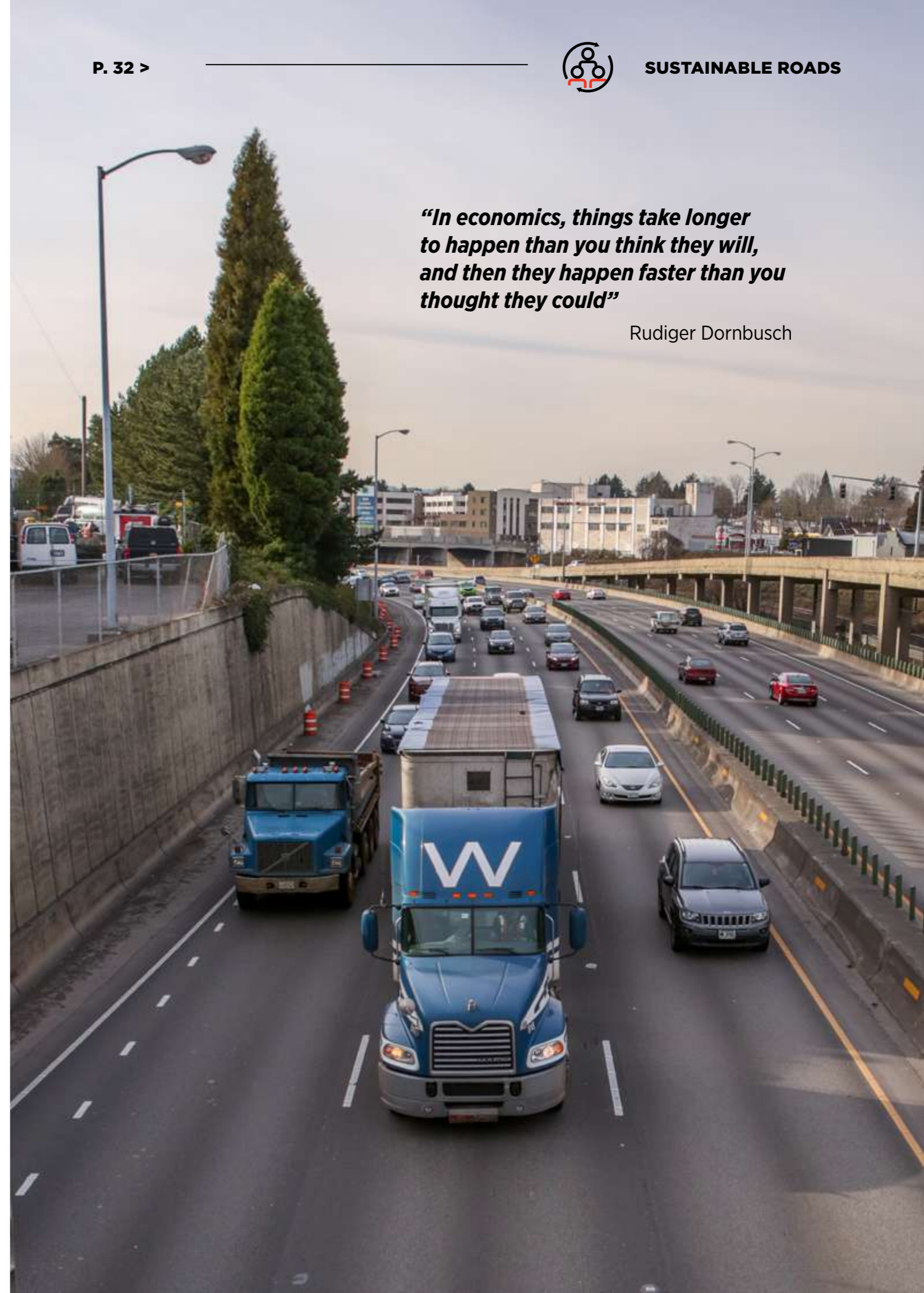
In the 11 years since EROAD introduced eRUC, EROAD has become responsible for a third of all RUC transactions and 80% of all Heavy Transport ERUC. At the same time, the real cost of operating the RUC system is estimated to have reduced also by a third. The technology EROAD uses to deliver these benefits has unlocked both additional maintenance, fuel and insurance cost savings for fleets, and social benefits for the wider public from safer driving and roads, resulting in avoided harm.

Despite the success of the New Zealand RUC model, the world has been slow to pick up on the approach. However, momentum has been quietly building. The world is entering a period where real progress to wider-spread use of RUC is occurring and will continue to occur. Just in EROAD’s key markets, New Zealand is continuing to look at both congestion pricing and the future of the revenue system once fuel taxes become inadequate and even less fair, the United States is pressing on with both State-level RUC-like reforms and multi-state trials, and Australia is exploring State-level distance charges for electric vehicles and national-level RUC for heavy vehicles.



“In economics, things take longer to happen than you think they will, and then they happen faster than you thought they could”

Rudiger Dornbusch



Behind this change is the drive to reduce the carbon footprint of land transport

Nations are now approaching the de-carbonisation of land transport with real urgency. Whereas fuel taxes have long been the principal source of revenue for road building and maintenance, they are on a downward trend - at an increasingly rapid rate and will soon prove inadequate. And where countries have failed to maintain the real value of their fuel taxes i.e., the United States, they already are.

New highly efficient internal combustion engines, fully electric vehicles, and alternatively fueled vehicles all contribute to less fuel tax revenue from land transport. Regulators and manufacturers are working together to accelerate their uptake:

- By the end of 2020, more than 20 countries had announced bans on the sales of conventional cars or mandated all new sales to be 'Zero Emission Vehicles'
- Eighteen of the world's top-20 vehicle manufacturers - responsible for 90% of new car registrations in 2020 - have publicly stated plans to electrify their range of vehicles and ramp-up production
- Truck makers such as Daimler, MAN, Renault, Scania and Volvo have indicated they see an all-electric future, broadening range of available zero-emission heavy-duty trucks
- EV's are not the only option being considered for decarbonising transport. Hydrogen is well suited to the heavy duty logistics, road, rail, marine and ultimately aviation applications, where electricity is a more suitable option for light duty vehicles. Many governments recognise this and are working to ensure hydrogen is not over-looked as a possible alternative, in particular green hydrogen

These declarations are reflected in real change, visible now:

- There were 10 million electric cars on the world's roads at the end of 2020, following a decade of rapid growth
- Electric car registrations increased by 41% in 2020, despite the pandemic-related worldwide downturn in car sales in which global car sales dropped 16%
- Electric bus and electric heavy-duty truck registrations increased in 2020 in China, Europe and North America, the global electric bus stock reaching 600,000 and the electric HDT stock 31,000.

Electric vehicles pay no fuel taxes. High efficiency vehicles may pay only 20%-30% the tax of an equivalent petrol or diesel using vehicle. In this environment, distance-based charging is a practical way of ensuring roads get paid for fairly.

EVs are not the only option being considered for decarbonising transport. Hydrogen is well suited to the heavy-duty logistics, road, rail, marine and ultimately aviation applications, while electricity is a more suitable option for light duty vehicles. Many governments recognise this, and are working to ensure hydrogen is not over-looked as a possible alternative.

Managing and pricing congestion, pollution and other indirect costs

A major challenge for road tax reform is that people have often been allowed to forget that roads need ongoing investment to keep them running - that there are ongoing direct costs that must be met. At the same time, there are also important indirect costs that are getting harder and harder to ignore - urban congestion from excessive demand, poor urban amenity due to busy roads and increased fumes, particulates and noise from heavy traffic.

There is growing interest in going beyond just fair charges to recover direct costs and pricing roads to better reflect these 'externalities' and optimize road use. Whereas, a few short years ago, traditional tolling systems were seen as a way of pricing high demand corridors, experts recognise that these problems need network-wide solutions that tolling cannot deliver, but eRUC systems can.

There is more to this than just fairly charging and pricing the right uses at the right places and the right times. A good eRUC system also provides the data and insights needed to better manage both the network, the processes of change, and the setting of appropriate, fair and effective prices.



EROAD is the bridge between the transport industry and the regulators

EROAD works alongside regulators and industry experts to find solutions that are sensible and future proof. By being the bridge between the industry and the regulations, EROAD enables industry-accepted high-quality solutions to be delivered to the market that, in turn, deliver safer and more sustainable roads.

For example EROAD has been the Technology and Research Partner to the Eastern Transportation Coalitions commercial vehicle RUC projects. The 1st Multi State RUC Truck Pilot in the US (2018/19) and the 1st National RUC Truck Pilot in the US (2020/21). These projects are being supported by the American Trucking Association and other industry bodies. EROAD is widely recognised as a thought leader in this space with members of its Global Market Development team appointed to the roles of Chair of RUC Committee and RUC Academy instructors in the International Road Federation, in addition to a Member of the Advisory Council for the Mileage Based User Fee Alliance.





The Environment we operate in

EROAD recognises the need to operate sustainability and protect the environment in which our customers operate. One of the problems Governments, regulators and our customers alike are trying to solve, is the impact of transportation on the level of Greenhouse Gas Emissions (GHG). EROAD's products look to help customers improve their on-road productivity and help with fuel efficiency (reduce fuel usage and idling) which can in turn help customers reduce their GHG emissions.

CASE STUDY

HOW REDUCED IDLING HELPED TIL FREIGHT IMPROVE ITS FUEL EFFICIENCY

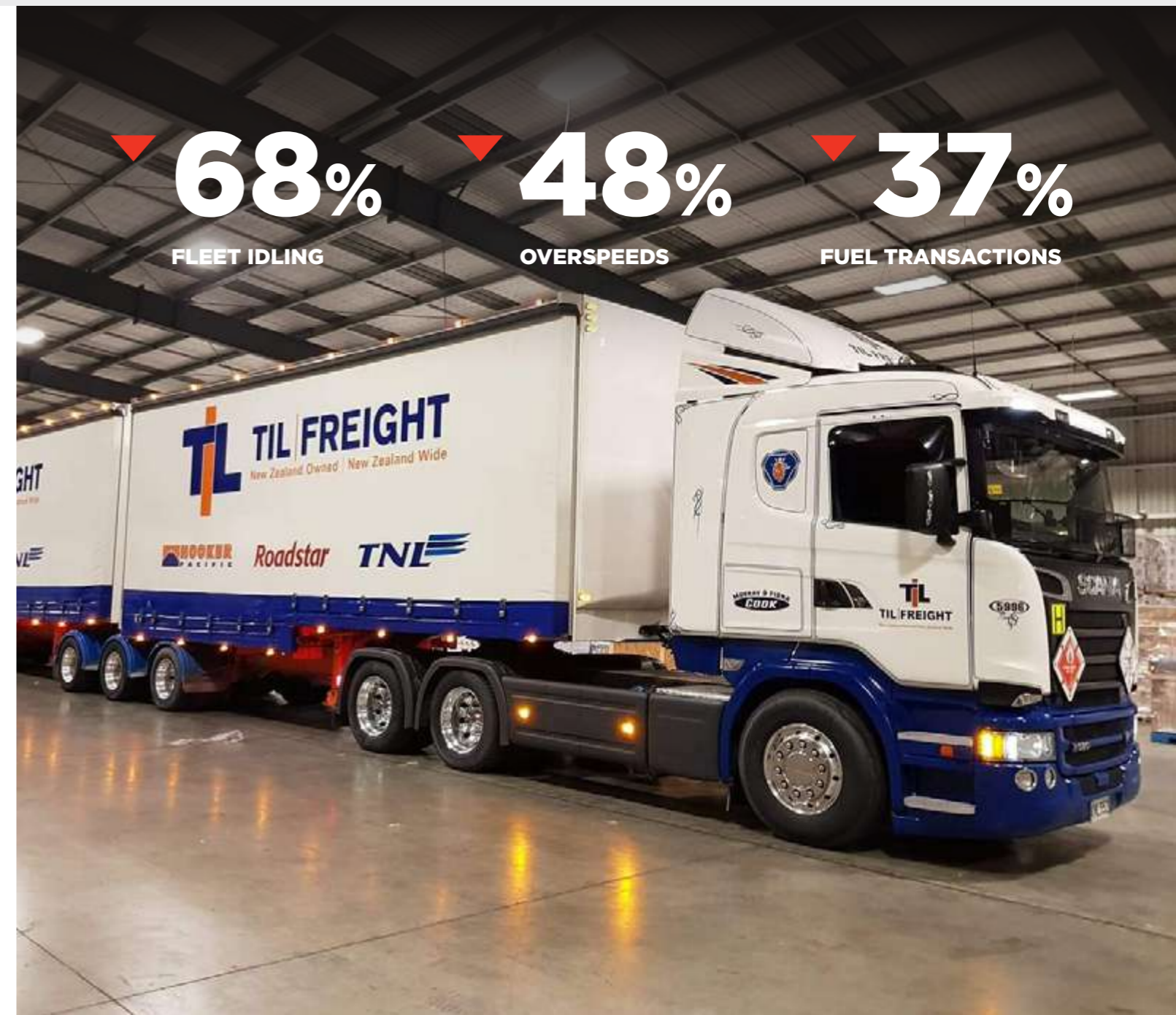
TIL Freight is a New Zealand provider of transport and logistics services, including general freight, containerised goods, and heavy haulage. At the start of 2020, Divisional CEO of Transport, Dallas Vince was brought in to streamline operations across its 21 branches and look for efficiency gains.

EROAD's idle reports which identify instances where fuel has been wasted through excessive or unnecessary idling or a poorly tuned vehicle highlighted that most idling was happening in their container group. TIL's fleet includes two types of container vehicles: skeleton trailers, where the container is lifted on using a forklift or combi-lifter, and swinglift trailers, which have movable lifting arms that make a forklift unnecessary. Until the late 2000s, most swinglifts relied on the vehicle to power them, requiring the driver to leave the ignition on. Now, nearly all have their own auxiliary motor, but drivers who had worked for TIL since those days were still in the habit of leaving their trucks idling, and the EROAD data showed that. While compliance dictates one-on-one driver management regarding overspeeds, the topic of idling hadn't been discussed with drivers before.

With the help of all the container division managers, EROAD developed an inclusive consultation process and reviewed TIL's standard operating procedures, which contained nothing specific about idling. From there came the idea of hosting an informal Toolbox Talk, with a one-pager explaining the cost of idling to the business. TIL then put the EROAD Leaderboard up on the breakroom TV. TIL Christchurch saw an across-the-board improvement: Between July and September 2020, fleet idling dropped by more than 68 percent and overspeeds by 48 percent. Many of the container division's double-shifted units went from 10 to 15 hours of idling per week to fewer than five.

Using EROAD's advanced analytics, EROAD compiled fuel efficiency data to establish a benchmark and identify which trucks were performing poorly and the possible reasons why. That data told the TIL team to look at three things: "One, is it driver behaviour that's leading to poor fuel efficiency? Two, is it the wrong truck for that job? Or three, is that the truck is old and needs to go?"

EROAD gives you a broader understanding of the effects of idling and speeds on different elements of fleet management.





Working towards increased Electric Vehicles

EROAD has partnered with FUSO and several early adopter customers including Mainfreight, Bidfood, Toll, Owens Transport and Vector OnGas, to provide data, analytics and insights around heavy EV usage as part of the Round 9 EECA Low Emissions Contestable Fund. The study involves a one-year e-truck trial with 5 FUSO eCanter trucks and chargers in the proposed Auckland Transport Queen Street Valley Zero Emissions Area (ZEA). This will give EROAD the opportunity to gain deeper insights into FUSO's eCanter truck, deliver value to end customers through assisting with addressing barriers to EV adoption, and informing future policy development around low emissions zones for urban freight

In EROAD's own New Zealand fleet we have 9 Hybrids and 3 Electric Vehicle (2 more waiting on delivery). We will be replacing a further 8 vehicles this year with at a minimum hybrids but potentially another few EV's. EROAD's total fleet is 33.



EROAD and its suppliers impact on the environment

EROAD's direct impact on the environment is through the offices we operate in, the use of data centres to power our platforms, and the business-related travel we undertake.

EROAD has engaged Green Gorilla for a 360-degree waste solution in our global headquarters. Green Gorilla has successfully braved uncharted territory to maximise recovery, reuse and recycling, to promote a cleaner, greener New Zealand. We are also diligent in our recycling efforts in both our Australian and American offices. Going forward, EROAD is looking to measure key environmental initiatives so that we can continue to find ways to reduce our impact on the environment. We know that together, we can make a difference.

EROAD recently conducted a Supplier Sustainability Questionnaire to assess the sustainability initiatives undertaken by our key suppliers. The Questionnaire encompassed 5 main questions under the following headings: Values, Environment, Social, Governance and Community. Our suppliers are focussed on ensuring ethical business practices, and for the most part, can clearly identify their environmental impacts and respond to these accordingly. Our suppliers are committed to reducing their environmental impact by making their operations more efficient, using low-carbon energy sources, and are either ensuring that their goals are monitored and measured, or are working towards achieving this. Supplier Questionnaire responses included references to Codes of Conduct, Corporate Social Responsibility Policies, Human Rights Statements/Policies, Modern Slavery Statements, and Slavery and Human Trafficking Statements.

Manufacturers of EROAD's EHUBO device have not wavered in their commitment to sustainability by continuously aligning themselves with the UN Sustainability Development Goals. On the environmental front, ambient air monitoring is conducted periodically by a 3rd party laboratory to measure mitigation efforts relating to the use of hazardous chemicals in the line process. Our EHUBO manufacturers are committed to principles of good corporate governance and are in full compliance with the Code of Corporate Governance for publicly listed Companies set forth by the Securities and Exchange Commission. Manufacturers are also committed to upholding human rights and employee safety as specified in their Code of Conduct. Their community engagement in 2020 included programs to aid and support employees in need of financial aid amidst the pandemic, fundraising for employees affected by typhoons, free meals, and various other employee engagement activities.

Suppliers of EROAD's location mapping systems are likewise committed to corporate responsibility. Operating in a predominantly office-based environment, EROAD's chosen mapping supplier does not operate any production plants or factories. Employees are encouraged to participate in environmental awareness campaigns and volunteer during key days of action. Environmental impacts of the business are tracked, and metrics to reduce the carbon footprint are identified. Solutions to decrease environmental impact are constantly sought, including through green building certifications. As location technologies are now a critical aspect of our global infrastructure, EROAD's mapping suppliers offered significant support during the COVID-19 crisis. They willingly partnered with global businesses to support the collection of location data whilst ensuring the protection of individual privacy rights. The company's Give Back program led to the packing of 522,072 meals across 12 cities around the world.

EROAD is proud to be partnering with likeminded organisations in our pursuit of sustainability across our business processes. We are looking to use our Supplier Sustainability Questionnaire to screen new suppliers using environmental and social criteria. This insight will assist us in our endeavour to take action against negative environmental and social impacts.



EROAD's Supply chain

COVID19 has had a major impact on supply chains globally, with some key issues in raw material supply, but Eroad has been able to maintain supply through this time including into the NZ based Global Service Centre (GSC) and has managed well in FY21.

Eroad was designated an essential service by the NZ government during COVID19 and our shipments globally out of warehouses and the GSC remained running, with strict COVID H&S protocols, through all NZ lockdown periods and extended US disruption.

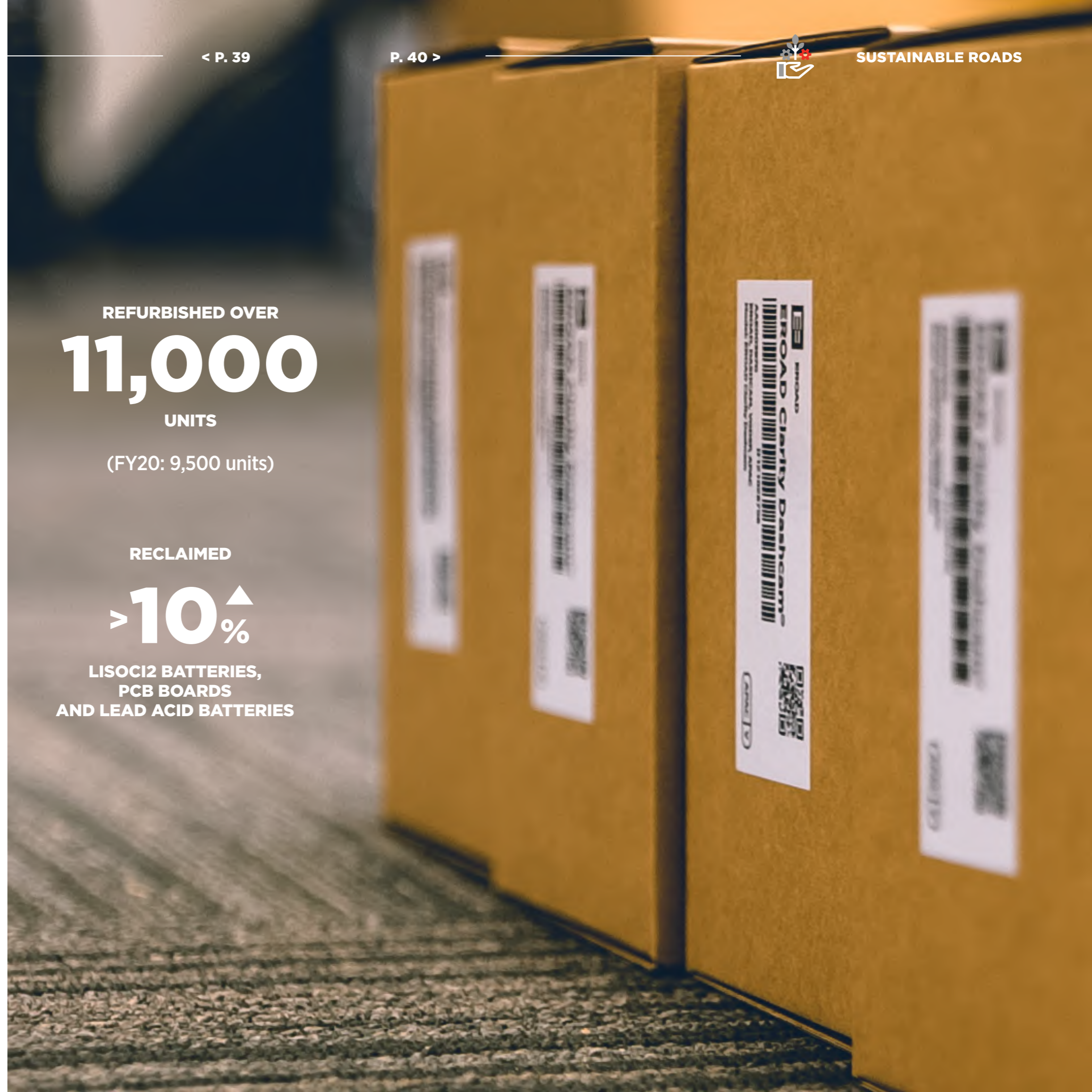
Where possible we refurbish product in our NZ based service centre to increase lifetime and decrease waste. During FY21 year we have refurbished over 11,000 units (FY20 9,500). EROAD Where tags can be returned to source for recycling at end of life.

This year we have expanded our partners to help with more secure recycling programs of older product now approaching end of life.

Looking at the coming year, we are forecasting the extended impact on global supply chains from COVID will continue through all of FY22 on items such as silicon for memory devices, and crystals for modems as globally raw material have been depleted. We have gone into FY22 holding higher levels of stock of raw material both at supplier and in our warehouses to help smooth supply.

REFURBISHED OVER
11,000
UNITS
(FY20: 9,500 units)

RECLAIMED
>10%
LISOC12 BATTERIES,
PCB BOARDS
AND LEAD ACID BATTERIES





Customer Relationships



94.9%

ASSET
RETENTION RATE

640

CUSTOMERS RENEWED
THEIR EROAD PLAN

(13,821 contracted units)



Customer Relationships

Our customers are important to us and EROAD differentiates itself by working in partnership with them over time. By investing time into our customers we ensure that they are making the most of their EROAD products to maximise their return on investment and achieve their business outcomes. It also ensures that we know how to best meet their needs going forward. Happy customers that make a good return on investment will remain loyal and grow their relationship with EROAD over time.

North America Customer Satisfaction Survey July 2020



Ensuring the voices of our Enterprise customers are heard

In the past year, EROAD has focused on ensure that it's products and services meet the needs and volumes of larger fleet sizes. Alongside this investment, EROAD has invested in customer service to ensure it too meets the needs of Medium and Large Enterprise customers.

Customer Success Managers provide a "voice of the customer" to identify and highlight key customer business needs to all internal EROAD stakeholders. This ensures that all customer outcomes, in particular for enterprise customers, are met all while providing a superior customer experience.

To achieve this, the CSM will have the following engagement channels:

- **Weekly meeting to review all Product Support Cases** & track progress on all open projects & Integrations
- **Regular and ongoing reviews of Customer adoption** to ensure Best Practices are employed and that EROAD solutions are utilized to ensure maximum efficiency and satisfaction
- **Annual Business reviews** highly customized with specific data points and benchmarks to document continued ROI provided by EROAD solutions
- **Enterprise Customers work in close partnership with EROAD Product team**, including participation in Product Alphas & Betas, to ensure Enterprise workflow needs are met
- A twice yearly **NPS (Net Promoter Score)** that measures customer loyalty and allows for EROAD Customer Success to proactively follow up with customers.

EXAMPLE OF A LARGE CUSTOMER'S EROAD JOURNEY



A COMPELLING ROI CASE

RUC SAVINGS OF
~\$24.67 PER MONTH PER HEAVY VEHICLE

FUEL SAVINGS OF APPROX.
~\$114,000

REDUCTION IN OVERSPEED EVENTS
~92% PER 100KM SINCE EROAD INSTALLATION OF EHUBO2

SAVING
~6 FTE WITH ERUC

Supporting our customers during COVID-19

Supporting our customers has been a priority for EROAD throughout the ongoing COVID-19 global crisis.

During the various restrictive lockdowns across New Zealand, North America and Australia EROAD continued to operate effectively to service and support the supply chain and activities of transport and essential service providers that were fully operational throughout. EROAD's products and services also supported organisations protect their staff and customers against the spread of COVID-19 with products and services that allowed for paperless operations.



A dedicated EROAD COVID-19 response team was formed in March 2020 and financial support provided in the form of deferred payment to some of our more adversely impacted customers as they worked through the uncertain journey. The aim was to relieve pressure for over 198 of our customers and provide them with the all-important support with cash-flow whilst vehicle utilisation was down and their usual revenue streams were affected on a short term basis. For instance, in New Zealand some customers opted to defer 25-50% of their monthly payments in April and May 2020 (to be paid back over a period 12 months). We are extremely proud to see a number of these customers begin to recover; including Lifesaving Victoria who were offered financial relief almost a year ago; and are now looking to eventually grow their fleet and further their relationship with EROAD.

Our Tourism sector customers have been some of the most severely impacted by COVID-19. To accommodate for the effect of this, EROAD offered 100% Financial Relief for a period of 3-6 months for our six Tourism customers.

In North America, EROAD has maintained a strong relationship with the Oregon Trucking Association since first entering the market. In April 2020, as the COVID began, EROAD worked with Oregon Trucking Association to get their "Feed The Truckers" initiative off the ground. This initiative was joined by many other trucking and trucking-adjacent businesses throughout the state and continued until the end of June. The EROAD marketing team helped coordinate the project in its early stage and many EROADers manned the first several events to distribute food to truckers along major highways in the Portland metro area. At its Annual Safety Conference in November, Oregon Trucking Association named EROAD its 2020 "Allied Member of the Year".



Protecting the Data so our customers can operate with confidence

The resilience and integrity of the data EROAD collects and uses in its platform and for reporting is fundamental to our success. EROAD collects data on the identity of vehicles, assets and drivers; asset and driver location; driver behavior; compliance with land transport and health and safety laws including worktime/fatigue, road safety and road user taxes and regulations. A breach of confidentiality, loss of data or technology disruption can lead to significant financial loss and/or reputational damage for our customers. It is critical that we maintain resilient and robust platforms and continually invest in privacy and security.

The key risks around EROAD's data include unauthorized access, failure to protect personal or confidential information, Malware, Distributed denial of service and fraud attacks. To ensure that our data is protected from these risks, EROAD has invested in a number of activities over time including:

- establishing a cross functional cybersecurity cohort from the operations, IT, engineering and legal team focused on IT risks including availability and continuity risks, security, change management, data integrity and outsourcing
- partnering with global leading and resilient technology partners including AWS, Here Maps and Vodafone
- implementing a 24/7 security operations centre and security incident and events management service (SOC / SIEM) with a leading New Zealand information security company
- increasing training for staff on the importance of strong IT and cybersecurity and privacy practices
- annual penetration testing of external and internal servers and applications
- increased insurance limits where remedial assistance may be needed.

Data risks and prevention mechanisms are reviewed monthly by the Board and Management team, with continuous improvement and best practice as the benchmark. During this financial year EROAD is focused on:

- implementing the leading global National Institute of Science & Technology (NIST) framework for cybersecurity and privacy
- updating its business continuity plan, including for cyber security events
- simplifying and strengthening its policies for IT and cybersecurity.

100.00%
AUSTRALIA AND NEW ZEALAND
FY21 UPTIME

99.99%
NORTH AMERICA
FY21 UPTIME





The Global Telematics industry poised for significant growth

THE GLOBAL TELEMATICS INDUSTRY IS ESTIMATED TO GROW TO US\$750B BY 2030²

Digital Transformation of the Transportation industry

- Transportation and logistics companies face significant change and increasingly require telematics solutions that give actionable insights and predictive analytics to manage their operations, vehicles, assets, and drivers in a safe, compliant and efficient manner.
- As the cost to track reduces, companies want to track and manage all their mobile and remote assets, beyond trucks, trailers and cars.
- Customers' need their telematics solutions to be deeply integrated with other back office systems such, logistic management, HR, ERPs and finance systems in order to share data in order to better understand and operate their businesses.

Acceleration towards road pricing

- Declining transportation fuel taxes due to increasing fuel efficient and adoption of electric vehicles together with increased road congestion will see an acceleration towards road use based charging.
- New Zealand continues to look at both congestion pricing and road usage charging options for all road vehicles as the current fuel taxes arrangements for petrol vehicles is forecasted to become inadequate and even less fair.
- North America is pressing on with both State-level RUC-like reforms and multi-state pilots
- Australia is exploring State-level distance charges for electric vehicles and national-level RUC for heavy vehicles.

Health & Safety focus continues to increase

- The use of Video telematics improves Health and Safety outcomes in one of the most dangerous workplaces, the cab of the vehicle (truck or car). Harsh braking and cornering recorded videos allow drivers to be coached and additional training put in place.
- In North America, many insurers required video telematics in all vehicles in order for operators to get acceptable premiums.
- Further regulatory change is expected over next 5 years with Electronic Logbooks in NZ and AU to improve driver fatigue management.

Regulatory Telematics

- Government supported/mandated regulatory telematics solutions (for road funding, Health & Safety on the road, Driver Fatigue and Vehicle maintenance) are forecasted to be a significant growth driver forcing telematics adoption over the next five plus years.

Post COVID-19 Trends

- Need to significantly improve supply visibility and transparency.
- Increased pressure to go digital and contactless, removing paper, human contact and manual processes.
- Governments and corporate transportation customers are demanding:
- The transportation industry reduces its emission footprint and adopt cleaner technologies such as non ICE (internal Combustion Engine) powered vehicles.
- Improved ESG reporting against a sustainability improvement plan.

² Source McKinsey & Company (2018). Relates to global telematics plus the monetary value of the global ecosystem developing around monetizing vehicle data—including consumer vehicles



The Market Leader in New Zealand

CONTRACTED UNITS

▲ **9%**
*(FY21: 87,892;
FY20: 80,366)*

ANZ ASSET RETENTION RATE

95.8%
(FY20: 96.1%)

EBITDA

▲ **11%**
*(FY21: \$38.8m;
FY20: \$34.9m)*

NZ MONTHLY SAAS ARPU

\$ **56.18**
(FY20: \$55.78)

6,407

EROAD LOG DAY SUBSCRIPTIONS
SOLD IN FY21

1,391

CONTRACTED UNITS UPGRADED
FROM EHUBO1 TO EHUBO2



New Zealand

TODAY

87,892

CONTRACTED UNITS

45%³

ENTERPRISE CUSTOMERS



32%

CONSTRUCTION & CIVIL ENGINEERING

16%

FREIGHT & ROAD TRANSPORT

10%

AGRICULTURE/ FORESTRY

42%

OTHER

STRATEGIC PRIORITIES

- Grow connected units to 100,000 over the next 18 months
- Extend product offering in Civil Engineering, Government fleets, Health & Safety, Electric vehicles, carbon footprint reduction initiatives and ESG reporting
- Increase APRU by selling additional SaaS and mobile services to existing customers
- Extend the range of telematics solutions beyond trucks and commercial light vehicles into off road vehicles and small assets
- Leverage EROAD's customer ecosystem to create new value

FY22 FOCUS

EROAD is the market leader in New Zealand, however there are still significant growth opportunities with Health and Safety remaining the main driver of telematics adoption.

In FY22, EROAD expects to add a similar number of contracted units to that seen prior to FY21 -9,000 p.a.

³ Enterprise customers is defined as fleet sizes of over 150 for New Zealand



In December 2020 EROAD secured a large New Zealand Enterprise customer, **Toll New Zealand**. The NZ business, which delivers freight forwarding, end-to-end transport services and comprehensive logistics solutions to customers has chosen EROAD as their regulatory partner in New Zealand.

EROAD is to supply almost 1,000 units across their heavy vehicle, light vehicle and trailer fleet. Toll New Zealand are also utilising several EROAD SaaS (Software as a Service) services, including Inspect, Logbook and the Maintenance module. For the past three months, EROAD has positioned an implementation consultant on site at Toll New Zealand to work to ensure the roll out across 20 different regions around New Zealand is as efficient and smooth as possible and that Toll New Zealand's return on investment in EROAD's products is maximised.





Established in North America

CONTRACTED UNITS

▲ **4%**

despite challenging macro-economic conditions
(FY21: 35,437;
FY20: 34,002)

NA ASSET RETENTION RATE

92.8% (FY20: 95.2%)

EBITDA

▲ **33%** (FY21: \$10.0m;
FY20: 7.5m)

NA MONTHLY SAAS ARPU⁴

US\$ 42.95m (FY20: US\$41.94)

#1

ELECTRONIC LOGGING DEVICE (ELD) RATING IMPROVED FROM #2 TO #1 ON ELD RATINGS⁵

1,020

'EROAD CLARITY' DASHCAMS SOLD IN MARCH

⁴ In NZ\$ ARPU fell from NZ\$65.73 to NZ\$65.03 reflecting FX movements

⁵ ELD ratings supplies ratings of 33 of the top tier ELD solutions out of 313 that supply a solution that is self certified with the FMCSA

North America

TODAY

35,437

CONTRACTED UNITS

30%⁶

ENTERPRISE CUSTOMERS



47%

FREIGHT & ROAD TRANSPORT

24%

CONSTRUCTION & CIVIL ENGINEERING

8%

SERVICES & TRADE

21%

OTHER

STRATEGIC PRIORITIES

- Grow connected units to 50,000 over the next 18 months
- Extend product offering in the freight, road transportation fleets and the areas of health & safety
- Extend the range of telematics solutions beyond trucks into trailers and associated light duty vehicles and large assets
- Pursue Enterprise opportunities
- Grow monthly run rate business in small to medium sized fleets
- Support National Road User Charging pilot for heavy vehicles

FY22 FOCUS

While North America has been severely impacted in FY21 with COVID-19, wildfires, civil unrest and a challenging year of politics this market is EROAD's largest growth opportunity.

Following almost 100% adoption of telematics in interstate vehicles over 10,000 pounds, following the Federal 2017-19 ELD mandate it is expected many Small to Medium Businesses will upgrade to more than an ELD only solution when their 36-month contracts are renewed. In addition to this it is expected a significant number of vehicles to upgrade following AT&T & 3G network shutdown in Feb 2022. Dash Cams will be a significant growth driver in this region as many insurers requiring video telematics operators to get acceptable premiums.

In FY22, EROAD expects increased unit growth, supported by Clarity Dashcam sales, as the economy starts to open up again after COVID-19. Currently there are two enterprise customer prospects in pilot for its Ehubo delivered services (approx. 1,500 units) as well as a solid mix of mid-market pilots either launched or beginning soon. There are also further pilots for Clarity dashcam with existing and new customers.

⁶ Enterprise customers is defined as fleet sizes of over 500 for North America



Earning the Top Spot at ELD Ratings

Since 2018, the EROAD ELD has been ranked well on ELD Ratings, a well-known technology review site in the United States. Fuelled by positive customer remarks about dependability, accuracy, and high levels of customer service, EROAD achieved the #2 rank in 2018. In June 2020, with the launch of our new "Smart Short Haul" feature, EROAD garnered new positive feedback from users. The Smart Short Haul feature helps drivers who are close to exceeding allowed hours or miles in a shift to operate under the proper ruleset,

so they avoid compliance fines and being placed out-of-service during roadside inspections. In the office, Smart Short Haul streamlines processes for time sheets and logs, reducing back-office work and human errors and yielding data that helps our customers better understand compliance trends. In September, following a new review by ELD Ratings editorial team, EROAD was awarded the #1 ranking. In March 2021, ELD Ratings was acquired by FreightWaves and renamed FreightWaves Ratings. The site now offers reviews of dashcams as well as ELDs.





Building Brand in Australia



CONTRACTED UNITS

▲ **36%**

in small to medium customer segment
across range of industries
(FY21: 2,874; FY20: 2,120)

EBITDA

(0.9)m

reflecting growth in small to medium customers
offset by investment in building brand
(FY20: \$(1.3)m)

LARGEST ENTERPRISE CUSTOMER SIGNED

Ventia

MONTHLY SAAS ARPU⁷

AU\$ 33.16

(FY20: AU\$35.86)

⁷ In NZ\$ ARPU fell from \$37.28 to \$35.50 reflecting FX movements



Australia

TODAY

2,874

CONTRACTED UNITS

32%⁸

ENTERPRISE CUSTOMERS



44%

SERVICES & TRADE

16%

FREIGHT & ROAD TRANSPORT

15%

CONSTRUCTION & CIVIL ENGINEERING

25%

OTHER

STRATEGIC PRIORITIES

- Grow number connected units to 10,000 over the next 18 months
- Extend product offering in the Civil Engineering, Government fleets, areas of driver fatigue, health & safety and vehicle service & maintenance
- Establish AU based leadership team to support Enterprise and market development activities
- Pursue Enterprise opportunities
- Grow monthly run rate business in small to medium sized fleets
- Increase EROAD's Brand awareness using targeted digital marketing
- Support National Road User Charging pilots and transport regulatory development using telematics technology

FY22 FOCUS

Australia remains a large growth opportunity for EROAD following the expansion of the Chain of Responsibility obligations in October 2018. Video telematics is seen as an important added service to improve Health and Safety outcomes. We expect further significant regulatory change over next 5 years with Electronic Work Diary (EWD), National eRUC pilot and from the review of the Heavy Vehicle National Law.

Increasingly, enterprise businesses operating across Australia and New Zealand see it as one market, requiring one solution. EROAD has 300 NZ Customers that have Trans-Tasman Fleets for EROAD to target. The short-medium term enterprise pipeline is approximately 15-20k connected vehicles.

In April 2021 EROAD signed its largest Australian enterprise customer, **Ventia**. Ventia, an existing New Zealand customer for a number of years, has chosen to come on board as an Australian enterprise customer as well as significantly increasing the size of its New Zealand fleet utilising EROAD services.

Ventia is one of the largest essential services providers in Australia and New Zealand, specialising in the long-term operation, maintenance, and management of critical public and private assets and infrastructure for corporate and government clients across a broad range of sectors.

Ventia has entered into a five-year agreement for a monthly subscription of EROAD's SaaS products and intends to install approximately 2,500 Ehubo 2 devices in their Australian fleet with a further 1,500 in their New Zealand fleet. It is anticipated that these Ehubo units will be installed throughout the 2021 calendar year.

EROAD entered the Australian market in 2018 and has been building its brand on the back of regulatory reform which has provided a significant low-cost growth option. This agreement will almost double EROAD's presence in the Australian market.

Ventia's Group Chief Executive Officer, Dean Banks said "Safety and health above all else is our number one priority at Ventia. We are delighted to enter this strategic partnership with EROAD, which will enhance our ability to improve safety for our people, our clients and the communities we operate in."



⁸ Enterprise customers is defined as fleet sizes of over 150 for Australia



The Numbers

Revenue

Group Revenue increased 13% from \$81.2m to \$91.6m reflecting growth in New Zealand and North America. New Zealand Revenue increased by 12% to \$58.8m from \$53.4m in the comparable period. The New Zealand business ended the year with 87,892 contracted units, adding 7,526 contracted units, to achieve an annual growth rate of 9% through both expansion into existing customer fleets and new customers. North America has been the most severely impacted of our markets from the challenging macro-economic conditions, and as such we only saw Revenue increase by \$4.8m to \$30.6m. During the year, North America only added 1,435 contracted units. Revenue in H1 FY21 also benefited from the forgiveness of a COVID19 government support loan in North America of \$USD1.0m (NZD revenue increase of \$1.6m). During the year the Australian business added 754 contracted units, reflecting growth in the small-to-medium business segment, to deliver growth of 36%. Australian Revenue increased slightly from \$0.7m to \$1.4m.

Operating Expenses

Operating expenditure increased 13% by \$6.8 million in line with revenue reflecting accelerated R&D operating expenditure and ongoing spend on company-wide initiatives to deliver further longer-term improvements in operating leverage. Operating expenditure also included a non-recurring increase in the doubtful debt provision of \$1.5m, relating to the impact of COVID-19, and a one-off adjustment for superannuation costs in North America of \$1.1m.

EBITDA

EBITDA grew \$3.6m or 13% to \$30.7m. In New Zealand continued growth into existing customer fleets, attracting new customers and continued high asset retention resulted in a 11% increase in EBITDA \$38.8m.

North American EBITDA result of \$10.0m is 33% ahead of the same time last year as a result of ongoing market growth and Recognition of the government loan forgiveness as grant income (\$1.5m) offset to an extent by a one-off adjustment for superannuation costs (\$1.1m) and an increased doubtful debt provision. (\$0.4m). Excluding these items, EBITDA for the second half of the year grew 59% on H1 FY21 and 30% on FY20. Continuing revenue growth (up 100% from FY20) and reduced spending as a result of COVID-19 (for example less marketing investment) has produced the improved EBITDA result of \$(0.9)m for Australia.

Depreciation & Amortisation

Total Depreciation & Amortisation of \$26.3m increased by \$3.7m on the previous year. This increase reflects the growing customer base (and related assets), the increase in our R&D programme and significant investment in new generation and business systems during FY20.

Profit before tax

Profit before tax increased from \$1.4m in the prior year to \$1.9m. This represents the Revenue and EBITDA growth and partly offset by higher depreciation and amortisation.

Investing in new innovative product development

As signalled, EROAD sees significant growth opportunity and during FY21 accelerated its investment in research and development during the year in order to be in a position to capitalise on these once uncertainty receded across the markets. In the year to 31 March 2021, a total of \$21.3m was invested in research and development, of which \$13.1m was capitalised and \$8.2m of previously capitalised research and development was expensed/amortised. In line with our expectations, the total amount invested in research and development represented 23% of revenue.

Balance sheet

Cash increased by \$53.7m as a result of the placement during September and the free cash positive result for FY21 of \$5.3m. Property, Plant and Equipment reduced as depreciation of hardware assets exceeded the value of new hardware assets capitalised from growth in the period. The decrease in other assets within current assets category is as a result of the combination of increase in our doubtful debt provision by an additional (\$1.5m) in FY21 reflecting uncertainty due to the current economic conditions and also provision of (\$1.0m) for inventory.

Contract Fulfilment and Customer Acquisition Assets decreased by \$1.8m due to subdued growth during the 12 months as a result of COVID-19 lockdowns. Intangibles increase relates to the ongoing capitalisation of R&D development. Borrowings from long term bank loans have reduced due to scheduled repayments in September and March.

Free Cash Flow

Operating cashflows benefit from a higher revenue \$92m versus \$81m and hence increased customer receipts. Investing cash outflows fell from \$35.9m to \$22.8m reflecting the investment in business systems and processes in H1 FY20 and the lower spend on hardware units due to lower growth in H2 FY21. Financing cash flows grew as result of \$42m raised via placement and a further \$11m was raised via share purchase plan.

EROAD's track record

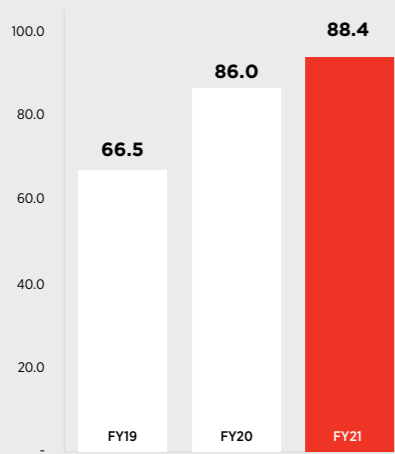
FINANCIAL PERFORMANCE TRENDS

	FY21	FY20	FY19	FY18
INCOME STATEMENT				
Revenue	\$91.6m	\$81.2m	\$61.4m	\$43.8m
Ebitda	\$30.7m	\$27.1m	\$15.6m	\$10.5m
Ebitda margin	34%	33%	25%	24%
Profit/(loss) before profit	\$1.9m	\$1.4m	\$(5.1)m	\$(5.9)m
Total comprehensive profit/(loss) after tax	\$1.5m	\$(0.3)m	\$(6.0)m	\$(3.7)m
BALANCE SHEET				
Total Current Assets	\$81.3	\$34.0m	\$43.9m	\$46.6m
Total Non-Current Assets	\$90.7m	\$91.8m	\$79.3m	\$64.5m
Total Liabilities	\$67.4	\$74.5m	\$71.9m	\$54.4m
CASH FLOW				
Net cash inflow from operating activities	\$28.1m	\$23.1m	\$14.3m	\$5.2m
Net cash outflow from investing activities	\$(22.8)	\$(35.9)m	\$(27.3)m	\$(23.8)m
Free cash flow	\$5.3m	\$(12.8)m	\$(13.0)m	\$(18.6)m
FINANCIAL PERFORMANCE METRICS				
Annualised Monthly Recurring Revenue	\$88.4m	\$84.0m	\$66.5m	n/a
Future contracted income	\$141.9m	\$134.4m	\$117.4m	\$100.5m
R&D as a % of Revenue	23%	19%	22%	22%
Monthly SaaS Average Revenue Per Unit	\$58.30	\$58.4	\$55.1	\$54.3
Asset retention rate	94.9%	95.2%	94.4%	95.8%
Cost to acquire customers as a % of revenue	13%	20%	22%	24%
OPERATING METRICS				
Total contracted units	126,203	116,488	96,390	77,600
MYEROAD CLARITY	1,054	n/a	n/a	n/a
EROAD Day Logbook (driver subscriptions)	6,655	n/a	n/a	n/a
Inspect	10,490	6,995	3,509	1,909
EROAD Where	6,450	n/a	n/a	n/a
Etrack Wired	2,474	1,336	n/a	n/a

The Financial Metrics we measure ourselves by

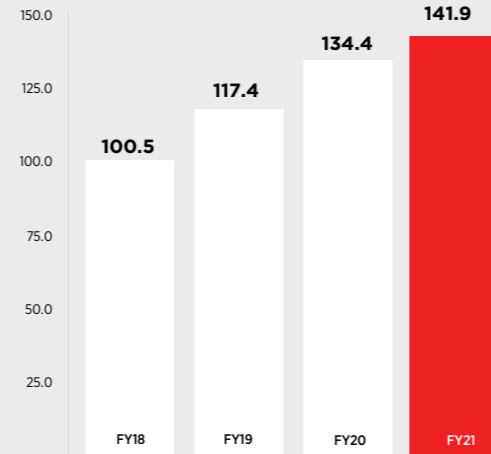
LEADING GROWTH INDICATORS

ANNUALISED MONTHLY RECURRING REVENUE (\$M)



AMRR increase reflects growth in recurring revenues from new units and SaaS ARPU, partly offset by an FX impact of \$4.5m in FY21.

FUTURE CONTRACTED INCOME (\$M)



FCI increased with new incremental contracted units added and renewals, partially offset by recognition of revenues for new and existing contracts. Exchange rate negative impact for FY21 was \$9.3m

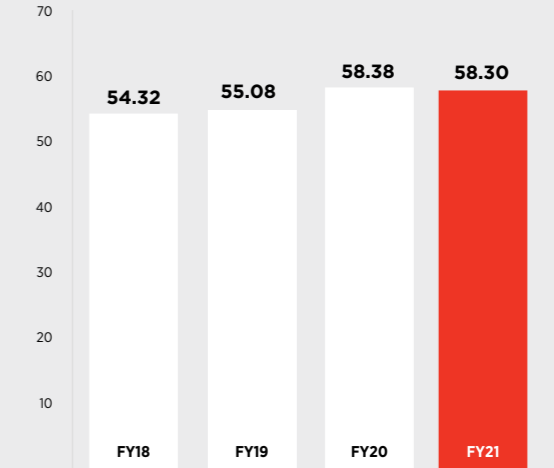
RESEARCH AND DEVELOPMENT AS % OF REVENUE



R&D as % of Revenue As previously signaled, expect to spend 24-27% as investment for growth accelerates over FY22.

ENTERPRISE VALUE FROM EXISTING CUSTOMER BASE

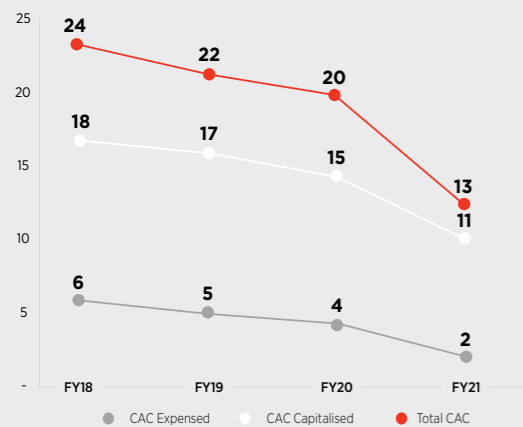
MONTHLY SaaS AVERAGE REVENUE PER UNIT (\$)



Monthly SaaS ARPU has remained stable over past 12 months. - Plan and hardware upgrades and addition of EROAD Where - Stronger USD vs NZD reduced ARPU growth (\$0.65) from FY20

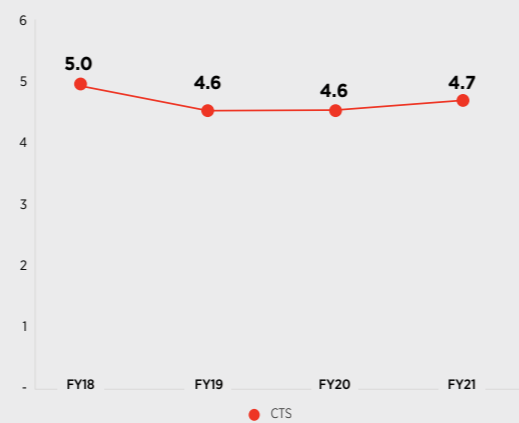
PROFITABILITY

COST TO ACQUIRE CUSTOMERS AS % OF REVENUE



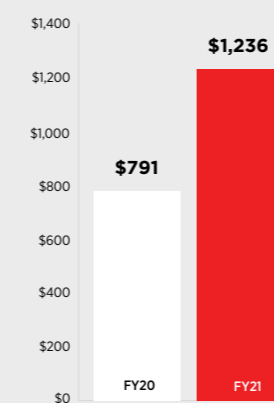
CAC as a % of revenue would be expected to trend downwards over time as revenue grows, reductions will be partly offset by investment in CAC ahead of revenues in Australia.

COST TO SERVICE AND SUPPORT AS % OF REVENUE



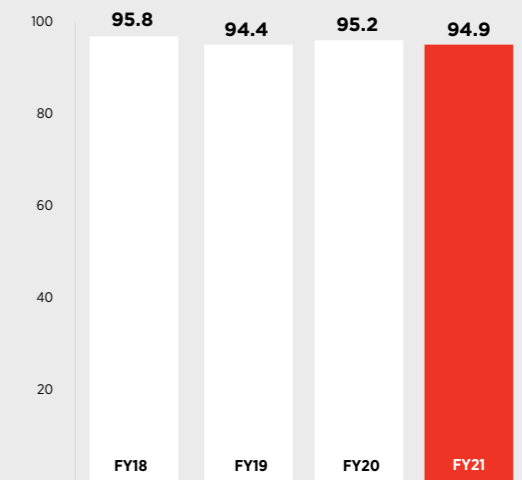
CTS has remained within 4-5% of revenue range. CTS will improve over time as scale and leverage increases.

COST TO ACQUIRE PER UNIT



The cost to acquire per unit has increased year on year reflecting the lower number of units added.

ASSET RETENTION RATE (%)



Asset Retention Rate has remained stable and continues to be a focus through renewal programmes in key markets.



Our Team



83%

EROADER'S RECOMMEND EROAD
AS A GREAT PLACE TO WORK
(FY20: 89%)

83%

EROADERS FEEL THAT EROAD IS AN
INCLUSIVE WORKPLACE WHERE
THEY CAN BE THEMSELVES
(FY20: 89%)

We lead with Safety

We always put the safety and wellbeing of EROADers first, and through our products we provide the tools for our customers to create safer workplaces too.

We operate with Trust

We recognise the impact our behaviours and actions may have on others. You can rely on us to do what we say we'll do.

We act with Integrity

We get things done the "right" way, with ethics, integrity, and positive intention that builds relationships.

We perform as one Team

We work together to achieve our goals.

We celebrate Innovation

We learn and adapt quickly. We embrace new ideas and concepts and we make time to innovate.



EROAD Awards

Recognition is peer-led through the quarterly EROAD Awards program and online rewards platform, Bonusly.

In FY21 the team introduced a new giving component to the EROAD Awards. Q1 and Q3 individual award winners got to donate to a charity of their choice. Q2 and Q4 winners got to buy gear for the office (or a gift for remote teams) to add to the EROAD experience.

211
NOMINATIONS FOR EROAD AWARDS

29,515
BONUSLY RECOGNITION MESSAGES

\$3,000
DONATED TO THE RED CROSS
THROUGH EROAD AWARDS PROGRAM

\$1,833
DONATIONS TO CHARITIES
THROUGH BONUSLY REWARDS

Looking after people through a global pandemic

Throughout the COVID-19 pandemic, EROAD's priority has been keeping staff safe and supporting its customers. The EROAD team, like all organisations, were thrown into a new way of working. EROAD staff adapted quickly and have proved resilient through the challenges.

During the early days of the pandemic, over 140 EROADers took up a subsidised work-from-home equipment offer to help them work comfortably from home. All staff were also provided a work-from-home guide with tips which included how to work with kids at home and looking after your mental health.

The North America team have been in lockdown for over a year. In that time they've also endured wild fires, civil unrest and a challenging year of politics. EROAD worked hard to look after the team with mental health talks, a Christmas gift delivered to their homes, virtual social events and Uber Eats vouchers.

After a challenging year EROAD gave every employee an additional 3 days of paid leave over the end of year break so that everyone had an opportunity to take a minimum of 8 consecutive days off work.

A 'new normal'

EROAD adapted well to remote working during the pandemic and lockdowns in all regions. As New Zealand returned to a 'new normal' the teams came back with a fresh perspective and working from home has become common for team members. With North America still mostly working from home, and the Australian team being remote, EROAD has adopted a 'remote first' approach to meetings, making sure to create an inclusive and engaging experience for all.

Working From Home Survey results (June 2020)

- 81%** of employees wanted to move to a mix of remote and in-office work.
- 41%** wanted to have the flexibility to work remotely when they need to
- 90%** felt they did their best work when working remotely
- 80%** felt that communication across all levels of the company was more effective

'Connect' Hackathon

52 EROADERS
24 HOURS
11 IDEAS

EROAD's annual Hackathon is a 24 hour innovation event that brings together people from across the organisation to develop prototype solutions for real business and customer problems. The Connect Hackathon in December 2020 was one of the best yet, with the highest ever attendance from around the business. The teams had some great ideas and EROAD's interns also got to take part, helping build a number of the solutions. A huge 'One team' effort.





Creating energised and capable teams

EROAD is focused on attracting, retaining and motivating talent. To achieve their significant growth aspirations, EROAD is investing heavily in adding capability, as well as providing further training and development opportunities for its people.

Adding capability

During the second half of the year, leveraging its rising employment brand, EROAD secured several high-profile, experienced talent in North America and Australia.

Casey Ellis was appointed to the role of President, North America. Casey has held significant senior leadership positions in the Transport and Logistics sector in North America.

Norm Ellis, who previously held the role of President, North America, was appointed to the newly created role of Executive General Manager, Enterprise, where he will lead and build out the company's global capability in Enterprise sales.

Tim Hogan was appointed as Chief Technology Officer. Tim has extensive experience in the technology sector and has held key leadership roles at major global companies.

Konrad Stempniak was appointed as General Manager, Australia. Konrad is an accomplished senior leader, who has held significant roles, most recently at Kennards Hire, across strategic operations, technical sales and new ventures.

To deliver market leading products, EROAD made several other key in-market hires in North America.

Jim Angel joined from Trimble as VP, Video Telematics

Todd Wazny brings significant market experience in his role as VP, Strategic Partnerships and Solutions NA.

There has also been significant internal promotions. **Andrew Davies** was promoted to General Manager for the New Zealand business. EROAD's Global Operations team will play an increasingly significant role as we grow. To reflect this, **Matt Dalton** was promoted from EVP Global Operations to Chief Operating Officer.

Product development is at the forefront of EROAD's growth strategy, and over FY20 the Product and Engineering Team was reorganised to reflect the increased focus on Enterprise opportunities, improve accountability and enhance agile practice. This brought new talent onto the team and provided development opportunities for over 20 existing team members, lifting engagement and retention outcomes. In addition, a Director of Quality role was created to build out the Quality Assurance practice and lift organisational quality outcomes.

Attracting and welcoming new talent

EROAD's growth plans have led to a significant surge in hiring across key strategic areas of the business. The focus in FY21 was to improve how we attract and welcome new talent to the team.

- Open Day**
 To build employment brand, EROAD held its Inaugural Open Day in February. Sharing the EROAD story and demonstrating why it has a highly desirable culture, characterised by inclusivity, learning and high performance to some 60 attendees.
- Welcome Day**
 Made 'welcome to eroad' session fully virtual. Sessions allow new starters to meet the executive and now focus on building connections rather than providing lots of information. The new approach has received extremely positive feedback on all sides and particularly from remote team members.
- Onboarding**
 A new digital approach saw EROAD move their onboarding to a Learning Management System to guide new starters in their first weeks. This has simplified and made the onboarding process easier and more engaging.
- Intern Program**
 The program attracted over 300 applicants in FY21. The 8 interns who joined had an incredible experience. EROAD prides itself on providing a rich experience for interns, giving them hands on experience of our products.
- Scholarship**
 \$5,000 scholarship awarded to a Software Engineering student at The University of Auckland in 2020.

Training and Development is key to keeping our team energised. EROAD is committed to attracting, retaining and motivating top talent. The team have focused on leadership development, career development and enhancing digital training options:

Leadership Development

- New management 101 training program for new managers
- Leadership Boost sessions during lockdown helped leaders refresh some of the training they'd been through before
- Continued to roll out the EROAD Leadership Program which started in 2019, taking leaders on a bespoke journey with psychometric testing, one-on-one coaching and face-to-face workshops.

Career development

- Career Pathways launched for Engineering to support people in developing and growing with the company.
- Career Pathways are being developed for customer facing teams

Digital training

- Online annual compliance training modules replaced in-person sessions



Diversity, inclusion and belonging

EROAD encourages and values the unique experiences, skills and background of its people. It continually strives to create an inclusive, collaborative and open space where people feel safe and empowered to think differently to create new ideas. Helping bravely solve customers' complex problems.

WISH Committee

The WISH (Wellbeing, Inclusion, Social & Health & Safety) committee is a group of volunteers from across EROAD. The committee organise events and activities throughout the year, providing opportunities for the team to connect, celebrate and have some fun. Closely tied to EROAD's values, the committee brings people together as one team.

At it's core, the committee is focused on creating a culture of inclusion and a sense of belonging. EROAD is extremely proud of it's diverse team, and the activities organised by the WISH committee create an opportunity to celebrate that diversity. Yoga, boxing fitness, walkathon competition, hackathon, culture day, mental health talks, international women's day - these are just some of the events organised by the committee and reflect the range of passions and backgrounds at EROAD.

In 2020, the committee worked hard to make sure remote teams, and particularly the North American and Australian teams, felt included. They made their events virtual, provided Uber Eats vouchers for remote workers and created online competitions and prize draws.

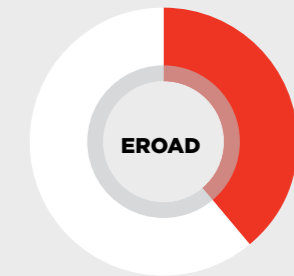
Culture Day is an annual EROAD event. It's an opportunity to celebrate what makes EROADers unique and to learn more about one other. Due to lockdown restrictions, the annual celebration went virtual this year.



EROAD is proud of its diversity. It hires and promotes people based on talent, not ethnicity or gender. The team and managers represent a mix of males and females of all ages, from over 30 countries around the world and this contributes to the inclusive culture EROAD has built.

EROAD compares favourably to both the transport and technology sectors for female representation at both non-manager and manager levels. EROAD is committed to encouraging and supporting female leaders. Flexible work arrangements, parental leave and leadership development opportunities are just some of the ways that EROAD supports its female employees.

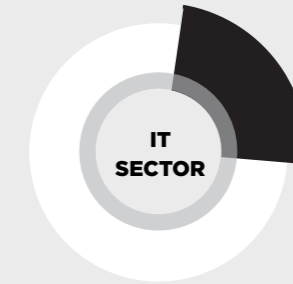
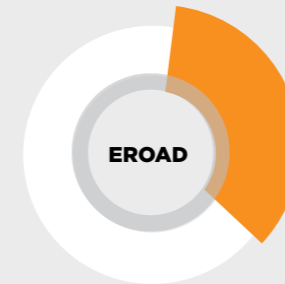
Female Percentage of our Team



38% FEMALE

People Leaders Diversity

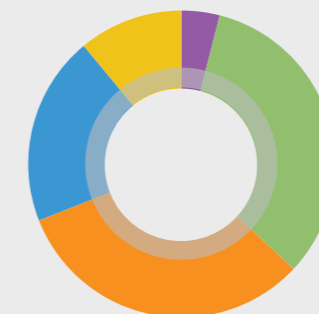
35% FEMALE



24% FEMALE

EROADers come from over 30 DIFFERENT COUNTRIES

Age Split



4%	33%	32%
18-24	25-34	35-44
20%	11%	0%
45-54	55-64	65+



Senior Leadership Team



STEVEN NEWMAN

Executive Director/CEO

Steven has been the CEO and member of the EROAD Board since 2007. EROAD is Steven's third start up. Navman his previous start up, he grew into four business units, operating across 40 countries with global sales in excess of \$500m.



ALEX BALL

Chief Financial Officer

Alex's career has spanned five countries, delivering a broad range of commercial, financial and governance capabilities gained across corporate management, board directorship and professional services. Alex joined EROAD in January 2019, with his previous roles including CFO at Transpower, TelstraClear, and Vector. He also has a background in engineering. His qualifications include BEng (Hons), ACGI, FCA (ICAEW), CA (CAANZ), SA Fin, MInstD (NZ) and AF IMNZ.



MATT DALTON

Chief Operating Officer

Matt is responsible for the global operations of EROAD, focusing on execution of strategy. With a strong technical delivery background, prior roles include CTO and Director of Professional Services along with a solid engineering foundation. Matt has global delivery experience across multi region teams and customers; working throughout NZ, Australia, USA and UK. Graduated from University of Auckland with a BCom.



CASEY ELLIS

President, North America

Casey joined EROAD in March 2021. He brings over 15 years of experience in the transportation industry, holding multiple senior leadership positions. His previous roles include COO at UniGroup Inc., a \$1.7 billion transportation company, where he designed and implemented strategic marketing and technology initiatives to transform the company to an agile, customer focused organization. Most recently, as President and COO at Armstrong Relocation, Casey modernized and diversified their service offering, in a rapidly evolving marketplace to successfully capture additional share of a robust growth market.



NORM ELLIS

Executive General Manager, Enterprise

Norm has nearly 40 years experience in both transport and telematics. Norm joined EROAD in 2017, after being the COO at ID Systems, Inc., a producer of wireless asset management systems for the transport sector. Prior to that he led sales, services and marketing for Qualcomm/Omnitracs in the US and Canada for nearly 17 years. He is a graduate of the Executive Leadership programs from both Stanford Business School and University of Virginia Darden School of Business and he holds a BA in Economics and Business Management.



MARK HEINE

EVP General Counsel and Company Secretary

As General Counsel and Company Secretary, Mark works with the team on all aspects of company and product legal compliance and data privacy. His legal and risk experience encompasses IP, technology, privacy, disputes, mergers & acquisitions, corporate governance as well as competition and consumer law. Mark joined EROAD in 2015 after a legal career working at Bell Gully, as a Barrister in Auckland and Allens in Sydney. He graduated from Otago University with an LLB / BA.



MIKE SWEET

Chief People Officer

Mike joined EROAD in January 2019 to develop our people and culture. His global HR work experience includes NZ, Australia, the UK and the USA. He's worked in global bluechip companies and successfully scaled start-ups. Mike's most recent role was General Manager HR at Spark. He holds a BA BCA, MHRINZ, GPHR, and PHR-CA.



SARAH THOMPSON

Chief Product Officer

Sarah joined EROAD in March 2019 to oversee our product research and development. She brings a wealth of experience to this global role that includes creating and executing product strategy across a range software companies, delivering to health and large insurance organisations globally. Sarah joined from a similar role at Orion Health. She holds a B(Des) and has attended the Executive Leadership Development program at Stanford Business School.



TONY WARWOOD

Executive General Manager, ANZ Business

Tony leads our New Zealand and Australian business. Tony joined EROAD with our first customers back in 2009. A qualified mechanic, he brings first-hand experience of the challenges our customers face, given his foundational career included being a heavy vehicle mechanic and fleet manager



TIM HOGAN

Chief Technology Officer

Tim joined EROAD in December 2020 to lead our technology function. He has extensive experience in the technology sector and has held key leadership roles at major global companies including Warner Bros. and TiVo. He has previously launched and localised technology services in 11 markets around the world.



BILLY MILLER

GM, Ventures & Insights

Billy joined EROAD in September 2020 and is leading EROAD's Ventures & Insights business, driving the growth of the business through innovation, partnerships and data. Billy has held a number of senior leadership roles in New Zealand and UK, across Government, Financial Services and Transport. He was responsible for leading the digital, data & analytics strategy at Australasia's leading insurance company. Growing their online platform by over 200% in 18 months to become the leading way that customers interact with the company.



NINA ELTER

SVP, Global Market Development

Nina's career spans more than 20 years working in the technology, trucking, tolling and fuel card sectors across Europe, the Americas and Australasia.

At EROAD, Nina leads the team responsible for finding and evaluating new opportunities on the global landscape that enable safer and sustainable roads for all. Nina is the secretary of the MBUFA Advisory Committee, member of the Eastern Transportation Coalition's MBUF steering committee and an active member of several other transportation associations and committees. She is a member of the board of the International Road Federation (IRF global) and Chairs the IRF committee on Road User Charging.



EROAD Board



GRAHAM STUART

Chairman, Independent Director, Auckland

Appointed: January 2018, Chairman from August 2018

Board Committees: Finance, Risk and Audit, Remuneration, Talent and Nomination

Graham was previously CEO of Sealord Group, CFO then Director of Strategy & Growth at Fonterra and has had extensive business experience in South East Asia, Europe, the UK and Latin America.



BARRY EINSIG

Independent Director, Pennsylvania

Appointed: January 2020

Board Committees: Remuneration, Talent and Nomination

Located in Pennsylvania, Barry brings considerable transport knowledge of the North American market as well as global automated and connected vehicle expertise. He is currently a principal at CAVita, has held other directorships within the transport industry and has advised Singapore's Ministry of Transportation on their Highly Automated Vehicle Program. In addition, Mr Einsig has reviewed work undertaken by the Transportation Research Board and created patent-approved technology used in Public Safety Networks.



TONY GIBSON

Independent Director, Auckland

Appointed: October 2009

Board Committees: Remuneration, Talent and Nomination (Chairman) and Finance, Risk and Audit Committee

Tony is the Chief Executive of Ports of Auckland and one of New Zealand's most experienced transport professionals. He has worked in various senior management roles in Africa, Asia and Europe. In 2008 the Minister of Transport appointed him to the Road User Review Group. Tony joined the Board in October 2009.



SUSAN PATERSON

Independent Director, Auckland

Appointed: March 2019

Board Committees: Finance, Risk and Audit (Chair) and Remuneration, Talent and Nomination Committee

Susan is an appointed Officer of New Zealand Order of Merit (services to governance) and currently chairs Steel and Tube Holdings and IT consultancy Theta Systems and is a member of the boards of the Electricity Authority, RBNZ, Arvida Group, Goodman New Zealand and Les Mills Holdings.



STEVEN NEWMAN

Executive Director / CEO, Auckland

Appointed: October 2007

Board Committees: Nil

Steven has been EROAD's Chief Executive and a member of the EROAD Board since 2007. He co-founded Navman where his COO and CEO roles provided the opportunity for him to establish Navman as a leading international brand delivering annual sales in excess of NZ \$500m

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$M's	2020 \$M's
Revenue	3	91.6	81.2
Operating expenses	4	(60.9)	(54.1)
Earnings before interest, taxation, depreciation and amortisation		30.7	27.1
Depreciation of property, plant and equipment	14	(9.6)	(8.6)
Amortisation of intangible assets	16	(9.9)	(7.5)
Amortisation of contract and customer acquisition assets	7	(6.8)	(6.5)
Earnings before interest and taxation		4.4	4.5
Finance income		0.2	0.0
Finance expense		(2.7)	(3.1)
Net financing costs	8	(2.5)	(3.1)
Profit before tax		1.9	1.4
Income tax benefit/(expense)	9	0.1	(0.4)
Profit after tax for the period attributable to the shareholders		2.0	1.0
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences for foreign operations		(0.5)	(1.3)
Total comprehensive profit /(loss) for the period		1.5	(0.3)
Profit per share - basic (cents)		2.71	1.55
Profit per share - diluted (cents)		2.71	1.53

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 \$M's	2020 \$M's
CURRENT ASSETS			
Cash and cash equivalents	12	57.1	3.4
Restricted bank accounts	12	10.5	14.0
Trade and other receivables	13	8.2	10.7
Contract fulfilment costs	7	3.0	3.2
Costs to obtain contracts	7	2.5	2.7
Total Current Assets		81.3	34.0
NON-CURRENT ASSETS			
Property, plant and equipment	14	34.7	37.4
Intangible assets	16	45.3	42.1
Contract fulfilment costs	7	2.4	2.7
Costs to obtain contracts	7	1.0	2.1
Deferred tax assets	10	7.3	7.5
Total Non-Current Assets		90.7	91.8
TOTAL ASSETS		172.0	125.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2021

	Notes	2021 \$M's	2020 \$M's
CURRENT LIABILITIES			
Borrowings	18	6.4	2.2
Trade payables and accruals	17	7.8	8.2
Payables to transport agencies	12	10.5	13.9
Contract liabilities	19	3.9	3.6
Lease liabilities	15	1.0	1.0
Employee entitlements		2.3	1.8
Total Current Liabilities		31.9	30.7
NON-CURRENT LIABILITIES			
Borrowings	18	28.6	33.6
Contract liabilities	19	2.7	4.6
Lease liabilities	15	4.2	5.3
Deferred tax liabilities	10	-	0.3
Total Non-Current Liabilities		35.5	43.8
TOTAL LIABILITIES		67.4	74.5
NET ASSETS			
		104.6	51.3
EQUITY			
Share capital	11	131.7	80.7
Translation reserve		(3.4)	(2.9)
Retained Earnings		(23.7)	(26.5)
TOTAL SHAREHOLDERS' EQUITY		104.6	51.3

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Chairman, 28 May 2021



Chair of the Finance, Risk and Audit Committee, 28 May 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share Capital \$M's	Retained Earnings \$M's	Translation Reserve \$M's	Total \$M's
Balance at 31 March 2020		80.7	(26.5)	(2.9)	51.3
Profit after tax for the period		-	2.0	-	2.0
Other comprehensive income		-	-	(0.5)	(0.5)
Total comprehensive income for the period, net of tax		-	2.0	(0.5)	1.5
Equity settled share-based payments		-	0.8	-	0.8
Share capital issued	11	51.0	-	-	51.0
Balance at 31 March 2021		131.7	(23.7)	(3.4)	104.6
Balance at 31 March 2019		80.6	(27.7)	(1.6)	51.3
Profit after tax for the period		-	1.0	-	1.0
Other comprehensive income		-	-	(1.3)	(1.3)
Total comprehensive loss for the period, net of tax		-	1.0	(1.3)	(0.3)
Equity settled share-based payments		0.1	0.2	-	0.3
Share capital issued	11	-	-	-	-
Balance at 31 March 2020		80.7	(26.5)	(2.9)	51.3

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$M's	2020 \$M's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		92.3	79.2
Payments to suppliers and employees		(61.7)	(53.4)
Interest paid		(2.5)	(2.7)
Net cash inflow from operating activities		28.1	23.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment in property, plant & equipment	14	(4.7)	(11.6)
Payments for investment in intangible assets	16	(13.1)	(16.5)
Payments for investment in contract fulfilment assets	7	(3.5)	(4.4)
Payments for investment in customer acquisition assets	7	(1.5)	(3.4)
Net cash outflow from investing activities		(22.8)	(35.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from bank loans	18	1.7	17.7
Repayments of bank loans	18	(2.5)	(16.5)
Payment of lease liability	15	(1.6)	(1.1)
Receipts from issue of equity		52.9	-
Payments for costs of raising equity		(2.1)	-
Net cash inflow from financing activities		48.4	0.1
Net increase/(decrease) in cash held		53.7	(12.7)
Cash at beginning of the financial period		3.4	16.1
Closing cash and cash equivalents	12	57.1	3.4

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

RECONCILIATION OF OPERATING CASH FLOWS WITH REPORTED PROFIT AFTER TAX

FOR THE YEAR ENDED 31 MARCH 2021

Notes	2021 \$M's	2020 \$M's
Profit after tax for the year attributable to the shareholders	2.0	1.0
ADD/(LESS) NON-CASH ITEMS		
Tax asset recognised	(0.1)	-
Depreciation and amortisation	26.3	22.5
Other non-cash expenses/(income)	(1.1)	(1.0)
	25.1	21.5
Movements in other working capital items		
Decrease/(increase) in trade and other receivables	2.4	(0.2)
Increase/(decrease) in contract liabilities	(1.6)	(1.8)
Increase/(decrease) in trade payables, interest payable and accruals	0.2	2.6
	1.0	0.6
Net cash from operating activities	28.1	23.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1 REPORTING ENTITY AND STATUTORY BASE

EROAD Limited (the "Company") is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) Main Board and Australian Stock Exchange (ASX). The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013. The consolidated financial statements comprise EROAD Limited and its subsidiaries (the "Group"). The Group provides electronic on-board units and software as a service to the transport industry.

The financial statements of the Group for the year ended 31 March 2021 were authorised for issue in accordance with resolution of the directors on 28 May 2021.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

NOTE 2 BASIS OF ACCOUNTING

(a) Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for Tier 1 entities, other New Zealand accounting standards, and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards.

(b) Changes in accounting policies

The accounting policies and disclosures adopted are consistent with those of the previous year. Where applicable, certain comparatives have been reclassified to comply with the accounting presentation adopted in the current year.

(c) Going concern

The directors have carefully considered the ability of the Group to continue to operate as a going concern for at least the next 12 months from the date the financial statements are authorised for issue. It is the conclusion of the directors that the Group will continue to operate as a going concern and the financial statements have been prepared on that basis.

In reaching their conclusion the directors have considered the following factors:

- Cash reserves as at 31 March 2021 of \$57.1M and bank borrowing facility of \$57.5M of which \$21.9M was undrawn as at 31 March 2021 after including borrowing costs of \$0.6M. This provides sufficient level of liquidity to help support the business for at least the next 12 months;
- The Future Contracted Income of \$141.9M provides a degree of certainty of forecast revenue; and
- The directors have made due enquiry into the appropriateness of the assumptions underlying the budgetary forecasts.

(d) Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair value.

(e) Presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's presentation currency, and all values are rounded to million dollars to one decimal place (\$M's) except where stated. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of EROAD Limited is New Zealand dollars, EROAD Inc is US dollars and EROAD Pty Limited is Australian dollars.

(f) Standards or interpretations issued but not yet effective and relevant to the Group

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2021. The Group does not expect any of these to have a significant impact on the Group's consolidated financial statements. The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

(g) Critical accounting estimates and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements,

NOTE 2 BASIS OF ACCOUNTING (CONTINUED)

estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from the judgements, estimates and assumptions.

The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate. These are :

- Recognition of deferred tax assets (refer to Note 10)
- Impairment testing – key assumptions underlying recoverable amounts, including recoverability of development costs (refer to Note 16)
- The estimated useful life of hardware assets (refer Note 14)
- Assessment of recoverability of trade receivables (refer Note 13)
- Defining the point at which development activity meets capitalised criteria (refer Note 16)

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. Following this, in each of EROAD’s markets of New Zealand, the United States and Australia, lockdowns of varying severity were introduced. These lockdowns continued in these markets from late March and while some lockdown restrictions have eased in each of the markets, a range of preventive measures still remain such that each of the markets has yet to return to the level of economic trading conditions prevalent prior to the COVID-19 crisis.

Following the lockdowns being initiated EROAD was designated an essential service in each of its three markets and remained operational under its business continuity plan. Despite this designation, EROAD still experienced a reduction in customer demand for new or replacement units and services, aside from those customers who themselves were designated as essential services. Accordingly, each of EROAD’s markets were impacted differently due to the differences in lockdown conditions, as well as the differing proportion of essential services customers in its total customer base.

An assessment of the impact of COVID-19 on the EROAD statement of financial position is set out below, based on information available at the time of preparing these financial statements:

Doubtful debts - COVID-19 Provisions

EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers and provided for these based on a risk weighting. The criteria for the risk weightings includes:

- whether the customer is an essential service;
- which industry the customer belongs to, given EROAD’s vehicular movement data has been analysed to assess the impact of COVID-19 lockdown by industry to determine the correlated impact on customers’ revenue generating activity; and
- EROAD’s understanding and experience with the customer.

EROAD has recorded additional estimated credit loss provisions to account for the estimated financial impact of any future defaults which is based on:

- which industry the customer belongs to, and the impact of COVID-19 on that industry (using both payment analysis and the vehicular movement data that has been analysed to gain a view on the impact of COVID-19 on the customers’ revenue generating activity);
- EROAD’s understanding and experience with the customer; and
- Ensuring EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults

The Group has recorded the following expected credit loss in the 31 March 2021 financial results which includes consideration of the impact of COVID-19:

Area	Recognition in Statement of Comprehensive Income	Amount (\$M)
Doubtful Debts	Operating Expenses	1.5

Government Grants - COVID-19

On 25 March 2020, the US Government approved Coronavirus Aid, Relief, and Economic Security Act (CARES) to provide assistance to individuals, families and businesses affected by COVID-19. This included provision of loans under the Paycheck Protection Programme which can qualify for forgiveness subject to fulfilment of certain conditions. EROAD received funding under this programme during the reported period and has met the conditions for forgiveness. As a result, as at 31 March 2021, EROAD has recognised government grant revenue of \$1.6m.

NOTE 3 REVENUE

	2021	2020
	\$M's	\$M's
Revenue from contracts with customers		
Software as a Service (SaaS) revenue	85.0	76.3
Other		
Transaction fee revenue	2.6	2.4
Grant revenue	2.6	0.9
Other revenue	1.4	1.6
Total Revenues	91.6	81.2

Set out above is the disaggregation of the Group’s revenue from contracts with customers. The disaggregation reflects the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Specifically, software as a service (SaaS) revenue represents revenue earned from customer contracts for the sale or rental of hardware, installation services and provision of software services. Transaction fee revenue relates to the collection of Road User Charges (RUC) fees.

Transaction price allocated to the remaining performance obligations

The below table represents the revenue allocated to performance obligations that are unsatisfied or partially unsatisfied at the period end. The revenue amounts yet to be recognised under non-cancellable contract agreements at 31 March are expected to be recognised by EROAD based on the time bands disclosed below.

	2021	2020
	\$M's	\$M's
Software as a Service (SaaS) revenue		
No later than one year	72.3	64.1
Later than one year, no later than five years	69.6	70.4
Total price allocated to remaining performance obligations	141.9	134.5

The Group reports the Non-GAAP measure, Future Contracted Income. The definition of Future Contracted Income includes all future hardware and SaaS cash inflows relating to income under non-cancellable long-term agreements. The disclosure above aligns with the Future Contracted Income reported by the Group.

Software as a service revenue

The Group has determined EROAD’s customers do not have the right to direct the use of EROAD’s asset (Ehubo) as EROAD continues to have the right and ability to change how the asset operates during the customer’s contract period. These contracts are therefore accounted for as service contracts. The Group generates revenue through the sale of hardware assets, rental of hardware assets, installation of hardware assets and provision of software services as part of contracts with customers as part of a bundled package. These hardware units enable customers to access the software platform offered by the Group. The transaction involving hardware and accessories do not convey a distinct good or service. The sale does not transfer control to the customer as the Group provides a significant service of integrating the software service to produce a combined output. The sale of the hardware, accessories and software service are referred to as Software as a Service (SaaS) revenue, which is recognised on a straight line basis over the contract period to reflect the fulfilment of the performance obligations as they arise. There are no variable consideration terms within the contracts.

A contract liability is recognised where consideration is received in advance of the completion of associated performance obligations. The contract liability is derecognised over time. As a result there is a financing component which the Group recognises as a finance cost when consideration is received in advance.

The Group offers installation services as part of a number of promises to transfer goods and services within each contract. Installation services do not convey a distinct good or service and therefore are not a separate performance obligation as the installation is a set-up activity that does not provide the customer a direct benefit other than access to the software services.

NOTE 3 REVENUE (CONTINUED)

As a result, the installation service is considered as part of the single performance obligation; referred to as Software as a Service (SaaS) revenue, which includes the software service and hardware sale or rental for which the customer simultaneously receives and consumes the benefit of the service. Where installation revenue is received in advance of satisfying the performance obligation a contract liability is recognised. The contract liability is derecognised over time evenly over the period of the contract as the customer derives the benefit evenly from the services provided over the contract period. The majority of contracts are for 3 years and can be for a term of up to 5 years. As a result there is a financing component which the group recognises as a finance cost when consideration is received in advance.

Transaction fees

The Group acts as an agent for transport authorities in the market that it operates in. Where fees are collected on their behalf, the Group charges a commission. The revenue recognised is the net amount of the commission fee earned by the Group.

Grant income

Government grants are recognised at fair value in the statement of comprehensive income over the same periods as the costs for which the grants are intended to compensate. No unfulfilled conditions or contingencies exist related to the government grants.

NOTE 4 EXPENSES

	Notes	2021 \$M's	2020 \$M's
Personnel expenses - net of capitalised employee remuneration	6	29.7	26.3
Administrative and other operating expenses		20.5	18.3
SaaS platform costs		9.8	8.6
Directors fees		0.4	0.4
Auditor's remuneration - KPMG		0.3	0.2
Other assurance services - KPMG		0.1	0.1
Tax compliance and advisory services - KPMG		0.2	0.2
Total operating expenses		60.9	54.1

Other assurance services includes half year review, NZTA reasonable assurance and Callaghan grant review. During the year the costs expensed for Research and Development was \$8.2M (2020: \$6.0M).

NOTE 5 SEGMENTAL NOTE

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

The Group has four segments as described below, which are the Group's strategic divisions. The strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the Group's CEO (the chief operating decision maker) reviews internal management reports. The following summary describes the operations in each of the Group's segments.

EROAD reports selected financial information segmented by geographic location for operating companies and corporate and development costs.

- *Corporate & Development:* Corporate head office costs and R&D activities for development of new and existing products and services
- *North America:* Operating companies serving customers in North America
- *Australia:* Operating companies serving customers in Australia
- *New Zealand:* Operating companies serving customers in New Zealand

Inter-segment pricing is determined on an arm's length basis.

NOTE 5 SEGMENTAL NOTE (CONTINUED)

Reportable segment information

Information related to each reportable segment is set out below. Segment result represents Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA), which is the measure reported to the chief operating decision maker.

	Corporate & Development		North America		New Zealand		Australia	
	2021 \$M's	2020 \$M's	2021 \$M's	2020 \$M's	2021 \$M's	2020 \$M's	2021 \$M's	2020 \$M's
Revenue								
Software as a Service (SaaS) revenue	0.3	-	27.2	24.8	56.5	50.8	1.1	0.7
Transaction fee revenue	-	-	-	-	2.6	2.4	-	-
Other revenue ¹	24.8	17.7	3.4	1.0	0.7	0.2	0.3	0.0
	25.1	17.7	30.6	25.8	59.8	53.4	1.4	0.7
Earnings before interest, taxation, depreciation & amortisation	(17.5)	(14.0)	10.0	7.5	38.8	34.9	(0.9)	(1.3)
Total assets	103.9	79.3	27.1	23.1	39.7	42.3	3.0	2.7
Depreciation of property, plant & equipment	(1.1)	(1.1)	(4.7)	(4.2)	(4.8)	(4.7)	(0.1)	(0.1)
Amortisation of intangible assets	(9.9)	(7.5)	-	-	-	-	-	-
Amortisation of contract and customer acquisition assets	-	-	(1.8)	(1.8)	(4.9)	(4.6)	(0.1)	(0.1)

¹ Revenue from Corporate & Development Markets includes R&D and Covid Grant Income of \$2.6M (2020: \$1.4M).

NOTE 5 SEGMENTAL NOTE (CONTINUED)

Reconciliation of information on reportable segments

	2021	2020
	\$M's	\$M's
REVENUE		
Total revenue for reportable segments	116.9	97.6
Elimination of inter-segment revenue	(25.3)	(16.4)
Consolidated Revenue	91.6	81.2
EBITDA		
Total EBITDA for reportable segments	30.4	27.0
Elimination of inter-segment EBITDA	0.3	-
Consolidated EBITDA	30.7	27.0
DEPRECIATION		
Total depreciation for reportable segments	(10.7)	(10.0)
Elimination of inter-segment depreciation	1.1	1.5
Consolidated Depreciation	(9.6)	(8.5)
TOTAL ASSETS		
Total assets for reportable segments	173.7	147.4
Elimination of inter-segment balances	(1.7)	(21.9)
Consolidated Total Assets	172.0	125.5

Allocation of Development Assets

Included within Total Assets are Development Assets of \$36.9M (2020: \$32.7m) which for the purpose of the segment note have been allocated to the Corporate & Development Market based on the ownership of intellectual property. The amortisation for these assets are also presented in the Corporate & Development segment. For impairment testing purposes management allocate the Development Assets to the cash generating units (CGUs) based on the specific CGU that the Development Asset relates to, or if the Development Asset is developed for use globally across all CGU's, the asset is allocated to CGU's based on the proportionate share of the Group's Contracted Units. At 31 March 2021 there was \$28.5M (2020: \$22.4M) of global Development Assets that have been allocated across CGU's based on the contracted units. The allocation of the Development Asset to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

	2021	2020
	\$M's	\$M's
North America	13.9	14.0
New Zealand	21.6	17.2
Australia	1.4	1.5
	36.9	32.7

NOTE 5 SEGMENTAL NOTE (CONTINUED)

Geographic information

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2021	2020
	\$M's	\$M's
REVENUE		
New Zealand	61.2	54.7
All foreign countries:		
USA	29.3	25.8
Australia	1.1	0.7
Total revenue	91.6	81.2
NON-CURRENT ASSETS		
New Zealand	70.9	70.9
All foreign countries:		
USA	12.5	17.2
Australia	1.0	0.9
Total non-current assets	83.4	89.0

Non-current assets exclude financial instruments and deferred tax assets.

NOTE 6 PERSONNEL EXPENSES

	2021	2020
	\$M's	\$M's
Salaries and wages - excluding capitalised commission costs	34.8	30.7
Annual leave	0.6	0.4
Performance bonus	1.1	0.7
Share-based payments	0.9	0.3
Salaries and wages capitalised to development and software assets	(7.7)	(5.8)
	29.7	26.3

NOTE 7 CONTRACT FULFILMENT AND COSTS TO OBTAIN CONTRACTS

Capitalised contract fulfilment costs

The Group capitalises incremental costs of fulfilling customer contracts, typically distribution and installation costs. Contract fulfilment costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

Capitalised contract acquisition costs

The Group has applied a policy of capitalising only costs that are incremental in obtaining contracts with customers, typically sales commissions. Contract acquisition costs are amortised evenly over the period of the contract. The majority of contracts are for 3 years and can be for a term of up to 5 years.

The following table provides information about contract fulfilment and costs to obtain contracts with customers:

	CONTRACT FULFILMENT		COSTS TO OBTAIN CONTRACTS	
	2021	2020	2021	2020
	\$M's	\$M's	\$M's	\$M's
Opening net book value	5.9	5.1	4.8	4.3
Additions	3.4	4.4	1.6	3.4
Amortisation	(3.9)	(3.6)	(2.9)	(2.9)
Closing Net Book Value	5.4	5.9	3.5	4.8
Current	3.0	3.2	2.5	2.7
Non-current	2.4	2.7	1.0	2.1

NOTE 8 FINANCE INCOME & FINANCE EXPENSES

	2021	2020
	\$M's	\$M's
FINANCE INCOME		
Foreign exchange gains	0.2	-
	0.2	0.0
FINANCE EXPENSES		
Interest expense	(2.2)	(2.0)
Interest expense - lease liabilities	(0.3)	(0.4)
Interest expense - contract liabilities	(0.2)	(0.4)
Foreign exchange losses	-	(0.3)
	(2.7)	(3.1)
Net financing costs	(2.5)	(3.1)

NOTE 9 INCOME TAX EXPENSE

	2021	2020
	\$M's	\$M's
(a) Reconciliation of effective tax rate		
Profit before income tax	1.9	1.4
Income tax using the Company's domestic tax rate of 28%	(0.5)	(0.4)
Non-deductible expense	-	-
Utilisation of tax losses previously unrecognised	0.5	-
Effect of different tax rates	0.1	-
Income tax benefit/(expense)	0.1	(0.4)
(b) Current tax expense		
Current year	-	-
	-	-
(c) Deferred tax expense		
Current year	0.1	(0.4)
Total	0.1	(0.4)

At 31 March 2021 there were no imputation credits available to shareholders (2020: Nil)

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 10 DEFERRED TAX ASSETS

	2021	2020
	\$M's	\$M's
RECOGNISED DEFERRED TAX ASSETS		
Deferred tax assets are attributable to the following:		
Tax loss carry forward	10.5	9.2
Property, plant and equipment	0.6	0.2
Intangibles	(5.9)	(4.0)
Provisions, accruals and other liabilities	1.1	1.0
Equity-settled share-based payments	0.4	0.3
Trade and other receivables, including contract assets	(0.7)	(1.0)
Lease liability	1.3	1.5
Total deferred tax asset	7.3	7.2

The movement in temporary differences has been recognised in profit or loss. Deferred tax assets have been recognised at a rates between 21% to 30% at which they are expected to be realised.

Movement in temporary differences during the year:

	BALANCE 2020	Recognised in profit or loss	Currency Translation	BALANCE 2021
	\$M's	\$M's	\$M's	\$M's
Tax loss carry forward	9.2	1.3	-	10.5
Property, plant and equipment	0.2	0.1	0.3	0.6
Intangibles	(4.0)	(1.9)	-	(5.9)
Provisions, accruals and other liabilities	1.0	0.1	-	1.1
Equity-settled share-based payments	0.3	0.1	-	0.4
Trade and other receivables, including contract assets	(1.0)	0.3	-	(0.7)
Lease liability	1.5	(0.2)	-	1.3
Total	7.2	(0.2)	0.3	7.3

The New Zealand tax group consists of EROAD Limited, EROAD New Zealand Limited and EROAD Financial Services Limited. Losses incurred within this group are transferred within the group with no compensation being recognised. Deferred tax assets have been recognised in respect of these items as based on the expected profitability of the New Zealand Tax group as it is considered that future taxable profit will be available for utilisation against the carried forward losses.

Determining the extent to which losses will be utilised requires judgement. The group has forecast expected utilisation of tax losses. Key assumptions included total contracted units, revenue and expense forecasts in line with group budget and three-year forecast supported by a robust strategic and business planning process.

The result of the forecasting indicate that there will be sufficient profitability within the New Zealand tax group to utilise the existing tax losses. Losses incurred in recent years have primarily been the result of a large investment creating the North American market. Whilst the business is growing in Australia, the group considers this can be achieved at a lower cost than the entry into North America, by leveraging our New Zealand expertise and cost and customer base. The group expect to be able to report significant improvements in profitability over the next three years as the business reaches a sufficiently large subscriber base to self-fund operating and corporate costs. Due to the cumulative subscription nature of our business model as well as certain operating expenses that do not scale at the same rate of unit and revenue growth, the business is expected to be able to achieve its forecast growth in profitability.

NOTE 10 DEFERRED TAX ASSETS (CONTINUED)

As at 31 March 2021 the Group has tax losses of \$48.7m (2020: \$46.5m) that are available indefinitely for offsetting against future taxable profits of the entity in which they arose, subject to meeting relevant tax rules. \$11.2m (2020: \$13.5m) of tax losses in North America are unrecognised due to lack of certainty of recovery.

NOTE 11 PAID UP CAPITAL

All issued shares are fully paid up and have equal voting rights and share equally in dividends and surplus on winding up.

	Number of ordinary shares	Issue price \$	Issued Capital \$
2020	68,278,772		80.7
Shares issued to employees	22,848	\$3.73	0.1
	5,000	\$5.02	-
Shares issued in September 2020 equity placement	10,769,231	\$3.90	42.0
Shares issued in October 2020 equity placement	2,820,489	\$3.90	11.0
Costs of raising capital	-	-	(2.1)
2021	81,896,340		131.7

On 22 September 2020 EROAD issued additional 10,769,231 shares at a price of \$3.90 each. A further 2,820,489 shares were issued on 9 October 2020 also at a price of \$3.90 each.

At 31 March 2021 there was 81,896,340 authorised and issued ordinary shares (2020: 68,278,772). 732,741 (2020: 874,557) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

The calculation of both basic and diluted loss per share at 31 March 2021 was based on the profit attributable to ordinary shareholders of \$2.0M (2020: \$1.0M). The weighted number of ordinary shares on 31 March 2021 was 74,366,384 (2020: 67,318,877) for basic earnings per share and also 74,366,384 for diluted earnings per share (2020: 68,069,248).

Other components of equity include:

- *Translation reserve* - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries into New Zealand dollars.
- *Retained earnings* - includes all current and prior period retained profits and share-based employee remuneration.

NOTE 12 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PAYABLES TO TRANSPORT AGENCIES

	2021	2020
	\$M's	\$M's
Cash and cash equivalents	57.1	3.4
Restricted bank accounts	10.5	14.0
	67.6	17.4
Payables to transport agencies	(10.5)	(13.9)

Cash and cash equivalents exclude restricted bank accounts. Restricted bank accounts are presented separately from cash and cash equivalents on the face of the Statement of Financial Position and movements in restricted bank accounts are excluded from the Statement of Cash Flows. The restricted bank accounts relate to Road Users tax collected from clients due for payment to the relevant government agency.

NOTE 13 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$M's	\$M's
Trade receivables	8.0	8.6
Expected credit losses	(2.6)	(1.1)
	5.4	7.5
Prepayments and other receivables	2.8	3.2
	8.2	10.7

In addition to the movement in the expected credit losses, the Group has written off \$0.9M (2020: \$0.5M) of bad debts to the statement of comprehensive income.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Due to the short term nature of these debtors, their carrying value is assumed to approximate fair value.

(a) Credit risk

In relation to trade receivables, it is the Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of the Group's trade receivables is represented by regular turnover of product and billing of customers based on the Group's contractual payment terms. In North America, the Group requires that customers under a certain fleet size to purchase the hardware with an upfront payment regardless of credit verification. To measure the expected credit losses, trade receivables have been grouped based on customer industry risk characteristics and the days past due. The expected loss rates are based on recent payment profiles, historical customer behaviour, age of debt and individual customer circumstances.

The aging of the Group's Trade receivables at the reporting date was as follows:

	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts
	2021	2021	2020	2020
	\$M's	\$M's	\$M's	\$M's
Not past due	3.1	(0.2)	3.8	-
Past due 1-30 days	2.3	(0.4)	3.0	-
Past due 31-60 days	0.5	(0.2)	0.6	(0.1)
Past due over 61 days	2.1	(1.8)	1.2	(1.0)
	8.0	(2.6)	8.6	(1.1)

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Right of Use Assets	Hardware Assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
2021								
Opening net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4
Additions	-	4.4	-	-	0.2	0.2	0.3	5.1
Depreciation charge	(0.9)	(7.8)	-	(0.4)	(0.1)	(0.2)	(0.2)	(9.6)
Depreciation recovered	-	2.1	-	-	-	-	-	2.1
Effect of movement in exchange rates	(0.1)	(0.2)	-	-	-	-	-	(0.3)
Closing net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7
Cost	6.8	51.3	0.7	2.9	1.3	1.4	3.4	67.8
Accumulated depreciation	(2.7)	(23.3)	(0.5)	(1.6)	(0.9)	(1.1)	(3.0)	(33.1)
Net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7

	Right of Use Assets	Hardware Assets	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's	\$M's
2020								
Opening net book amount	6.0	25.0	0.2	1.7	0.4	0.3	0.3	33.9
Additions	-	10.8	0.1	0.3	0.1	0.1	0.2	11.6
Depreciation charge	(1.0)	(6.7)	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	(8.6)
Depreciation recovered	-	0.7	-	-	-	-	-	0.7
Effect of movement in exchange rates	0.1	(0.3)	-	-	-	0.0	0.0	(0.2)
Closing net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4
Cost	7.1	51.2	0.7	2.9	1.1	1.2	3.1	67.3
Accumulated depreciation	(2.0)	(21.7)	(0.5)	(1.2)	(0.8)	(0.9)	(2.8)	(29.9)
Net book amount	5.1	29.5	0.2	1.7	0.3	0.3	0.3	37.4

Included in the Hardware Assets is equipment under construction to be leased of \$6.8M (2020: \$7.7M).

Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense in the period they are incurred.

Depreciation

Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The following rates have been used on a straight line basis:

Leasehold improvements	3 to 9 years
Hardware assets	3 to 6 years
Plant and equipment	3 to 11 years
Computer/Office equipment	1 to 3 years
Motor vehicles	3 to 5 years
Right of use assets	3 to 9 years

The above rates reflect the estimated useful lives of the respected categories. Consideration was given to how long assets can be deployed and any expected network changes. Leasehold improvements are depreciated over the contracted lease term.

Impairment

Each reporting period, an assessment is performed in order to determine if there are any indicators of impairment. Refer to intangibles (Note 16) for further details.

NOTE 15 LEASES AS A LESSEE

Lease Liabilities

	2021	2020
	\$M's	\$M's
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1.3	1.4
One to five years	4.2	4.9
More than five years	0.8	1.6
Total undiscounted lease liabilities	6.3	7.9
Lease liabilities included in the statement of financial position	5.2	6.3
Current	1.0	1.0
Non-current	4.2	5.3

Amounts recognised in Statement of Comprehensive Income

	2021	2020
	\$M's	\$M's
Interest expense on lease liabilities	0.3	0.4
Depreciation of right of use assets	0.9	1.0

Amounts recognised in Statement of Cash Flows

	2021	2020
	\$M's	\$M's
Total cash outflow for leases	(1.6)	(1.1)

NOTE 15 LEASES AS A LESSEE (CONTINUED)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee;
- the exercise priced under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTE 16 INTANGIBLE ASSETS

	Development	Software	Total
	\$M's	\$M's	\$M's
2021			
Opening net book amount	32.7	9.4	42.1
Additions	12.2	0.9	13.1
Disposals	-	-	-
Amortisation charge	(8.0)	(1.9)	(9.9)
Closing net book amount	36.9	8.4	45.3
Cost	68.2	14.7	82.9
Accumulated amortisation	(31.3)	(6.3)	(37.6)
Net book amount	36.9	8.4	45.3
2020			
Opening net book amount	29.8	3.3	33.1
Additions	9.6	6.9	16.5
Disposals	-	-	-
Amortisation charge	(6.7)	(0.9)	(7.5)
Closing net book amount	32.7	9.3	42.1
Cost	55.9	13.9	69.8
Accumulated amortisation	(23.2)	(4.5)	(27.7)
Net book amount	32.7	9.4	42.1

NOTE 16 INTANGIBLE ASSETS (CONTINUED)

The useful lives of the Group's Intangible Assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired. Where an indicator of impairment exists the Group makes a formal assessment of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to dispose of the assets and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Recoverability of development costs

As a result of COVID-19 and the ongoing lock downs in North America and the recent unstable political environment, this segment has been trading behind forecast. Management consider these factors to be an indicator of impairment and therefore formal assessment of impairment was performed for the North American cash generating unit (CGU).

For impairment testing purposes the corporate Development & Software Assets are allocated to the CGUs based on the specific CGU that the asset relates to, or if the asset is developed for use globally across all CGU's, the asset is allocated to CGU's based on the proportionate share of the Group's Contracted Units. The recoverable amount of the CGU that these corporate assets relate to was estimated based on the present value of future cash flows expected to be derived from the CGU (value in use).

Discount and terminal growth rate assumptions are outlined below. Other key assumptions for the impairment review included contracted unit growth and related revenue and expense forecasts in line with Group's budget and three-year forecast.

Sensitivity analysis was performed by increasing the discount rate to 18% and lowering the terminal growth rate to 1% at base case forecast cash flows. The results of both sensitivity scenarios still resulted in headroom between the recoverable amount of the CGU and its carrying value. The Group concluded that the recoverable amount of the CGU to be higher than its carrying value and therefore no impairment was considered necessary.

	Discount Rate	Terminal Growth Rate	Allocated Corporate Development & Software Assets
			\$M's
North America	12%	1.5%	16.3

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other research and development expenditure is recognised in the statement of comprehensive income when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangibles assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income when incurred.

Amortisation

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful life of intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Development Hardware & Platform	7 to 15 years
Development Products	5 to 10 years
Software	5 to 7 years

NOTE 17 TRADE PAYABLES AND ACCRUALS

	2021	2020
	\$M's	\$M's
Trade creditors	4.2	4.1
Sundry accruals	3.6	4.1
	7.8	8.2

NOTE 18 BORROWINGS

	2021	2020
	\$M's	\$M's
Current borrowings		
Term loans - current portion	5.0	2.5
Capital Expenditure facility	2.0	-
Capitalised borrowing costs	(0.6)	(0.3)
	6.4	2.2
Non-current borrowings		
Term loans	28.6	33.6
	28.6	33.6

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	2021 Face Value	2021 Carrying amount	2020 Face Value	2020 Carrying amount
			\$M's	\$M's	\$M's	\$M's
Term loans	3.90%	2023	33.6	33.6	36.1	36.1
Capital Expenditure facility	3.90%	2023	2.0	2.0	-	-
Capitalised borrowing costs	-	2023	-	(0.6)	-	(0.3)
			35.6	35.0	36.1	35.8

Current financial year

The Group has a syndicated debt facility with the Bank of New Zealand (BNZ) and China Construction Bank (CCB). At 31 March 2021, EROAD had the following facilities in place:

\$15.5M (NZD) Term Loan Facility A - to refinance existing debt. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. Principal payments of \$1.25m are to be made quarterly commencing from December 2020 with the full outstanding balance payable on termination date.

\$18.1M (NZD) Term Loan Facility B - used to refinance existing debt and general corporate purposes. The Term Loan has a term of 36 months from the March 2020 refinance date, with the facility having a maturity date in March 2023. The interest rate is variable with reference the to base rate (BKBM bid rate) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility full repayment on the termination date.

NOTE 18 BORROWINGS (CONTINUED)

\$25m Capital Expenditure Facility – to fund growth capital expenditure requirements. The Capital Expenditure Facility has a 36 month term from the March 2020 refinance date, with the facility having a maturity date in March 2023. Drawings can be made on the facility in NZD or USD. The loan is a current liability as it has a roll over feature at the end of each interest period. The interest rate is variable with reference to the base rate (BKBM bid rate for NZD drawings and US LIBOR for USD drawings) for the selected interest period plus a margin of 3.5%. EROAD may select an interest period of 1,2,3 or 6 months. Interest payments are made on the last day of the determined interest period. In addition, a Commitment Fee of 45% of the per annum margin (1.58%) is payable on the undrawn balance of the facility quarterly in arrears. The full outstanding balance is payable on termination date.

\$5.0m Overdraft Facilities – for general working capital purposes. This is an on demand facility with the interest rate based on the Market Connect Overdraft Prime Rate plus a margin of 1.5%.

EROAD’s operating covenants to support the above facilities include Debt Service Cover Ratio, Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 31 March 2021.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Australia Pty Limited and EROAD Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate). in respect of the obligations of EROAD Limited, and a General Security Agreements granted by EROAD Limited, EROAD Inc and EROAD Australia Pty Limited in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

NOTE 19 CONTRACT LIABILITIES

The Group enters into contracts with customers for the provision of software services over a contracted period. As stated in the accounting policies, this revenue is recognised over time as the customer simultaneously receives and consumes the benefit of the service. The Group has determined that the benefit of the services provided is consumed evenly over the period of the contract, and thus the performance obligations are satisfied evenly over the period. Where the Group receives a portion of the transaction price of a contract in advance, this is recognised as a contract liability and released over the contract period as the Group satisfies its performance obligations.

	2021	2020
	\$M's	\$M's
Opening balance	8.2	10.0
Amounts deferred during the period	4.1	4.4
Amount recognised in the statement of comprehensive income	(5.7)	(6.2)
	6.6	8.2
Current	3.9	3.6
Non-current	2.7	4.6

NOTE 20 FINANCIAL RISK MANAGEMENT

As a result of the Group’s operations and sources of finance, it is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest rate risk. These risks are described below. The principles under which these risks are managed are set out in policy documents approved by the Board. The policy documents identify the risks and set out the Group’s objectives, policies and processes to measure, manage and report the risks. The policies are reviewed periodically to reflect changes in financial markets and the Group’s business.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

During the year, the Group entered into interest rate swaps. These swaps were entered into in order for the Group to manage its risk associated with interest rate fluctuations. The interest rate swaps qualify for cash flow hedge accounting.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets - subsequent measurement and gains and losses

Financial assets at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Under the interest rate swap agreements the Group has a right to receive interest at variable rates and to pay interest at fixed rates for its New Zealand dollar denominated loans. Interest rate swaps are initially recognised at fair value on the date a contract is entered into and are subsequently measured at fair value on each reporting date. The fair values of the interest rate swaps are determined based on cash flows discounted to present value using current market interest rates.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of liabilities the effective part of any gain or loss is recognised directly in the cash flow hedge reserve within equity and the ineffective part is recognised immediately in the income statement. The effective portion is reclassified to the income statement when the underlying cash flows affect the income statement.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional amounts.

In these hedging relationships, the main sources of ineffectiveness are:

- changes in counterparty credit risk and cross currency basis spreads which are not reflected in the change in the fair value of the hedged item; and
- differences in repricing dates between the cross currency interest rate swaps and the borrowings.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when the contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group holds the following financial assets and liabilities at amortised cost:

	2021		2020	
	Amortised Cost \$M's	Other amortised cost \$M's	Amortised Cost \$M's	Other amortised cost \$M's
FINANCIAL ASSETS				
Cash and cash equivalents	57.1	-	3.4	-
Restricted bank account	10.5	-	14.0	-
Trade receivables	8.0	-	8.6	-
	75.6	-	26.0	-
FINANCIAL LIABILITIES				
Borrowings	-	35.0	-	35.8
Employee Entitlements	-	2.3	-	1.8
Lease liabilities	-	5.2	-	6.3
Trade and other payables	-	7.8	-	8.2
Payables to transport agencies	-	10.5	-	13.9
	-	60.8	-	66.0

The Group's financial assets and liabilities are disclosed in sections (b), (c) and (e) below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's trade receivables from customers in the normal course of business.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The creditworthiness of a customer or counterparty is determined by a number of qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counterparty. Quantitative factors include transaction size, net assets of customer or counterparty, and ratio analysis on liquidity, cash flow and profitability.

The carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above.

Refer to Note 13 for an aging profile for the Group's trade receivables at reporting date.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they become due and payable. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due and payable, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as at the reporting date. Refer to Note 18 for the maturity profiles of the Group's borrowings.

	1 year or less \$M's	1 to 5 years \$M's	Over 5 years \$M's	Total contractual cash flows \$M's	Carrying amount of liabilities \$M's
2021					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Borrowings	8.8	30.4	-	39.2	35.6
Employee Entitlements	2.3	-	-	2.3	2.3
Trade and other payables	7.8	-	-	7.8	7.8
Payable to transport agencies	10.5	-	-	10.5	10.5
	29.4	30.4	-	59.8	56.2

The Group entered into an interest rate swap agreement as at 31 March 2021. Due to the inception date being the same as year end date the carrying amount of the derivative is nil. The swap has a maturity date of March 2023 to align with the Group's borrowing facility. The contractual cash flows under this agreement is \$0.0m therefore not included in the above table.

	1 year or less \$M's	1 to 5 years \$M's	Over 5 years \$M's	Total contractual cash flows \$M's	Carrying amount of liabilities \$M's
2020					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Borrowings	2.5	33.3	-	35.8	35.8
Employee Entitlements	1.8	-	-	1.8	1.8
Trade and other payables	8.2	-	-	8.2	8.2
Payable to transport agencies	13.9	-	-	13.9	13.9
	26.4	33.3	-	59.7	59.7

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group is exposed to currency risk on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily the US Dollar (USD) and Australian Dollar (AUD). The Group is also exposed to currency risk on expense transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily the US Dollar (USD), Australian Dollar (AUD) and Euro (EUR). The Group, may on occasion, enter into forward exchange contracts to hedge the exposure to foreign currency fluctuations on sales receipts.

The Group reports in New Zealand dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange rates applied against the New Zealand Dollar, at 31 March are as follows:

	2021 \$M's	2020 \$M's
AUD 1	0.92	0.97
USD 1	0.70	0.60

The Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in New Zealand dollars):

	AUD \$M's	USD \$M's
2021		
Cash and cash equivalents	0.1	12.1
Trade receivables	0.2	2.2
Lease liabilities	-	0.4
	AUD \$M's	USD \$M's

2020		
Cash and cash equivalents	0.1	1.2
Trade receivables	0.1	3.0
Lease liabilities	0.1	3.0

Interest rate risk

At 31 March 2021, the Group had interest rate swap agreements in place with a total notional principal amount of \$10.0M. The Group applies a hedge ratio of 1:1. These agreements effectively change the Group's interest exposure on the principal covered by the interest rate swaps from a floating rate to fixed rates. The maturity of the interest rate swap is 36 months and has a weighted average interest rate of 0.5%.

There was no hedge ineffectiveness recognised in profit or loss during the year.

There are no comparatives as the Group did not engage in interest rate swaps in 2020.

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk.

	-10%		+10%		-100bps		+100bps	
	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's
2021								
Cash and cash equivalents	(0.9)	(0.9)	0.9	0.9	(0.6)	(0.6)	0.6	0.6
Trade receivables	(0.2)	(0.2)	0.2	0.2	-	-	-	-
Lease liabilities	-	-	-	-	0.1	0.1	(0.1)	(0.1)
Total increase/ (decrease)	(1.1)	(1.1)	1.1	1.1	(0.5)	(0.5)	0.5	0.5

	-10%		+10%		-100bps		+100bps	
	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's	Profit \$M's	Equity \$M's
2020								
Cash and cash equivalents	(0.1)	(0.1)	0.1	0.1	(0.0)	(0.0)	0.0	0.0
Trade receivables	(0.2)	(0.2)	0.2	0.2	-	-	-	-
Lease liabilities	-	-	-	-	0.4	0.4	(0.4)	(0.4)
Total increase/ (decrease)	(0.3)	(0.3)	0.3	0.3	0.4	0.4	(0.4)	(0.4)

(d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital employed, which the Group defines as reported EBIT (Earnings Before Interest and Tax) divided by capital employed.

(e) Fair value measurement

The carrying amounts of the Groups financial assets and liabilities approximate their fair value due to their short maturity periods or fixed rate nature, with the exception of interest rate swap derivatives. All of the Group's derivatives are in designated hedge relationships and are measured and recognised at fair value. All derivatives are level 2 valuations based on accepted valuation methodologies. Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The estimated fair value measurements for the derivative instruments compared to their carrying values in the balance sheet are nil as the inception date was 31 March 2021. There are no comparatives as the Group did not engage in interest rate swaps in 2020.

NOTE 21 SHARE BASED PAYMENTS

At 31 March 2021, the Group had the following share-based payment arrangements.

FY20 Performance Share Rights

Under the FY20 Long Term Incentive (LTI) plan, 770,474 performance share rights (PSRs) were issued (for nil consideration) to participants which convert to shares (for nil consideration) if targets are met. PSRs do not entitle the holder to receive dividends or other distributions, or vote in respect of EROAD Limited ordinary shares, although under the terms of the plan an additional number of shares will be issued on conversion of fully vested PSRs to reflect dividends paid to EROAD Limited shares prior to exercise. On becoming exercisable, each PSR entitles the holder to one fully paid ordinary EROAD Limited share, subject to adjustment in accordance with the plan rules and the performance hurdles, ranking equally with all other EROAD Limited ordinary shares.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

For the FY20 LTI plan, the award is linked to growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022. Participants bear the tax liability of the LTI plan. The Board retains discretion over the final outcome of PSR payments, to allow appropriate adjustments where unanticipated circumstances may impact performance over the measurement period.

EROAD LTI Plan (equity-settled)

Eligible employees were invited to purchase EROAD shares under the EROAD LTI plan. Under the terms of the scheme the purchase of the shares is funded by a loan granted to the eligible employees by EROAD Limited. At the end of the vesting period the employee will be paid a net bonus in relation to the shares that vest to the employee, equal to the amount of their loan outstanding to the Company, enabling the loan to be repaid.

Shares issued under the scheme are held in trust for the employees during a 3 year restrictive period. If the employee ceases to be an employee during the restrictive period the Trustees will repurchase the employees shares at the original issue price.

The eligible employees must meet certain performance conditions during each year of the restrictive period, as determined by the remuneration committee and approved by the board. 50% of the scheme shares initially granted will be forfeited for each year the participant fails to achieve their performance conditions. Additionally the employee's shares will also be forfeited if the enterprise value of the Company has not doubled by the end of the restrictive period.

Employee's shares that are forfeited due to failure to meet market and non-market performance conditions will be repurchased by the Trustee at the original grant date price.

The EROAD LTI Plan has been accounted for as grant of shares to employees in accordance with NZ IFRS 2. The key terms and conditions relating to the grants under this Scheme are disclosed in the table below.

EROAD US President Incentive Scheme

The US President was invited to purchase EROAD shares under the EROAD US President Incentive Scheme. Under the terms of the scheme the purchase of the shares is funded by a loan granted to the employee by EROAD Limited. At the end of the vesting period the employee will be paid a net bonus in relation to the shares that vest to the employee, equal to the amount of their loan outstanding to the Company, enabling the loan to be repaid.

Shares issued under the scheme are held in trust for the employee during a 3 year restrictive period. If the employee ceases to be an employee during the restrictive period the Trustees will repurchase the employees shares at the original issue price.

Key operational measures and targets for the North American business are outlined in the employees grant letter, these include Total Contract Units, Average Revenue Per Unit, Customer Acquisition Cost Payback Period, and Renewal Rate targets. Each operational measure has a percentage weighting for each of the three-year periods, with the performance for each year being calculated based on the percentage of target achieved multiplied by the percentage weighting for each operational measures. The total percentage of shares to vest at the end of the restrictive period is calculated based on the average percentage performance over the three years. If the total average performance is less than 60% then all shares granted under the scheme will be forfeited.

Employee's shares that are forfeited due to failure to meet the non-market performance conditions will be repurchased by the Trustee at the original grant date price.

The EROAD US President Incentive Scheme has been accounted for as grant of shares to employees in accordance with NZ IFRS 2. The key terms and conditions relating to the grants under this Scheme are disclosed in the table below.

EROAD's LTI Plan II (equity-settled)

Eligible employees were invited to purchase EROAD shares under the EROAD LTI plan. Under the terms of the scheme the purchase of the shares is funded by a loan granted to the eligible employees by EROAD Limited. At the end of the vesting period the employee will be paid a net bonus in relation to the shares that vest to the employee, equal to the amount of their loan outstanding to the Company, enabling the loan to be repaid.

Shares issued under the scheme are held in trust for the employees during a 3 year restrictive period. If the employee ceases to be an employee during the restrictive period the Trustees will repurchase the employees shares at the original issue price. For the shares to vest the Company's Total Shareholder Return (TSR) must exceed the median TSR of the NZX50 Group over the Relevant Assessment Period, with a progressive vesting scale for performance between 50th and 75th percentiles, and 100% vesting if company performance is equal to or above the 75th percentile of the NZX50 Group.

Employee's shares that are forfeited due to failure to meet market and non-market performance conditions will be repurchased by the Trustee at the original grant date price.

The EROAD LTI Plan has been accounted for as grant of shares to employees in accordance with NZ IFRS 2. The key terms and conditions relating to the grants under this Scheme are disclosed in the table below.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

EROAD LTI Plans

Grant date/employees entitled	Shares granted	Vesting conditions	Vesting period
	APR-17 SEP-18		
Shares granted to key management personnel			
EROAD LTI Plan II (FY18)	- 197,890	<ul style="list-style-type: none"> 3 years service from grant date Company's Total Shareholder Return (TSR) must exceed the median TSR of the NZX50 Group over the Relevant Assessment Period (1 April 2017 to 1 April 2021). progressive vesting scale for performance between 50th and 75th percentiles, and 100% vesting if company performance is equal to or above the 75th percentile of the NZX50 Group. 	2.5 years
EROAD LTI Plan II (FY19)	- 85,276	<ul style="list-style-type: none"> 3 years service from grant date Company's Total Shareholder Return (TSR) must exceed the median TSR of the NZX50 Group over the Relevant Assessment Period (1 April 2018 to 1 April 2021). progressive vesting scale for performance between 50th and 75th percentiles, and 100% vesting if company performance is equal to or above the 75th percentile of the NZX50 Group. 	2.5 years
EROAD US President Incentive Scheme	490,000 -	<ul style="list-style-type: none"> 3 years service from grant date Meet minimum targets for key operational metrics: Total Contracted Units, Average Revenue per Unit, Cost of Customer Acquisition Payback and Renewal Rates. Each years performance is measured on a weighted calculation of percentage achieved vs. target for operational metrics. The percentage of shares to vest is calculated based on the average of each years weighted percentage achieved. If the vested amount is less than 60% all shares will be forfeited. This scheme is not presented as vested as it requires Board approval. 	3 years
Shares granted to other employees			
EROAD LTI Plan II (FY18)	- 87,995	<ul style="list-style-type: none"> 3 years service from grant date Company's Total Shareholder Return (TSR) must exceed the median TSR of the NZX50 Group over the Relevant Assessment Period (1 April 2017 to 1 April 2021). progressive vesting scale for performance between 50th and 75th percentiles, and 100% vesting if company performance is equal to or above the 75th percentile of the NZX50 Group. 	2.5 years
EROAD LTI Plan II (FY19)	- 25,977	<ul style="list-style-type: none"> 3 years service from grant date Company's Total Shareholder Return (TSR) must exceed the median TSR of the NZX50 Group over the Relevant Assessment Period (1 April 2018 to 1 April 2021). progressive vesting scale for performance between 50th and 75th percentiles, and 100% vesting if company performance is equal to or above the 75th percentile of the NZX50 Group. 	2.5 years
	490,000 397,138		

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

EROAD Performance Share Rights

Grant date/employees entitled	Shares granted			Vesting conditions	Vesting period
	APR-17	SEP-18	OCT-19		
Performance Shares Rights granted to key management personnel				<ul style="list-style-type: none"> 2.4 years service from grant date The award is linked to growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022. Participants bear the tax liability of the PSR plan. The Board retains discretion over the final outcome of PSR payments, to allow appropriate adjustments where unanticipated circumstances may impact performance over the measurement period. 	2.4 years
FY20 Performance Share Rights	-	-	374,238		
Performance Shares Rights granted to other employees				<ul style="list-style-type: none"> 2.4 years service from grant date The award is linked to growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022. Participants bear the tax liability of the PSR plan. The Board retains discretion over the final outcome of PSR payments, to allow appropriate adjustments where unanticipated circumstances may impact performance over the measurement period. 	2.4 years
FY20 Performance Share Rights	-	-	396,236		
	-	-	770,474		

Measurement of fair value

The fair value of the shares issued under the EROAD LTI plans during the year ended 31 March 2021 was determined with reference to the Company's share price on the NZX at grant date. A discount was applied to the fair value of the shares issued under the EROAD LTI scheme to reflect the non-vesting market conditions.

The number of shares granted and forfeited during the period were as follows:

EROAD LTI Plans

	2021	2020
Outstanding at 1 April	874,557	972,487
Granted during the period	-	-
Forfeited during the period	(141,816)	(24,903)
Vested during the period	-	(73,027)
Outstanding at 31 March	732,741	874,557

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

EROAD Performance Share Rights

	2021	2020
Outstanding at 1 April	770,474	-
Granted during the period	-	770,474
Forfeited during the period	(174,288)	-
Vested during the period	-	-
Outstanding at 31 March	596,186	770,474

During the year-ended 31 March 2021 an amount of \$0.9M (2020: \$0.3M) was recognised as an expense within the statement of comprehensive income in relation to share-based payments for all share plans.

NOTE 22 RELATED PARTY TRANSACTIONS

The subsidiaries of the Company are:

Company	Country of Incorporation	Interest %	Principal activity
EROAD Financial Services Ltd	New Zealand	100	Financing activities within group
EROAD LTI Trustee Limited	New Zealand	100	LTI Scheme Trustee
EROAD (Australia) Pty Limited	Australia	100	Transport Technology & SaaS
EROAD Inc	United States of America	100	Transport Technology & SaaS

Key management personnel compensation comprised:

	2021	2020
	\$M's	\$M's
Short-term employee benefits	3.0	2.8
Share-based payments	0.8	0.2
	3.8	3.0

(a) Loans to key management personnel

There have been no loans to management personnel.

(b) Other transactions with key management personnel

There were no other transactions with key management personnel during the period. From time to time, key management personnel of the Group may purchase goods from the Group.

(c) Remuneration of Non-executive Directors

	2021	2020
	\$M's	\$M's
Michael Bushby (Resigned 1 July 2020)	0.01	0.06
Anthony Gibson	0.06	0.06
Candace Kinser (resigned 24 July 2020)	0.02	0.06
Graham Stuart (Chair)	0.12	0.11
Susan Paterson	0.08	0.09
Barry Einsig	0.13	0.04
	0.42	0.42

No additional fees were paid to any Directors for consultancy work provided to the Company (2020: None paid).

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(d) Remuneration of Executive director

	2021	2020
	\$M's	\$M's
Salary and bonus	0.9	0.8
Share-based payments	0.1	0.1
	1.0	0.9

NOTE 23 CAPITAL COMMITMENTS

As at 31 March 2021 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to \$5.1M (2020: \$1.2M).

NOTE 24 CONTINGENT LIABILITIES

At 31 March 2021 there were no contingent liabilities (2020: nil)

NOTE 25 NET TANGIBLE ASSETS PER SHARE

	2021	2020
	\$M's	\$M's
Net assets (equity)	104.6	51.3
Less intangibles	(45.3)	(42.1)
Total net tangible assets	59.3	9.2

	2021	2020
	\$	\$
Net tangible assets per share (\$)	0.72	0.13

The non-GAAP measure above is disclosed for consistency with the information disclosed in EROAD's results announced under the NZX listing rules.

NOTE 26 EVENTS SUBSEQUENT TO BALANCE DATE

There are no other events subsequent to balance date which have not already been taken up in the accounts (2020: Nil).



Independent Auditor's Report

To the shareholders of EROAD Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of EROAD Limited (the 'Company') and its subsidiaries (the 'Group') on pages 80 to 113:

- i. present fairly in all material respects the Group's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to other assurance services and non-audit services relating to tax compliance and tax advisory. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$0.9m determined with reference to a benchmark of Group revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Revenue recognition

Refer to Note 3 of the consolidated financial statements.

We assessed the judgement in revenue recognition by performing the following procedures:

The Group's contracts are accounted for as a service contract and the associated revenues recognised over the contract term.

- Assessing whether the Group's customer contract terms and conditions meet the definition of service contracts to be recognised over time;
- Reviewing any changes or new contractual terms and conditions entered into with new customers during the period to identify any potential impact on performance obligations required to satisfy the contract;
- Selecting a sample of customer contracts to compare the revenue recognised to the contractual period;
- Checking a sample of customer invoices immediately prior to and after year end to ensure revenue is recognised in the correct period; and
- Challenging management's assumptions used to determine the recoverability of revenue and associated debtor balances particularly in context of ongoing uncertainty relating to COVID-19.

We focused on this area because the accounting determination of whether or not the contract contains a lease is a significant judgement and the outcome has a significant impact on the recognition of profit and loss and the financial position.

Furthermore, judgement is also required when assessing the recoverability of this revenue and associated debtor balances in light of the economic conditions from COVID-19.

We did not identify any matters that indicated that the reported revenue is materially misstated.

Development asset capitalisation and impairment

Refer to Note 16 to the consolidated financial statements.

We assessed the judgements related to capitalised expenditure by performing the following procedures:

The Group has reported a development asset of \$36.9m (2020: \$32.7m). The establishment of the development asset requires significant judgement as to whether a project meets the capitalisation criteria, and which expenditure is directly attributable to the development of such projects.

- Understanding the nature and background of the activities that are capitalised through inquiry of key personnel;
- Selecting a sample of projects ensuring they meet the capitalisation criteria;
- Challenging whether costs capitalised during the year were directly attributable to development projects; and
- Selecting a sample of timesheets and recalculating the amount of internal costs capitalised based on the hours which staff spent developing the asset.

In assessing whether a project meets the capitalisation criteria we consider its technical and economic feasibility, intention and ability to develop, use or sell the asset.



The key audit matter

How the matter was addressed in our audit

Roles of employees and the nature of overhead costs are considered in assessing whether they are directly attributable to a qualifying project. Projects that do not continue to meet the capitalisation criteria are written off.

We assessed management's impairment testing of the development asset by performing the following procedures:

Additionally, the development asset is assessed for impairment where indicators exist. Development assets are allocated to three cash generating units ('CGU's') representing the three core markets the Company develops its products for (New Zealand, Australia and North America). The Directors have assessed whether any impairment indicators exist for the development asset that has been allocated to each of these CGU's by considering actual and forecast performance, economic and technological factors, and market capitalisation among other factors.

- Challenging management's assessment of the impairment indicators by CGU including consideration of the Group's market capitalisation;
- For the North American CGU that had indicators of impairment, we obtained supporting value in use model and assessed the methodology and key assumptions made including:
 - Comparing the market strategy inherent in the impairment test with management discussions and minutes of Board meetings;
 - Using our corporate finance specialists to challenge the reasonableness of the weighted average cost of capital and long-term growth rates;
 - Challenging management's future cash flow forecasts. This included comparing previous forecasts to actual results and other relevant supporting documentation to evidence the feasibility of the forecasts and to assess the reliability of historical forecasting; and
 - Challenging management's forecasts by performing sensitivity analysis over the forecast unit sales growth, ARPU, discount rate, and expenses considering also the ongoing threat of COVID-19 impacts.

Based on this assessment, management determined the development asset allocated to the North American CGU demonstrated indicators of impairment, and as a result performed an impairment test using a Discounted Cash Flow ('DCF') value-in-use model. In performing this assessment, assumptions are made in respect of future economic and market conditions, such as forecast unit sales growth, forecast average revenue per unit ('ARPU'), and the impact of projects in development on forecast cashflows, including considering the ongoing uncertainty relating to the impacts of COVID-19. Additionally, management determined a terminal growth rate and discount rate which reflect an assessment of the time value of money and the risks specific to the North American business.

We did not identify any factors that were materially inconsistent with management's overall conclusions.

We focused on these areas due to the quantum of the development costs capitalised and judgement involved.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's and Chief Executive's report, disclosures relating to corporate governance and other statutory disclosures. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor’s report

This independent auditor’s report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor’s report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor’s report.

The engagement partner on the audit resulting in this independent auditor’s report is Aaron Woolsey.

For and on behalf of

KPMG
Auckland
28 May 2021



Corporate Governance Report

The Board of EROAD Limited (EROAD, the Company) is committed to fulfilling our corporate governance obligations and responsibilities in the best interests of the company and our stakeholders by ensuring that the Company adheres to best practice governance principles and maintains the highest ethical standards. The Board regularly reviews and assesses EROAD’s governance framework and processes to ensure that they are consistent with best practice.

This statement provides an overview of the EROAD’s governance framework and processes. It is structured to follow the NZX Corporate Governance Code (NZX Code) and discloses the Company’s practices for each of the NZX Code’s eight governance principles.

The Board’s view is that, as at 31 March 2021, EROAD’s governance practices were in compliance with the NZX Code’s recommendations. The Company also complies with the corporate governance requirements of the NZX Main Board Listing Rules (NZX Listing Rules) and with our obligations as a foreign-exempt issuer on the ASX (ASX Listing Rules).

EROAD’s corporate governance policies, practices and procedures can be found on our website at <http://www.eroadglobal.com/global/investors/>. The Investor website page is used in this statement as a reference to the website page where the Company’s set of governance documents are located.

This Corporate Governance Statement was approved by the Board on 27 May 2021.

EROAD’S PRINCIPAL ACTIVITIES

The Company creates and delivers end to end road user charges and compliance products, telematics and asset tracking devices, dashcam devices, and supplies Software as a Service end-to-end products for:

- (a) transportation taxes, including road user charging, fuel and vehicle registration;
- (b) record keeping and compliance for fleets, mobile assets (vehicles) and drivers (including fatigue);
- (c) commercial services used to improve fleet efficiency and operational and safety outcomes;
- (d) micro asset tracking.

There were no significant changes to EROAD’s principal activities during the financial year.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

EROAD’s purpose is safer and more sustainable roads. EROAD’s values are key to achieving this purpose. The values are:

- Lead with SAFETY;
- Operate with TRUST;
- Act with INTEGRITY;
- Perform as one TEAM;
- Celebrate INNOVATION.

EROAD’s values reflect our commitment to delivering the best outcomes for EROAD, our team, our customers, shareholders and wider stakeholders.

The Company’s Code of Ethics provides guidance on the behaviours that will enable the directors, employees, independent contractors and advisers of EROAD and our related companies (“EROADers”) to align their conduct, actions and decisions with EROAD’s purpose and values.

Broadly, the behaviours will lead to all EROADers enjoying an open, transparent, positive and high-performing culture with the following attributes: full commitment across the Company to the success of EROAD's future; constructive relationships being developed and maintained in an open, professional and respectful manner; good career development and opportunities being provided within EROAD; consultation on matters concerning EROADers and the business; and everyone incorporating EROAD's values into their work to collectively achieve EROAD's purpose. The Code of Ethics also addresses, amongst other things, confidentiality; conflicts of interest and corporate opportunities; receipt of gifts and personal benefits; expected conduct; whistleblowing; corruption; reporting concerns regarding breaches of the code, other policies and the law. All EROADers are made aware of EROAD's key policies and receive training on these via our online training platform. Whilst there is no formal assessment for corruption per se, EROAD has a range of Codes and Policies that discourage corrupt behaviours by employees.

Several other policies and documents are regarded as being important in ensuring high ethical standards are maintained. The **Market Disclosure Policy** sets out the Company's commitment to the promotion of investor confidence by ensuring that the trading of EROAD shares takes place in an efficient, competitive and informed market. The **Securities Trading Policy** clearly sets out for directors and employees of EROAD when they may buy or sell the Company's shares, and the approvals that are required prior to trading. The underlying principle of the Policy is that EROAD is committed to ensuring our directors, officers, employees and advisers do not trade EROAD shares while in possession of inside information. An Interests Register is kept, in accordance with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013, to ensure all relevant transactions and matters involving the directors are recorded. The **Related Party Transactions Policy** governs any related party proposed or actual related party transactions. The **Whistleblower** supplements the Code of Ethics' provisions regarding reporting concerns by providing a clear pathway for resolving issues that may have arisen. EROADers can raise any critical concerns with their manager or with any member of the executive team and any major concerns will be passed up to the board where appropriate. Additionally, EROAD has an independent whistleblower email for EROADers to use. This is managed by EY Australia. The Board and management will review any critical concerns and will work with the appropriate EROADers to swiftly resolve any critical concerns.

EROAD's Code of Ethics, Market Disclosure, Securities Trading and Whistleblower policies can be found at the [Investor website page](#).

PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

Responsibilities of the Board and Executive Management

The business and affairs of EROAD are managed under the direction of the Board of Directors. GRI 102-18aThe role of the Board is to approve the purpose, values and strategic direction of the Group, to guide and monitor EROAD's management in accordance with the purpose, values and strategic plans, and to oversee good governance practice. The Board Charter sets out internal Board procedures and defines the Board's specific roles and responsibilities that include, amongst other things:

- appointment of a Chair;
- in consultation with the Chief Executive Officer (CEO), providing strategic direction and approving EROAD's strategies and objectives;
- advancing major strategies for achieving EROAD's objectives;
- setting a risk appetite for the management of risks;
- determining the overall policy framework within which the business of EROAD is conducted; and
- monitoring management's performance with respect to these matters.

The Board has a statutory obligation to reserve responsibility for certain matters and these are set out in the Charter. The Board also deals with issues relating to the appointment or removal of the CEO, ensuring adequate resources are available to management to run the business, overseeing director appointments and reappointments, approving financial and business plans, and considering matters that are outside delegated authority levels. The Board uses Committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience.

Management of the day-to-day operations and responsibilities of EROAD together with delivery of the strategic direction and goals is delegated to the executive management team under the leadership of the CEO. The Board holds management accountable for the performance of our delegated functions. In doing so the Board constructively challenges management's proposals and decisions and seeks to instil a culture of accountability throughout the Group. This is achieved by monitoring management's performance by receiving reports and plans, maintaining an active programme of engagement with senior management and through the Board's annual work programme.

If circumstances arise where a director needs to obtain independent advice, that director is, as a matter of practice, able to seek such advice at the expense of EROAD.

Board Composition

EROAD is committed to ensuring that the composition of the Board includes directors who collectively bring an appropriate mix of skills, commitment, experience, expertise and diversity (including gender diversity) to Board decision-making. As at 31 March 2021 EROAD had five directors, four of whom are non-executive directors. Steven Newman, the CEO, is the only executive director.

A brief biography of each Board member, including experience, length of service, expertise, role and the term of office is set out in the "Board of Directors" section of this report. Disclosure on director shareholdings and other directorships is included on page 141 of this report.

The Board does not have a tenure policy, but it is of the view that the profile, represented by the length of service of each of our directors, is appropriately balanced such that Board succession and renewal planning is managed over the medium to longer term.

Director nomination, appointment, retirement and re-election

The Board is responsible for appointing Directors and has established a Remuneration, Talent and Nominations Committee ("RTNC") to assist it with the selection, appointment, and reappointment of Directors to the Board. The Committee also has oversight of EROAD's overall human resources strategy. The Committee's specific responsibilities are set out in our Charter, which is available at the Investor website page.

The Appointment and Selection of New Directors Policy sets out the criteria and process that the Committee will follow during the process of selecting and appointing new directors as and when a vacancy arises and in considering whether to recommend the reappointment of existing directors. The Appointment and Selection of New Directors Policy can be viewed at <https://www.eroadglobal.com/global/investors/> Where a candidate is recommended by the RTNC, the Board will assess that candidate against a range of criteria including background, experience, professional qualifications, personal qualities, the potential for the candidate's skills to augment the existing Board (board skill matrix) and the candidate's availability to commit to the Board's activities.

EROAD is also particularly committed to ensuring that gender and cultural diversity is represented in the company. Levels of gender diversity across EROAD's workforce are higher than the IT industry average. That said, we are conscious of the under representation of women in our current board composition. We are in the process of completing a board refresh for the skills and experience we consider we require to provide the appropriate governance for the company as it moves through its next phase of growth. As part of this process we are considering the need for an additional director with a certain skillset, and are committed to identifying suitable female candidates with this skillset through a rigorous, comprehensive search process. In line with the NZX Code recommendations, checks are made for any material adverse information before a candidate is recommended to the Board. Where appropriate, external consultants are engaged to assist in searching for candidates.

Director period of appointment as at 31 March	0-3 years	3-9 years	9 years +
Number of directors	2	1	2

Last year, Barry Einsig stood for election following his appointment to the Board. This year, Graham Stuart will stand for re-election. The Board includes in the Notice of Meeting for annual meetings all material information that is considered relevant to a decision on whether to elect or re-elect a director.

All new and reappointed directors enter into a written agreement with EROAD, which sets out the terms of their appointment. New directors also complete a comprehensive induction programme that enables them to meet with the Chairman, the Finance, Audit and Risk Committee (“FRAC”) Chairwoman and senior management to gain insight into EROAD’s values and culture, our business operations, key risks and regulatory and legal framework. The program also includes site visits. Each director’s induction program is tailored based on the director’s existing skills, knowledge, and experience.

All directors are expected to maintain the skills required to discharge their obligations to the company. On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect EROAD’s business or operations to assist the directors regarding understanding key developments in the industry in which EROAD operates. The board considers that Barry Einsig, Steven Newman and Tony Gibson all have industry specific experience. Directors are also encouraged to undertake continuing education and training relevant to the discharge of their obligations as directors of the company. We are always working to broaden the expertise, skillset, and knowledge of the board with a view to increase gender representation and broaden the geographic location of directors.

Independence of Directors

The factors that are considered by the Board when assessing the independence of our directors are set out in the Board Charter. The guidance provided in the NZX Code is also considered alongside the ASX Corporate Governance Principles and Recommendations. As set out in the Board Charter, factors that may impact a director’s independence include:

1. Being currently, or within the last three years, employed in an executive role by EROAD, any of our subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
2. Currently, or within the last twelve months, holding a senior role in a provider of material professional services to EROAD or any of our subsidiaries;
3. Having a current, or within the last three years, material business relationship (e.g. as a supplier or customer) with EROAD or any of our subsidiaries;
4. Being a substantial product holder of EROAD, or a senior manager of, or person otherwise associated with, a substantial product holder of EROAD;
5. Having a current, or within the last three years, material contractual relationship with EROAD or any of our subsidiaries, other than as a director;
6. Having close family ties with anyone in the categories listed above; or
7. Having been a director of EROAD for a length of time that may compromise independence.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director’s capacity to bring an independent judgment to bear on issues before the Board, to act in the best interests of EROAD, and to represent the interests of our financial product holders generally. The Board reviews the independence of each Director considering interests that each director is required to disclose in relation to the factors set out above.

Based on these factors, EROAD considers that, as at 31 March 2021, Graham Stuart, Anthony Gibson, Susan Paterson and Barry Einsig were independent directors.

Board Performance

Performance evaluations for the Board, the Board’s committees, individual directors, and executives are undertaken regularly.

The Board Charter requires the Board to undertake a regular performance evaluation of itself that:

- compares the performance of the Board with the requirements of our Charter;
- reviews the performance of the Board’s committees and individual directors; and
- makes improvements to the Board Charter where considered appropriate.

The Board is currently in the process of appointing an external consultant to assist with a review of the Boards’s performance and composition.

Company Secretary

Mark Heine maintains his role as the Company Secretary. He is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Mr Heine has regular discussions with the Chairman to manage the flow of information between EROAD’s Board, our committees, and senior executives. He is responsible for all aspects of legal compliance at EROAD together with the Company’s relationship with regulators and evaluating new regulatory opportunities in New Zealand.

Mr Heine’s remuneration includes the same STI and LTI plan explained on page 132. EROAD has not been party to any legal actions for FY21 and Mr Heine is not aware of any pending actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation. EROAD has not identified any non-compliance with any laws and/or regulations, nor has the Company been subject to any significant fines or non-monetary sanctions for non-compliance with any laws and/or regulations in the social and economic area.

Diversity and Inclusion

EROAD and our Board are committed to a workplace culture that promotes and values diversity and inclusion. The Company pursues a broad programme of diversity by recognising, valuing, and considering our employees’ different backgrounds, knowledge, skills, needs and experiences.

The Board recognises that diversity and inclusion lead to a better experience at work for EROAD’s employees, makes teams stronger, leads to greater creativity and performance, contributes to a more meaningful relationship with customers and stakeholders, and, ultimately, increases value to shareholders. When there is a variety of thinking styles, backgrounds, experiences, perspectives and abilities, employees are more able to understand customers’ needs and to respond effectively to them, thus best equipping EROAD for future growth.

EROAD encourages diversity and inclusion by:

- having a robust recruitment process in place to attract capable, motivated, engaged, creative and diverse candidates; and
- fostering a culture and environment of inclusion through various initiatives, policies, and development opportunities.

To deliver on our strategy, EROAD has designed a scalable and diverse organisation with the right skillset to grow and mature the Company’s operations in new markets and geographies. We explain this in more detail in the “Our Team” section of this report.

The Board has adopted a Diversity and Inclusion Policy in accordance with the NZX Code and the ASX Corporate Governance Principles and Recommendations. The policy is available at the Investor website page. To ensure continued focus and prioritisation, the policy requires the Board to set, review and report on measurable objectives for achieving and promoting diversity across EROAD’s business. Implementation of actions to achieve the objectives is the responsibility of the CEO. Progress has been made in FY21 in achieving the objectives. One of the achievements is that the percentage of female employees exceeds the percentage of female employees in the technology sector generally. EROAD employees also cover a broad age range (currently 18 through to 64 years) and come from over 28 different countries.

Further, EROAD has maintained the following key goals regarding Diversity & Inclusion:

• **Culture & Values**

To deliver appropriate internal policies and programs supporting and promoting diversity and inclusion that are adopted at each level of EROAD’s business.

EROAD delivers a diverse range of cultural celebrations and social events, with a broad range of people on relevant committees. This includes events such as: Cultural Day, Matariki Day, 4th July, Diwali, and International Women’s Day. Diversity and Inclusion also plays a role in talent planning designed to enable all employees the opportunity for career advancement. Further, EROAD undertakes regular review of employee remuneration and their approach to this, ensuring pay equity.

• **Inclusion**

To ensure a culture which promotes values and inclusion. This means key discussions are not limited to small groups and involve a wide selection of people to promote diversity of thought.

EROAD creates a safe environment which actively encourages EROADers to share their opinions. Leadership role modelling, regular cultural awareness and celebration opportunities, toastmasters and wellness programmes are some of the mechanisms EROAD supports for staff participation. Everyone has the freedom and opportunity to voice their opinions. Diverse groups contribute to business strategy and planning activity, and inter-departmental social and work project interactions connect people. Frameworks and managerial education are provided to promote inclusion such as flexible workplace practices.

• **Leadership and People Development**

A significant emphasis is given to developing our leaders and people across EROAD. A Leadership Program was launched in 2019 to ensure a consistent leadership approach is applied across all teams, as well as giving a wide range of employees, new opportunities to develop as leaders.

Our commitment to improving leadership gender balance is evidenced by the higher proportion of female participation in the leadership program than the proportion of females at EROAD. This means there is a great pipeline of future leaders. EROAD’s “Lean-In Circle” provides a safe environment for employees to help each other develop. EROAD is moving to an annual review of diversity of all promotions to further strengthen our equal opportunities philosophy.

• **Recruitment**

Our goal is to ensure that our recruitment campaigns generate a diverse pool of talent with value on experiential and cognitive diversity and that all hiring decisions are based on merit.

To achieve this EROAD: continues to advertise and promote on a broad range of recruitment advertising channels;; applies a diversity and inclusion lens to recruitment to maximise the appeal to a diverse candidate pool; and we have a scholarship which has a preference for Maori or Pasifika candidates.

• **Communication**

EROAD’s expectations around diversity and inclusion are communicated often and clearly, with a top down approach. Training for leaders and education for all employees on holding effective meetings is a core programme. Diversity initiatives such as cultural events and flexible working are widely promoted. EROAD’s careers site supports recruitment diversity. Inclusiveness is promoted at all levels. The value of diversity in EROAD’s labour sourcing is communicated to the talent acquisition team and external agencies.

Gender balance

The table below shows the respective number of men and women on the Board, in executive management positions (as “Officers”) and across the whole organisation, including both full time and part time employees, as at 31 March 2020 and 31 March 2021. Almost 39% of EROAD staff are female, which is above average in our industry, and almost one third of EROAD female employees are in leadership roles.

	2020		2021	
	Women	Men	Women	Men
Board	2 (29%)	5 (71%)	1 (20%)	4 (80%)
Officers	2 (20%)	8 (80)	2 (22.2%)	7 (77.7%)
Other employees	111 (38%)	178 (62%)	137 (38%)	226 (62%)

“Officers” are the CEO and senior executives reporting directly to the CEO.

PRINCIPLE 3: BOARD COMMITTEES

The Board has established a Finance, Risk and Audit Committee and a Remuneration, Talent and Nomination Committee. These Board committees support the Board by working with management and advisers on relevant issues at a suitably detailed level. Recommendations are reported to the Board. The committees’ charters set out their objectives, procedures, composition, and responsibilities. Copies of these charters are available at the Investor website page.

All directors have a standing invitation to attend committee meetings where there is no conflict of interest.

Finance, Risk and Audit Committee (FRAC)

The Finance, Risk and Audit Committee assists the Board in fulfilling our oversight responsibilities relating to EROAD’s risk management and internal control framework, the integrity of our financial reporting and the auditing processes and activities. Four meetings of the Finance, Risk and Audit Committee were held during the year ended 31 March 2021.

Under the Finance, Risk and Audit Committee Charter, the Committee must be comprised of non-executive directors, all of whom must be independent. Further, the Chair of the Committee must be an independent director and cannot be the Chairman of the Board.

Employees only attend the Finance, Risk and Audit Committee meetings at the invitation of the Committee. In the year ended 31 March 2021, the CEO, the Chief Financial Officer (CFO) and General Counsel were invited to attend each of the four meetings of the Finance, Risk and Audit Committee.

The current members of the Finance, Risk and Audit Committee are Susan Paterson (Chair), Anthony Gibson and Graham Stuart. All members of the Finance, Risk and Audit Committee are independent non-executive directors.

Qualifications and Experience of Committee members

Susan Paterson: Susan has held a number of roles where she was accountable for the financial performance of entities. She has spent the last 25 years either chairing or contributing to Audit Committees within both government and private company arenas. Susan regularly attends training courses on financial matters and best practice in Audit and Assurance. Susan holds an MBA from London Business School (focused on finance and strategy) and is a Chartered Fellow of the Institute of Directors. In 2015 Susan was appointed as an Officer of the New Zealand Order of Merit in recognition of her service to corporate governance.

Tony Gibson: Tony has extensive governance and international executive experience. Tony has been the CEO of Ports of Auckland Limited for 11 years and prior to this role was Managing Director of Maersk Line New Zealand, Director of Maersk Logistics and Managing Director of P&O Nedlloyd for New Zealand and the Pacific Islands and held senior management roles in Europe, Asia and Africa. Tony has also been the chair of North Tugz, Nexus Logistics and Conlxxx. In addition, Tony brings extensive transportation and logistic expertise to the Board, including being appointed by the Government in 2009 as a member on the Independent Review of the NZ Road User Charging System.

Graham Stuart: Graham has over 30 years of governance experience. In addition to his extensive service on company boards, Graham has had a highly successful executive career split between CEO and CFO roles. Graham has held roles that were highly strategic in nature, within dynamic environments and in high growth businesses. Graham has a strong professional background in accounting and finance as well as experience in technology and leadership. Graham is a qualified Chartered Accountant and holds a Master of Science (Management) and a Bachelor of Commerce (First Class Honours).

The Chairperson of the Committee reported to the Board on the Committee’s proceedings following each meeting.

The Committee undertook a review of our objectives and activities and invited comments from all members of the Board. Recommendations were made to the Board regarding changes to the Committee’s duties, responsibilities and scope of activities.

Remuneration, Talent and Nomination Committee (RTNC)

The Remuneration, Talent and Nomination Committee oversees, amongst other things, the remuneration and benefits policies; the CEO’s performance review and performance objectives; remuneration of EROAD’s executives; succession planning and associated management development for the CEO and the executive team; and the effectiveness of the Diversity and Inclusion Policy. It also oversees the director appointment process when a vacancy arises and the reappointment of sitting directors.

The current members of the Remuneration, Talent and Nomination Committee are Anthony Gibson (Chair), Graham Stuart, Susan Paterson, and Barry Einsig.

Barry Einsig is currently a principal at CAVita, where he provides consulting services to cities, governments and companies on Smart Cities, transport mobility and connected/automated vehicle systems. His extensive global experience in the transport industry, coupled with his network of industry colleagues, is of real value to the Board in their recruitment and succession planning. With an executive level background in large publicly traded companies, Barry supports the RTNC’s focus on remuneration and organisational matters.

Candace Kinser and Michael Bushby were members of the Committee until their resignation on 24 July 2020 and 1 July 2020 respectively.

All current members of the Remuneration, Talent and Nomination Committee are independent directors. Steven Newman attended the two Remuneration, Talent and Nomination Committee meetings at the invitation of the Committee.

The Chairperson of the Committee reported to the Board on the Committee's proceedings following each meeting.

The Committee undertook a review of our objectives and activities and invited comments from all members of the Board. Recommendations were made to the Board regarding changes to the Committee's duties, responsibilities and scope of activities.

Board Processes

The Board held eight meetings during the year ended 31 March 2021. In addition to the eight scheduled Board meetings, the Board had eight additional meetings concerning COVID-19 and the capital raise.

	Board		Finance, Risk and Audit Committee		Remuneration, Talent and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Graham Stuart	8	8	4	2	2	2
Anthony Gibson	8	8	4	4	2	2
Susan Paterson	8	8	4	4	2	2
Steven Newman	8	8	4	4	2	2
Barry Einsig	8	8	0	1	2	2
Michael Bushby*	3	3	2	2	1	1
Candace Kinser **	3	2	2	1	1	0

* Michael Bushby left the Board on 1 July 2020 and attended 3 Board meetings.

** Candace Kinser left the Board on 24 July 2020 and attended 2 Board meetings.

All Board members are entitled to attend any committee meeting where there is no conflict of interest.

Takeover protocol

The Board has a formal written protocol that sets out the procedure to be followed in the event that a takeover offer is received by EROAD.

PRINCIPLE 4 - REPORTING & DISCLOSURE

Making timely and balanced disclosure

EROAD is committed to promoting shareholder confidence through open, timely and accurate market communication. The Company has procedures in place to ensure compliance with our disclosure obligations under the NZX Listing Rules and the ASX Listing Rules. The Board has a Disclosure Committee that comprises the CEO, CFO and one Independent Director. This Committee is responsible for administering EROAD's compliance with our Market Disclosure Policy, including our NZX and ASX continuous disclosure obligations, and can approve the release of documents to both the NZX and ASX Market Announcements Platform.

EROAD's Finance, Risk and Audit Committee Charter oversees the quality and integrity of external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews interim and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with financial reporting standards, NZX, ASX and legal requirements, and the results of the external audit. All matters required to be addressed and for which the Committee has responsibility were addressed during the period under review.

All interim and full-year financial statements are prepared in accordance with relevant financial standards.

Non-financial reporting

Safety, communities and environment are at the heart of EROAD's culture. Our philosophy and achievements are outlined in the pages 23-28 and 35-38 this report.

EROAD is committed to an awareness of environmental, economic, and social sustainability factors. EROAD's General Counsel and CFO have responsibility for economic, environmental, and social topics. The General Counsel and CFO inform the Board of any material factors that come to light and keep the board up to date with current market trends and processes in this space. The Directors are committed to progressing ESG matters and consider these at every board meeting. Members of the Executive Team report directly to the Board on these as and when they see fit. The Board also takes advice from the FRAC Committee, General Counsel, Risk & Compliance Manager, the Global Market Development Team and the Road Network Insights Team. GRI The Board receives reports on a series of performance measures that are considered key indicators of EROAD's performance in areas across all the business units. Recommendations based on the performance measures are incorporated into agreed actions to mitigate the identified risks. The Board delegates to management who follow EROAD's Health and Safety Policy, Delegation of Authority, Roles & Responsibility Matrix, Treasury Policy, Risk Appetite Statement, Code of Ethics and Code of Conduct. As part of the board review process, an independent third party is appointed to review the board performance every two years. Self-assessments are undertaken by the board biennially alternatively to the independent evaluation. EROAD reports on our sustainability efforts on an annual basis in our Annual Report. Further information is available in the Risk section of this statement.

As noted in the Remuneration section, up to 60% of the Short-Term Incentive scheme targets are based on the achievement of strategic (non-financial) program targets from the annual plan.

EROAD is looking forward to providing further reporting on sustainability factors in our FY22 Annual Report. EROAD's commitment to health and safety, diversity and community benefits are outlined in further detail in the Economic and Social Responsibility section of this report.

PRINCIPLE 5 - REMUNERATION

Directors' Remuneration

The Remuneration, Talent and Nomination Committee is responsible for establishing and monitoring remuneration policies and guidelines for directors which enable EROAD to attract, motivate and retain the high calibre of directors who will contribute to the successful governing of EROAD and create value for shareholders. External independent remuneration consultants at PWC are involved in determining remuneration for EROAD's directors. Further, EROAD has committed to introducing the Australian Say On Pay Vote for its remuneration report in FY22.

When determining the fees for directors and Chairs of the Board and our committees, the Board considers the median director fee levels for comparable listed companies in New Zealand. In FY21, the total of fees paid to directors was less than the aggregate fee pool of \$500,000 per annum approved at EROAD's 2018 annual meeting. Under the company Remuneration Policy, no retirement payments are made to directors or executive employees for their service.

Current non-executive directors' remuneration is as follows:

- NZ\$110,000 for the Chair of the Board,
- NZ\$55,000 for non-executive directors,
- NZ\$25,000 for the Chair of the Finance, Risk and Audit Committee, and
- NZ\$8,000 for the Chair of the Remuneration, Nomination and Talent Committee.

Non-executive directors received the following directors' fees from EROAD in the year ended 31 March 2021. All fees are in NZD unless otherwise indicated:

	Base fee	Fee for Finance, Risk and Audit Committee	Fee for Remuneration, Nomination and Talent Committee	Total remuneration received for FY21
Graham Stuart	\$110,000 (Chairman)			\$118,574.92 (includes \$8,575 for additional work undertaken as part of our ASX Listing and Capital Raise in September 2020)*
Michael Bushby**	\$18,425	\$0	\$0	\$18,425
Barry Einsig	\$96,000 (USD)	\$0	\$0	\$96,000(USD)
Anthony Gibson	\$55,000	\$0	\$7,880 (Chair)	\$62,880
Susan Paterson	\$54,996	\$24,999.96 (Chair)	\$0	\$88,570.96 (includes \$8,575 for additional work undertaken as part of our ASX Listing and Capital Raise in September 2020)*
Candace Kinser***	\$16,894.72		\$0	\$16,894.72

*EROAD's Remuneration Policy allows for additional payments to be made to directors for specific projects they are involved in.

**Michael Bushby received remuneration until his retirement on 1 July 2020.

***Candace Kinser received remuneration until her retirement on 24 July 2020.

Directors do not take a portion of their remuneration under a share plan. Ownership of EROAD shares by Directors is encouraged rather than being a requirement. When Directors are acquiring shares they are encouraged to buy on-market. Their ownership interests are disclosed in the "Directors' Shareholdings" section of this report.

Non-executive directors are entitled to be reimbursed for reasonable costs directly associated with attending the Board meetings.

Steven Newman, in his capacity as an executive director, does not receive remuneration as a director of EROAD.

No director of any EROAD subsidiary receives or retains any remuneration or other benefits in their capacity as a director of that subsidiary.

EROAD's policies prohibit any equity hedging of shares under LTI plans.

Executive Remuneration

The Remuneration, Talent and Nomination Committee is responsible for reviewing the remuneration of EROAD's senior employees in consultation with EROAD's CEO. The Board is responsible for approving remuneration of the senior employees on the recommendation of the Committee.

EROAD has committed to introducing the Australian Say On Pay Vote in FY22.

EROAD's remuneration policy for members of the executive team and other senior staff, including the CEO, provides the opportunity for them to receive, where performance merits, a total remuneration package made up of three components:

Fixed Remuneration	Short-term Incentives (STIs)	Long-term Incentives (LTIs)
Market pay based on role and effectiveness	6 monthly plan.	3 year plan.
	To drive key outcomes linked to annual strategy.	Ensuring company grown strategy is set and delivered.
	Encourages and rewards right behaviours near-term.	Encouraging long-term value adding actions and retention.

Fixed Remuneration

Fixed remuneration consists of base salary and benefits. EROAD's policy is to set fixed remuneration in line with external market trends, the intrinsic value of a job and internal relativities. Fixed remuneration is reviewed, but not necessarily increased, annually. Any remuneration increases for the executive team must be approved by the Board. In conducting reviews, EROAD considers individual performance of each executive.

Short-term Incentives

Short-term incentives (STIs) are at-risk payments designed to motivate and reward for performance, typically in that financial year. The target value of an STI payment is set annually, usually as a percentage of the executive's base salary. It creates alignment between shareholder value creation and employee reward. Participation in EROAD's STI plan is by invitation only, subject to CEO approval. Invitations to participate will generally be extended to executives and other senior leaders in key roles each year. Employees who are invited to participate during an STI period will be eligible to receive a pro-rated amount of the STI bonus, provided that they are part of the program for at least 3 months. To be eligible for payment, an employee must be employed by EROAD as of the last day of the STI period and not be subject to any disciplinary proceedings.

For the year ended 31 March 2021, the STI amount payable is based on group performance against shared team goals.

- 40% = performance against financial metrics;
- 60% = achievement of strategic program targets from the annual plan.

Team target achievement	Pay-out
<75%	No pay out
75%	50%
75% - 100%	Linear up to 100% (E.g. 80% = 60% pay-out, 90% = 80% pay-out etc)
100%	100%
≥ 100%	Achievement rate capped at 150% pay-out (E.g. 120% = 120% pay-out, 200% = 150% pay-out)

An essential component of the STI is strong leadership, led with behaviour that aligns with EROAD's values. This includes behaviour and leadership which is ethical, and not to the detriment of customers, other employees or EROAD. In a situation where it is deemed that the achievement of objectives has not been aligned with the culture and values of EROAD, or an executive is not leading their teams as required by EROAD, their leadership and values multiplier will be less than 100%. The STI payment is at the discretion of the Board. Entitlement is not guaranteed even where performance criteria has been met.

Long-term Incentives

The purpose of the long-term incentive (LTI) plan is to attract, motivate, retain and reward executive employees who can influence the performance and strategic direction of EROAD.

- FY20 LTI plan

Under the FY20 LTI plan, performance share rights (PSR's) have been issued (for nil consideration) to participants which convert to shares (for nil consideration) if targets are met. For FY20, the award is linked to growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022. Participants bear the tax liability of the LTI scheme. As with the STI payments, the Board retains discretion over the final outcome of LTI payments, to allow appropriate adjustments where unanticipated circumstances may impact performance over the measurement period.

CEO Remuneration

The CEO's remuneration is made up of three components: fixed remuneration, STI and LTI as follows:

Chief Executive	Fixed Remuneration		Performance Based Remuneration		LTI Plan Status	Total Remuneration	Total Remuneration Paid
	Salary	STI*	Total Cash Remuneration	LTI**			
Steven Newman FY17	\$551,499	\$89,525	\$641,024	-	Plan ended	\$619,403	\$619,403
Steven Newman FY18	\$555,859	\$116,760	\$672,619	\$150,000**	Vesting determined end of May 2021	\$822,619	\$672,619
Steven Newman FY19	\$567,120	-	\$567,120	\$181,478.40	Vesting determined end of May 2021	\$748,598.40	\$567,120
Steven Newman FY20	\$590,000	\$96,288	\$686,288	\$354,000 Under the FY20 LTI plan, PSRs to the value of \$354,000 were granted to Mr. Newman under a three-year plan. This plan does not vest until 1 April 2022 and the amount of PSRs granted was in a three-year block. Previous LTI plans had shares granted in one-year blocks to be earned over a three year period. This is why the FY20 LTI PSR granted amount is higher than for the previous years. The amount to be vested may be lower than this amount.	In progress \$0 vested	\$1,040,288	\$686,288
Steven Newman FY21	\$603,043.77	\$133,901.60	\$736,945.37	-	In progress \$0 vested	\$736,945.37	\$736,945.37

*Performance under the STI plan is assessed following the end of each financial year and payment is based on the performance achieved. E.g. the FY19 STI payment was based on performance in FY19 and was paid out in FY20.

**The LTI shares were granted during FY19 under both the FY18 LTI plan to the value of \$150,000 and the FY19 LTI Plan to the value of \$181,478.40. The amount to be vested may be lower than these amounts.

***Effective 1 June 2019, salary was increased to \$590,000.

****Under the FY20 LTI plan, performance share rights to the value of \$354,000 were granted to Mr Newman under a three-year plan. This plan does not vest until 1 April 2022. The amount to be vested may be lower than this amount.

Description	Performance measures	Performance hurdles and shares vested
STI	Set at 32% of at-risk pay. Based on a combination of financial and non-financial performance measures.	40% = performance against financial metrics. 60% = achievement of strategic program targets from the annual plan.
LTI	Conditional awards of shares under the long term incentive scheme.	Individual performance considers performance against the metrics of EBITDA, the ratio of gross margin to sales and the ratio of working capital to sales. For the FY20 LTI plan, performance share rights (PSRs) have been issued (for nil consideration) to participants which convert to shares (for nil consideration) if targets are met.

The graphs on page 133 shows the CEO's remuneration for the last five years compared against EROAD's revenue, EBITDA and Total Contracted Unit Growth.

CFO Remuneration

The CEO's remuneration is made up of three components: fixed remuneration, STI and LTI as follows:

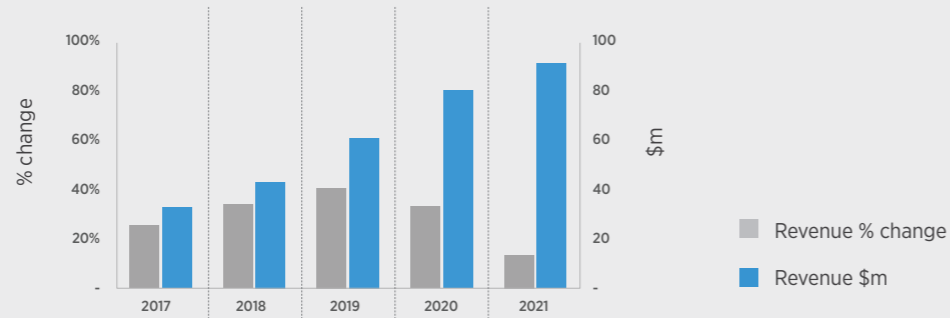
CFO	Fixed Remuneration		Performance Based Remuneration		LTI Plan Status	Total Remuneration	Total Remuneration Paid
	Salary	STI*	Total Cash Remuneration	LTI**			
Alex Ball FY20	\$391,875.50	\$49,725.00	\$441,600.50	\$292,000**	In progress \$0 vested	\$734,100.50	\$441,800.50
Alex Ball FY21	\$398,508.87	\$78,617.88	\$477,126.75	-	In progress \$0 vested	\$477,126.75	\$477,126.75

*Performance under the STI plan is assessed following the end of each financial year and payment is based on the performance achieved. E.g. the FY20 STI payment was based on performance in FY20 and was paid out in FY21.

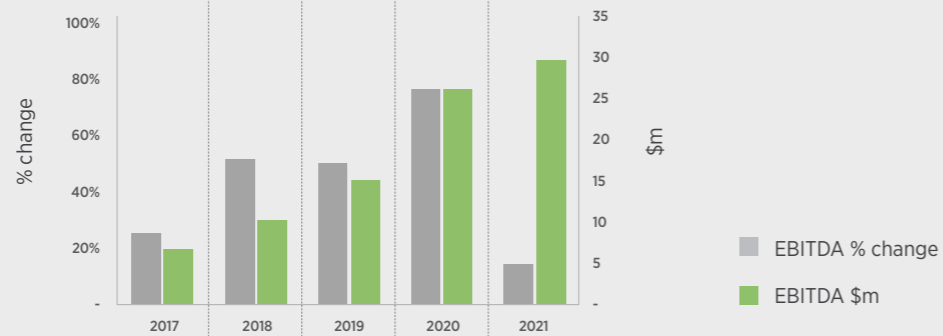
** As with the CEO, the CFO's LTI is a 3 year plan which does not vest until April 2022.

CEO Remuneration graphs

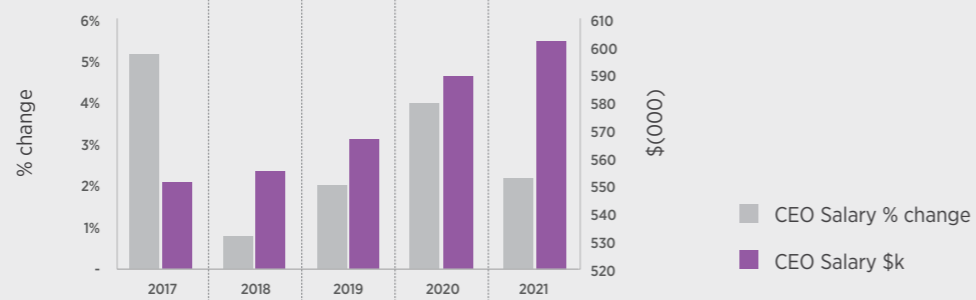
Revenue (\$m)



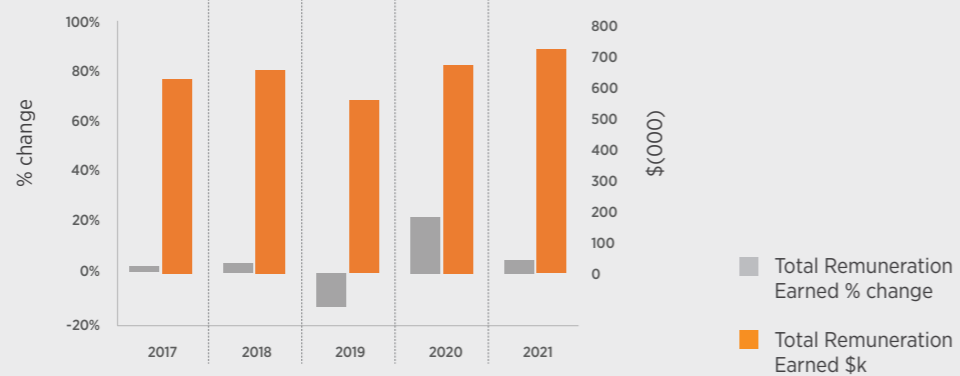
EBITDA (\$m)



CEO Salary ('000)



Total Remuneration Earned ('000)



Employee Remuneration

EROAD and our subsidiaries have employees in New Zealand, the United States and Australia. Our pay levels reflect the different market rates in each country and region. The overseas remuneration amounts are converted into New Zealand dollars. Of the 147 employees, not being directors of EROAD and our subsidiaries, noted in the table below who received remuneration and other benefits that exceed NZ\$100,000 in value, 28 (19%) are employed by EROAD in the United States of America, 6 (4%) in Australia and 113 (76%) in New Zealand.

NZ\$	Total
100,001 – 110,000	23
110,001 – 120,000	23
120,001 – 130,000	25
130,001 – 140,000	17
140,001 – 150,000	7
150,001 – 160,000	10
160,001 – 170,000	9
170,001 – 180,000	6
180,001 – 190,000	1
190,001 – 200,000	3
200,001 – 210,000	2
210,001 – 220,000	1
220,001 – 230,000	2
240,001 – 250,000	1
250,001 – 260,000	2
260,001 – 270,000	1
270,001 – 280,000	1
280,001 – 290,000	3
290,001 – 300,000	4
300,001 – 310,000	1
390,001 – 400,000	2
470,001 – 480,000	1
550,001 – 560,000	1
580,001 – 590,000	1
TOTAL	147

PRINCIPLE 6 - RISK MANAGEMENT

Risk Management Framework

EROAD is committed to the identification, monitoring and management of material financial and non-financial risks associated with our business activities. The Board ultimately has responsibility for internal compliance and control. It recognises that a sound culture is fundamental to an effective risk management framework. The Company’s purpose, values and Code of Ethics are important contributors to instilling effective risk management and awareness, and to support appropriate behaviours and judgements about risk taking within the parameters. EROAD’s risk management framework provides for the oversight and management of financial and non-financial material business risks, as well as related internal systems. The framework is designed to:

- optimise the return to, and protect the interests of, stakeholders;
- safeguard EROAD’s assets and maintain our reputation;
- improve EROAD’s operating performance; and
- support EROAD’s strategic objectives.

EROAD’s Risk Management Policy is available at the Investor website page.

EROAD’s risk management strategy enhances strategic planning and prioritization, as well as assisting in the achievement of key objectives. The strategy also strengthens EROAD’s ability to be agile when responding to challenges that may be faced. The risk management framework requires senior executives and the wider leadership team to review risks against the risk limits and triggers in the risk appetite statement (Risk Appetite) and to update the Risk Register on a periodic basis. The register identifies all known risks, including those that are key to EROAD’s strategy and business priorities. The Risk Register records risks by impact, probability, and trending, and records the controls for those risks. Risk mitigation for high-risk projects must be addressed from inception and be supervised by the appropriate executive team members. The executive team reviews the Risk Register in setting EROAD’s strategy and budgets.

The Finance, Risk and Audit Committee undertakes quarterly reviews of the Risk Appetite, the Risk Register and other relevant aspects of the risk management framework. In addition, a review is undertaken, with the external auditors and management, of the policies and procedures in relation to material business risks.

The Finance, Risk and Audit Committee, in conjunction with management, reports to the Board on the effectiveness of EROAD’s management of our material business risks and whether the risk management framework is operating effectively in all material respects.

Risk Appetite

In FY21, EROAD appointed Ross Liston as the company Risk and Compliance Manager. Mr Liston has begun a review of our risk management framework against our Risk Appetite. EROAD’s risk appetite has been set by the Board alongside the executive team to provide guidance to EROADers, contractors, and suppliers. EROAD’s risk appetite sets out the amount and type of risk that EROAD is willing to accept to meet our strategic objectives and create value for our customers and stakeholders. EROAD is a strategically focused and risk aware, but not risk-averse organisation. Risks are taken in alignment with EROAD’s purpose and in accordance with EROAD’s values. EROAD has no appetite for risks that do not align with these.

EROAD has five key risk categories and adopts a different risk appetite for each identifiable risk within these categories. The five risk categories are:

- Growth & Strategy
- Financial
- Expectations
- People
- Regulatory & Governance

EROAD remains committed to innovation and has a high-risk appetite for this, alongside learning and knowledge, growth and partnerships, and acquisitions.

A summary of EROAD’s risk appetite is set out below.

RISK APPETITE LEVEL	GROWTH AND STRATEGY	FINANCIAL	CUSTOMER EXPECTATIONS	PEOPLE	REGULATORY AND GOVERNANCE
Very high					
High	<ul style="list-style-type: none"> • Strategic risk • Partnerships and acquisitions 	<ul style="list-style-type: none"> • Growth constraints 	<ul style="list-style-type: none"> • Innovation 	<ul style="list-style-type: none"> • Capability • Learning / knowledge 	
Medium					<ul style="list-style-type: none"> • Regulatory environment
Low	<ul style="list-style-type: none"> • Strategic execution 	<ul style="list-style-type: none"> • Working capital • Cost of Capital • Shareholder liquidity • Supply chain and inventory 	<ul style="list-style-type: none"> • Customer interactions • Product delivery 	<ul style="list-style-type: none"> • Key roles, single point of failure 	
Very low			<ul style="list-style-type: none"> • IT and cyber security • Quality and resilience • Privacy 		<ul style="list-style-type: none"> • Governance risk
No appetite		<ul style="list-style-type: none"> • Banking covenants 	<ul style="list-style-type: none"> • Product compliance 	<ul style="list-style-type: none"> • Health and Safety • Purpose and values 	<ul style="list-style-type: none"> • Illegal & Unethical Behaviour

In managing the Company’s business risks, the Board approves and monitors policy and procedures in areas such as treasury management, financial performance, taxation and delegated authorities.

Insurance

EROAD has insurance policies in place covering areas where risk to our assets and business can be insured at a reasonable cost.

Health, Safety and Wellbeing Risk Management

The Board considers ensuring safety and wellbeing at EROAD to be one of our core roles. Our specific responsibilities are set out in the Board Charter. The Board is committed to ensuring that safety and wellbeing is a top priority for EROAD and is embedded into every aspect of EROAD’s business. EROAD’s Safety and Wellbeing Policy is a management policy that provides for the oversight and management of health and safety risks on behalf of the Board.

EROAD’s Safety and Wellbeing Management System Framework outlines safety and wellbeing activities at EROAD and articulates safety and wellbeing responsibilities for the Board, the executive team and the people performing work for EROAD. The framework requires objectives and key results to be established and incorporated into business planning processes to enable the Safety and Wellbeing Policy’s intent and related strategies and procedures to be achieved. The framework also requires the safety and wellbeing strategy to be reviewed regularly to ensure alignment with EROAD’s values, the overall business strategy and the safety and wellbeing vision.

Members of the Board are regularly provided with a safety and wellbeing report summarising EROAD’s risk profile and management actions, the current safety and wellbeing focus, lead and lag indicators and updates from the Safety and Wellbeing staff committee. In the year ended 31 March 2021, there have been no notifiable events to report to WorkSafe NZ.

PRINCIPLE 7 – AUDITORS

Oversight of the Company's external audit arrangements to safeguard the integrity of financial reporting is the responsibility of the Finance, Risk and Audit Committee. The External Auditor Independence Policy ensure that audit independence is maintained, both in fact and appearance. It covers:

- The selection and appointment process for the external auditor;
- Rotation of external audit partners;
- Policy to ensure external auditors' independence;
- Provision of non-audit services; and
- Reporting to the Finance, Risk and Audit Committee.

The policy is available at the Investor website page.

The role of the external auditor is to audit the financial statements of the Company in accordance with applicable auditing standards in New Zealand and to report on their findings to the Board and shareholders of the Company.

EROAD's external auditors attend the annual shareholder's meeting to answer questions from shareholders in relation to audits.

KPMG is EROAD's external auditor and has audited the company accounts since 2009. The company rotates the lead audit partner at least once every five years. The most recent rotation occurred during FY21.

EROAD does not have an internal audit function. The Finance, Risk & Audit Committee pays particular attention to matters raised by the company's auditor. It also requires the Executive Team to report periodically on areas identified as most sensitive to risk together with recommendations for improvements and changes to internal controls. Through the steps outlined under the Risk Management section, the Board ensures EROAD is reviewing, evaluating and continually improving the effectiveness of our risk management framework.

PRINCIPLE 8 – SHAREHOLDER RIGHTS AND INTERESTS

EROAD recognises the importance of providing our shareholders and the broader investment community with access to up-to-date high-quality information to enable them to: monitor the Company's performance; participate in decisions required to be put to owners; and provide avenues for two-way communication between the company, the Board and shareholders. The Shareholder Communication Policy sets out how EROAD engages with shareholders and other stakeholders to provide them with written communications, electronic communications and access to the Board, management and auditors. It is one of the corporate governance policies included at the Investor website page.

EROAD's website is an important information portal and is kept up to date with relevant information, including copies of shareholder reports, presentations and market announcements. Releases and reports are published to the website once they have been provided to and publicly released by NZX. The website also contains Board and management profiles together with information on EROAD's history, awards and a rich library of product information.

Shareholders can easily communicate with EROAD, including by way of email to the address investors@eroad.com. EROAD's major communications with shareholders during the financial year include our annual and half-year results, annual report and the annual meeting of shareholders. The annual report is available in electronic and hard-copy formats. Shareholders have the option to receive communications from EROAD electronically.

Shareholders have the right to vote on major decisions as required by the NZX Listing Rules.

The Notice of Meeting is sent to shareholders and published on EROAD's website at least 20 working days prior to the annual shareholders' meeting each year.

Capital Raise September 2020

In respect of the capital raise in September 2020, EROAD undertook a placement with a share purchase plan for a maximum of \$50,000 of new shares per shareholder. EROAD proceeded with a placement and SPP instead of a pro-rata raise in order to increase liquidity, broaden our investor base and allow EROAD to accelerate its growth strategies as it heads towards 250,000 connected vehicles. Since announcing the placement and SPP, EROAD's share price has increased from \$4.29 to mid \$5 – a 25% increase.



Regulatory disclosures

DIRECTORS

The persons who held office as directors of EROAD Limited at any time during the year ended 31 March 2021, are as follows:

- Graham Stuart** Chairman, Non-Executive, Independent
- Steven Newman** Chief Executive Officer
- Anthony Gibson** Non-Executive, Independent
- Susan Paterson** Non-Executive, Independent
- Barry Einsig** Non-Executive, Independent
- Michael Bushby*** Non-Executive, Independent
- Candace Kinser**** Non-Executive, Independent

*Michael Bushby left the board on 1 July 2020

**Candace Kinser left the board on 24 July 2020

SUBSIDIARY COMPANY DIRECTORS

The persons who held office as directors of subsidiary companies at 31 March 2021 are as follows:

EROAD Financial Services Limited (New Zealand)

Anthony Gibson

EROAD (Australia) Pty Limited (Australia)

David Worth, Steven Newman

EROAD Inc. (USA)

Mark Heine, Alex Ball

EROAD LTI Trustee Limited (New Zealand)

Anthony Gibson

INTERESTS REGISTER

In accordance with Section 140(2) of the Companies Act, the directors named below have made a general disclosure of interest by a general notice disclosed to the Board and entered in the Company's interests register. General notices given by directors which remain current as at 31 March 2021 are as follows:

Graham Stuart

- Director, Tower Limited
- Director and Shareholder, Leroy Holdings Limited
- Director, Vinpro Limited
- Director, Northwest Healthcare Properties Management Limited
- Director, Metro Performance Glass Limited

Anthony Gibson

- Chief Executive Officer, Ports of Auckland Limited
- Chair, North Tugz Limited
- Director, AMG Consulting Limited
- Director, Seafuels Limited
- Director, Waikato Freight Hub Limited
- Director, Marsden Maritime Holdings Limited
- Chair, Nexus Logistics Limited
- Chair, Conlxxx Limited

Steven Newman

- Director, NMC Trustees Limited

Susan Paterson

- Director, Goodman (NZ) Limited and associated companies
- Director, Arvida Group Limited
- Director, Les Mills Holdings Limited
- Director (Chair), Steel & Tube Holdings Limited
- Director and shareholder, Theta Systems Limited
- Board member, Electricity Authority
- Director, Reserve Bank of New Zealand

Barry Einsig

- Senior Manager, Econolite
- Principal, CAVita LLC

The following details included in the Company's interests register as at 31 March 2020 have been removed as at 31 March 2021:

- Graham Stuart is no longer a Director of Tower Insurance Limited and Tower Financial Services Group Limited.
- Susan Paterson is no longer a Director of Sky Network Television Limited.

SHARE DEALINGS BY DIRECTORS

In accordance with Section 148(2) of the Companies Act, the Board has received disclosures from the directors named below of acquisitions or dispositions of relevant interests in the company between 1 April 2020 and 31 March 2021, and details of those dealings were entered in the company's interests register. The particulars of such disclosures are:

Steven Newman and NMC Trustees Limited

- 1) Steven Newman sold 1,437,945 ordinary shares at \$3.90 per share on 23 September 2020.

Susan Paterson

- 1) Acquired 12,820 ordinary shares at \$3.90 per share on 25 September 2020.

Graham Stuart

- 1) Acquired 12,820 ordinary shares at \$3.90 per share on 12 October 2020.

Anthony Gibson

- 1) Acquired 12,820 ordinary shares at \$3.90 per share on 13 October 2020.

USE OF COMPANY INFORMATION

There were no notices from directors of the Company requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY

EROAD has arranged, as provided for under the Company's constitution, policies of directors' and officers' liability insurance which, with a Deed of Indemnity entered into with all directors, ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines that may be imposed in respect of breaches of the law.

DIRECTORS' RELEVANT INTERESTS

The following directors held relevant interests in the following ordinary shares in the Company as at 31 March 2021:

Name	Ordinary shares
Steven Newman	12,941,513*
Graham Stuart	52,820
Anthony Gibson	580,819
Susan Paterson	12,820
Barry Einsig	-

*Steven Newman also has 120,000 performance share rights granted under the FY20 LTI Plan which vest on achievement of sales thresholds based on increase in total contracted units for the period 1 April 2020 to 31 March 2022.

Shareholder Information

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS

Holding Range	Number of holders	%	Number of ordinary shares	%
1 to 999	558	24.46	231,891	0.28
1,000 to 4,999	980	42.96	2,267,544	2.77
5,000 to 9,999	346	15.17	2,316,564	2.83
10,000 to 49,999	313	13.72	6,354,869	7.76
50,000 to 99,999	38	1.67	2,616,677	3.2
100,000 and over	46	2.02	68,108,795	83.16
Total	2,281	100	81,896,340	100

The details set out above were as at 31 March 2021.

The Company only has one class of shares on issue, ordinary shares, and these shares are quoted on the NZX Main Board.

SUBSTANTIAL PRODUCT HOLDERS

According to notices given under the Financial Markets Conduct Act 2013, the substantial product holders in ordinary shares (being the only class of quoted voting products) of the Company and their relevant interests according to the substantial product holder file as at 31 March 2021, were as follows:

Substantial product holder	Date of Notice	Number of shares
National Nominees Ltd ACF Australian Ethical Investment	11/08/2020	5,420,710
Steven Newman (includes NMC Trustees Limited's relevant interest)	23/09/2020	13,067,936
Colonial First State Investment Limited	25/09/2020	5,350,209
Allianz SE	28/09/2020	4,008,293
Mitsubishi UFJ Financial Group Inc.	29/09/2020	5,400,060

On 23 September 2020 Steven Newman, who has a relevant interest in the shares held by NMC Trustees Limited, gave ongoing disclosure of the sale of 1,437,945 ordinary shares at a share price of \$3.90 per share.

The total number of ordinary shares (being the only class of quoted voting products) on issue in the Company as at 31 March 2021 was 81,896,340.

PRINCIPAL SHAREHOLDERS

The names and holdings of the twenty largest registered shareholders in the Company as at 31 March 2021 were:

Holder Name	Shares	%
NMC Trustees	12,941,513	15.8
National Nominees Limited – NZCSD	8,074,271	9.85
FNZ Custodians Limited	6,605,431	8.06
Citicorp Nominees Pty Limited	5,455,909	6.66
HSBC Custody Nominees (Australia) Limited	5,374,320	6.56
JP Morgan Nominees Australia Limited	4,845,490	5.91
National Nominees Limited	3,394,217	4.14
BNP Paribas Nominees (NZ) Limited – NZCSD	2,561,134	3.12
HSBC Nominees (New Zealand) Limited – NZCSD	1,670,944	2.04
BNP Baribas Noms Pty Ltd	1,397,348	1.7
BNP Paribas Nominees (NZ) Limited – NZCSD	1,-092,113	1.33
John Grant Sinclair	947,861	1.15
Accident Compensation Corporation – NZCSD	910,502	1.11
BNP Parisbas Nominees (NZ) Limited	798,470	0.97
David Murray Jarrett & Julie Patricia Jarrett & DHT (2017) 7 Limited	782,834	0.95
Bruce Alan Lister	755,516	0.92
Anthony Gibson	580,819	0.7
MMC Limited – NZCSD	565,502	0.69
Andrew Bowker	560,006	0.68
Paul Geoffrey Hewlett & Catherine Patricia Carter & Hoffman Trustees Limited	557,069	0.68

Other Information

NZX WAIVERS

EROAD’s placement and share purchase plan announced to the market on 17 September 2020 were made pursuant to NZX Listing Rule 4.5.1 (as modified by a class waiver granted by NZX Regulation on 19 March 2020).

DISCIPLINARY ACTION TAKEN BY THE NZX

The NZX has not taken any disciplinary action against the company during the year ended 31 March 2021.

AUDITOR’S FEES

KPMG has continued to act as auditor of EROAD and our subsidiaries. The amount payable by EROAD and our subsidiaries to KPMG as audit fees during the year ended 31 March 2021 was \$0.4m. The amount of fees payable to KPMG for non-audit work during the year ended 31 March 2021 was \$0.2m. Note 4 in the Financial Statements section of this Annual Report includes a detailed breakdown of auditor’s fees for audit and non-audit work.

DONATIONS

EROAD and our subsidiaries made donations totaling \$11,031 during the year ended 31 March 2021. EROAD does not make donations to any political party.

CREDIT RATING

EROAD does not currently have a credit rating.

Global Reporting Initiative (GRI) Index

GRI Disclosure Reference	GRI Description	Page Reference	Notes / information where data not supplied in main body
GENERAL DISCLOSURES			
102-1	Name of Organization	4	EROAD Limited.
102-2	Activities, Brands, products and services	5 - 8	Disclosed in 'EROAD is a hardware enabled SaaS company that pioneered Regulatory Telematics' and 'Growth through providing our customers additional products and services' Section.
102-3	Location of Headquarters	162	Albany, Auckland, New Zealand. Disclosed in 'Directory' Section.
102-4	Location of operations	162	New Zealand, Australia, North America. Disclosed in 'Directory' Section.
102-5	Ownership and legal form	86	Limited company incorporated under the NZ Companies Act. Owned by shareholders trading on the NZX and the ASX.
102-6	Markets served	11, 51 - 62	New Zealand, Australia, North America.
102-7	Scale of the organization	-	363.
102-8	Information on employees and other workers	67 - 76, 124 - 125, 134	Disclosed in 'Our Team' Section.
102-9	Supply chain	39	Disclosed in 'EROAD's Supply Chain' Section.
102-10	Significant changes to the organization and its supply chain	39	Disclosed in 'EROAD's Supply Chain' Section.
102-11	Precautionary principle or approach	135, 136	The level of risk EROAD is willing to take on is captured in its Risk Appetite Statements (RAS). Key business risks, and associated limits (included in the RAS) are identified, reviewed and agreed by the Executive and the Board on an annual basis. Performance against these risk limits is monitored continuously and reported to the Executive and Board on a monthly basis. EROAD adapts its risk universe to factor in emerging risks such as climate change, geo-politics, etc.
102-12	External initiatives	-	None.

102-13	Membership of associations	-	<p>New Zealand</p> <ul style="list-style-type: none"> Bus and Coach Association Civil Contractors New Zealand Intelligent Transport Systems New Zealand New Zealand Trucking Association Road Transport Association Road Transport Forum WasterMINZ <p>Australia</p> <ul style="list-style-type: none"> Australian Furniture Removers Association Australian Trucking Association Civil Contractors Federation New South Wales Civil Contractors Federation Queensland Civil Contractors Federation Victoria Queensland Trucking Association Roads Australia (in progress) <p>United States of America</p> <ul style="list-style-type: none"> American Trucking Association Colorado Trucking Association Commercial Vehicle Safety Association Florida Trucking Association Georgia Trucking Association Indiana Motor Trucking Association Louisiana Trucking Association Mileage Based User Fee Alliance National Private Truck Council New York Trucking Association North American Transportation Services Association North Carolina Trucking Association Oklahoma Trucking Association Ohio Trucking Association Oregon Trucking Association Pennsylvania Trucking Association South Carolina Trucking Association Tennessee Trucking Association Texas Trucking Association Truckload Carriers Association Utah Trucking Association Washington Trucking Association Wisconsin Motor Carriers Association Women in Trucking Wyoming Trucking Association <p>Global</p> <ul style="list-style-type: none"> International Bridge Tunnel and Turnpike Association International Road Federation (Global)
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STRATEGY

102-14	Statement from senior decision maker	9 - 17	Disclosed in 'Chair and CEO Letter'.
102-15	Key impacts, risks and opportunities	9 - 17	Disclosed in 'Chair and CEO Letter' and 'Protecting the Data so our customers can operate with confidence' Section.

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour	73, 120	EROAD is a values lead organization. Our values are: We Lead with Safety, We Celebrate Innovation, We Perform as One Team, We Act with Integrity and We Operate with Trust.
102-17	Mechanisms for advice and concerns about ethics	121	EROAD's Code of Ethics sets our ethical expectations for ERAODers and our suppliers. EROAD's Whistleblowing Policy is available on our intranet site for all employees to access. In the first instance, employees should raise concerns with their line manager. If that is not appropriate, then they can report it to the Chief People Officer or the EVP General Counsel. Concerns may also be escalated directly to the Chair of FRAC or to the external EY Whistleblower email.

GOVERNANCE

102-18	Governance structure	128	Disclosed in 'Corporate Governance' Section – The Board on advice from FRAC, General Counsel, Risk and Compliance Manager, Global Market Development Team, Road Network Insights Team.
102-19	Delegating authority	128	Disclosed in 'Corporate Governance' Section – Board delegates to management teams.
102-20	Executive-level responsibility for economic, environmental, and social topics	128	Disclosed in 'Corporate Governance Section' – the General Counsel and CFO are responsible for ESG.
102-21	Consulting stakeholders on economic, environmental and social topics	21 - 22	EROAD recently conducted a Materiality Matrix to engage with stakeholders on material ESG factors.
102-22	Composition of the highest governance body and its committees	77 - 78, 121 - 127	Disclosed in 'Corporate Governance' Section.
102-23	Chair of the highest governance body	77	Disclosed in 'Corporate Governance' Section.
102-24	Nominating and selecting the highest governance body	122 - 123	Disclosed in 'Corporate Governance' Section – Director Nomination Policy.
102-25	Conflicts of interest	125, 127	Disclosed in 'Corporate Governance' Section – Board Charter, Code of Ethics, Related party Transaction Policy.
102-26	Role of the highest governance body in setting purpose, values and strategy	121	Disclosed in 'Corporate Governance' Section – Board and management regularly review EROAD's purpose and update this where applicable.
102-27	Collective knowledge of the highest governance body	128	Disclosed in 'Corporate Governance' Section – Board kept up to date on current market trends and processes.
102-28	Evaluating the highest governance body's performance	128	Disclosed in 'Corporate Governance' Section – independent third party reviews the Board's performance biennially.
102-29	Identifying and managing economic, environmental, and social impacts	128	Disclosed in 'Corporate Governance' Section – EROAD's Board is proactive in progressing ESG matters.
102-30	Effectiveness of risk management process	135	Disclosed in 'Corporate Governance' Section – Board reviews the risk management processes and considers advice from FRAC.

102-31	Review of economic, environmental, and social topics	128	Disclosed in 'Corporate Governance' Section – at every Board meeting.
102-32	Highest governance body's role in sustainability reporting	128	Disclosed in 'Corporate Governance' Section – annual reporting in the Annual Report.
102-33	Communicating critical concerns	121	Disclosed in 'Corporate Governance' Section – report at every Board meeting.
102-34	Nature and total number of critical concerns	121	Disclosed in 'Corporate Governance' Section
102-35	Remuneration policies	128 - 134	Disclosed in 'Corporate Governance' Section – Remuneration Policy.
102-36	Process for determining remuneration	128 - 134	Disclosed in 'Corporate Governance' Section.
102-37	Stakeholders' involvement in remuneration	128 - 134	Disclosed in 'Corporate Governance' Section.

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	19 - 20	Disclosed in 'Our Stakeholders' Section.
102-41	Collective bargaining agreements	-	None
102-42	Identifying and selecting stakeholders	19 - 20, 38	Disclosed in 'Our Stakeholders' Section.
102-43	Approach to stakeholder engagement	21 - 22	Disclosed in 'What Really Matters to our Stakeholders' Section.
102-44	Key topics and concerns raised	21 - 22	Disclosed in 'What Really Matters to our Stakeholders' Section.

REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements	86, 112	EROAD Limited and the associated group entities.
102-48	Restatements of information	-	None.
102-49	Changes in reporting	-	None.
102-50	Reporting period	80	FY21 01/04/2020 – 31/03/2021.
102-51	Date of most recent report	9	31 March 2021
102-52	Reporting cycle	9	01/04/2020 – 31/03/2021.
102-53	Contact point for questions regarding the report	-	CFO – Alex Ball.
102-54	Claims of reporting in accordance with the GRI Standards	-	Annually. This index shows EROAD's commitment to reporting against the GRI Reporting Standards.
102-55	GRI content index	145 - 155	Yes.
102-56	External assurance	-	External assurance has not been sought for EROAD's GRI Reporting in FY21.

MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	21 - 22	Disclosed in 'Materiality Matrix' Section.
103-2	The management approach and its components	21 - 22	Disclosed in 'Materiality Matrix' Section
103-3	Evaluation of the management approach	-	Addressed throughout.

ECONOMIC PERFORMANCE

201-1	Direct economic value generated and distributed	79 - 113	Refer to financial statements.
201-2	Financial implications and other risks and opportunities due to climate change	-	EROAD is currently piloting our telematic solution in electric heavy vehicles. EROAD sees opportunities presented by climate change as positive for our financial position
201-3	Defined benefit plan obligations and other retirement plans	-	Disclosed in 'Corporate Governance' Section. Remuneration for US based employees, EROAD has a 401k Plan in place which staff may opt in to.
201-4	Financial assistance received from government	63	In FY21, EROAD received grants for COVID relief NZD\$1.5m (from the US Government) and from Callaghan R&D grant of NZD\$1.0m

MARKET PRESENCE

202-2	Proportion of senior management hired from the local community	-	The percentages below show the percentage of senior management at significant locations of operation that were hired from the local community US: 100% NZ:75% AU:100% Senior management includes all executive team members, as well as those managers who report directly to an executive member. EROAD's definition of 'local' is within the country. EROAD's definition for 'significant locations of operation' are the three markets we operate in - New Zealand, Australia and the United States of America
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ANTI-CORRUPTION

205-1	Operations assessed for risks relating to corruption	121	No formal assessment per se, but EROAD has a range of Codes and Policies to discourage corrupt behaviours such as the Code of Ethics.
205-2	Communication and training about anti-corruption policies and procedures	121	Disclosed in 'Corporate Governance' Section.
205-3	Confirmed incidents of corruption and actions taken	-	None.

ANTI-COMPETITIVE BEHAVIOUR

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-	None.
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TAX

207-1	Approach to tax	-	EROAD takes a conservative position in regard to tax to ensure we meet all our obligations in each of the jurisdictions we operate in.
207-2	Tax governance, control, and risk management	-	EROAD has external advisors to support us with our tax governance and risk management. Any changes in our approach to tax would require sign off by the Board of Directors. The taxation calculations included in the financial statements are subject to audit review.
207-3	Stakeholder engagement and management of concerns related to tax	-	As noted above, EROAD has external advisors globally who prepare our tax returns and transfer pricing documentation, they act as our agent with Inland Revenue and would manage any concerns arising.
207-4	Country-by-country reporting	-	Tax is reported at a group level. Individual tax returns are prepared for each tax jurisdiction within which we operate.

MATERIALS

302-2	Recycled input materials used	-	We do not use recycled electronic components in our products due to the potential for early life failure.
302-3	Reclaimed products and their packaging materials	-	When EROAD refurbishes its main product, approximately 70% of the product by value is reused, with the remaining 30% replaced with new components.

ENERGY

302-1	Energy consumption within the organization	-	14,737 kWh for NZ HQ, Penrose and Chch.
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BIODIVERSITY

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-	None.
304-2	Significant impacts of activities, products, and services on biodiversity	-	None.
304-3	Habitats protected or restored	-	None.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	None.

ENVIRONMENTAL COMPLIANCE

307-1	Non-compliance with environmental laws and regulations	None.
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SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1	New suppliers that were screened using environmental criteria		Any significant new suppliers we audit and this includes their environmental practices.
308-2	Negative environmental impacts in the supply chain and actions taken	38	No negative impacts identified. If major breach to EROAD policies, we would cease the arrangement. Our policy is to work with suppliers where possible to remedy any negative environmental impacts.

EMPLOYMENT

401-1	New employee hires and employee turnover	-	Total employees hired was 86, which is a hiring rate of 25.7%. Turnover was 49 people, which was 14.6% of the employee population.			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	Benefit / Eligibility	US Employees	Australia Employees	New Zealand Employees
			Health insurance	Yes	N/A	N/A
			Health insurance discount	N/A	N/A	Yes
			Life insurance	Yes	N/A	N/A
			Dental insurance	Yes	N/A	N/A
			Parental leave	Yes	Yes	Yes (except Fixed Term)
			Employee Assistance Program	Yes	Yes	Yes
			Bonusly reward & recognition	Yes	Yes	Yes
			EROAD Awards	Yes	Yes	Yes
			Gym membership	Yes	Yes	Yes
			Volunteer Day	Yes	Yes	Yes
Flexible Working	Yes	Yes	Yes			
Annual Leave/PTO	Yes	Yes	Yes			
Retailer discounts	N/A	N/A	Yes			
401-3	Parental leave	-	Yes (except fixed term employees in NZ).			

LABOR/MANAGEMENT RELATIONS

402-1	Minimum notice periods regarding operational changes	-	No collective agreements.
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OCCUPATIONAL HEALTH AND SAFETY

403-1	Occupational health and safety management system	136	EROAD maintains and implements a corporate Health, Safety and Wellness (HSW) Management System which fulfils the key requirements of the current ISO 45001 standard. We have a common HSW Policy for the company and corporate standards and procedures in areas where EROAD wants to set standards. Local EROAD offices implement supplementary HSW system requirements as determined by local regulatory and legal requirements. EROAD regularly assesses hazards and analyses risks across its operations, and implements and maintains the controls necessary to prevent, monitor and mitigate the risk to be within the organisation's risk appetite. Risk management practices are reviewed when new information becomes available; e.g., new legal requirements, changes to processes, and incident investigations. It is the responsibility of all employees to ensure that all incidents are reported in order to ensure timely investigation and corrective action. Incidents are investigated using root cause analysis, and lessons learned communicated as required.
403-2	Hazard identification, risk assessment, and incident investigation	-	Addressed above under 403-1.
403-3	Occupational health services	136	EROADers are encouraged to take reasonable care of their well-being. Accordingly, as deemed appropriate they can engage their manager, a People & Capability team member and/or the Employee Assistance Programme (EAP) for assistance with work-related ill health.
403-4	Worker participation, consultation, and communication on occupational health and safety	136	In accordance with regulatory requirements, EROAD encourages worker engagement, participation and representation in occupational health and safety management. Managers across the organisation address health, safety and wellness matters specific to their respective areas as well as pan-organisational issues (such as risks associated with working from home). In addition, the HSW Committee meet regularly to address pertinent HSW matters. This committee has representatives from all EROAD locations across the globe, from Executive level to remote sales personnel. EROAD provides training and self-service resources to support managers' and employees' awareness levels about HSW and its application in the various locations work is conducted.
403-5	Worker training on occupational health and safety	-	HSW training is provided as part of the induction for all employees. Furthermore, topical, function-specific and location-based HSW issues are addressed through other training initiatives and awareness campaigns. Our training includes 'classroom' and online training in-house, external service-providers and self-learning resources.
403-6	Promotion of worker health	73	Employee wellness is promoted and overseen by EROAD's Wellness, Inclusion, Social and Health & Safety (WISH) Committee. WISH caters for global and local needs, addressing a wide range of issues such as fitness, nutrition, and mental health. EROAD has processes in place to record and investigate occupational illnesses to determine the root causes and develop prevention strategies.

403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	The scope of the HSW Management systems includes situations where EROAD is in control of product installation. This includes working with risk identification and mitigation in order to prevent any incidents of work-related injuries or occupational illnesses. Accordingly, EROAD's installer network receive comprehensive instruction on HSW requirements relating to the work they perform. All incidents that arise are investigated to determine how work practices can be improved to remove/reduce HSW risks.
403-8	Workers covered by an occupational health and safety management system	-	Addressed under 403-1.
403-9	Work-related injuries	-	Work-related injuries and illness data is regularly reported to the EROAD Board. There have been no high severity incidents and illnesses over the past year. We are working with our employees to encourage reporting of low severity incidents.

TRAINING AND EDUCATION

404-2	Programs for up-grading employee skills and transition assistance programs		Support provided as needed.
404-3	Percentage of employees receiving regular performance and career development reviews		100%.

DIVERSITY AND EQUAL OPPORTUNITY

405-1	Diversity of governance bodies and employees	124 125	Disclosed in 'Corporate Governance' Section.
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NON-DISCRIMINATION

406-1	Incidents of discrimination and corrective actions taken	-	None.
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FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	EROAD audits suppliers and ensures that operations and suppliers have the right to freedom of association and collective bargaining. This information is requested as part of the audit process.
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RIGHTS OF INDIGENOUS PEOPLES

411-1	Incidents of violations involved rights of indigenous peoples		None.
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HUMAN RIGHTS ASSESSMENT

412-1	Operations that have been subject to human rights reviews or impact assessments	-	None.
412-2	Employee training on human rights policies or procedures	-	EROAD's employment contract stipulates adherence to EROAD's Code of Conduct. The Code makes employees aware that EROAD will not tolerate any form of discrimination, harassment or bullying in the workplace. This includes direct and indirect discrimination in relation to sex, marital status, religious belief, ethical belief, colour, race, ethnic or national origins, disability, age, political opinion, employment status, family status and/or sexual orientation.

LOCAL COMMUNITIES

413-2	Operations with significant actual and potential negative impacts on local communities	-	No negative impacts identified on local communities.
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SUPPLIER SOCIAL ASSESSMENT

414-1	New suppliers that were screened using social criteria	38	Any significant new suppliers we audit and this includes their social practices.
414-2	Negative social impacts in the supply chain and actions taken	38	No negative impacts identified. If major breach to EROAD policies, we would cease the arrangement. Our policy is to work with suppliers where possible to remedy any negative social impacts.

PUBLIC POLICY

415-1	Political Contributions	144	None.
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CUSTOMER HEALTH AND SAFETY

416-1	Assessment of the health and safety impacts of product and service categories	-	All EROAD products are risk assessed for potential health and safety impacts to customers; spanning distribution, installation, use, maintenance and removal. This risk assessment process begins at concept stage and is reassessed through subsequent product development phases up to a post launch retrospective. Where relevant our product guides highlight HSW requirements our customers should be aware of.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	None.

MARKETING AND LABELING

417-3	Incidents of non-compliance concerning marketing communications	<p>EROAD has identified one incident of non-compliance concerning marketing communications. This incident was in relation to an image published on EROAD's New Zealand website that was taken by a drone flying close to the Auckland Harbour Bridge. EROAD was contacted by the Civil Aviation Authority of New Zealand (CAA) to advise and following immediate investigation it was identified that the drone operator had breached the following Civil Aviation Rules:</p> <ul style="list-style-type: none">• 101.205 (Aerodromes): operated a remotely piloted aircraft (RPA) within 4km of an uncontrolled aerodrome (Mechanic Bay, Auckland Harbour and Auckland Hospital)• 101.207 (Airspace): operated an RPA without seeking permission to launch the drone above the highway. <p>No further action was taken by the CCA and EROAD promptly removed the image from the website and educated the employees involved to ensure that a similar incident does not occur in the future.</p>
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SOCIOECONOMIC COMPLIANCE

419-1	Non-compliance with laws and regulations in the social and economic area	None.
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Glossary

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)

Annualised monthly recurring revenues (AMRR) is a non-GAAP measure representing monthly Recurring Revenue for the last month of the period, multiplied by 12. It provides a 12 month forward view of revenue, assuming unit numbers, pricing and foreign exchange remain unchanged during the year.

AUDITOR

KPMG

ASSET RETENTION RATE

The number of Total Contracted Units at the beginning of the 12 month period and retained as Total Contracted Units at the end of the 12 month period, as a percentage of Total Contracted Units at the beginning of the 12 month period.

COMPANIES ACT

Companies Act 1993

COMPANY

EROAD Limited

COSTS TO ACQUIRE CUSTOMERS (CAC)

Costs to Acquire Customers (CAC) is non-GAAP measure of costs to acquire customers. Total CAC represents all costs sales & marketing related costs. CAC capitalised includes incremental sales commissions for new sales, upgrades and renewals which are capitalised and amortised over the life of the contract. All other CAC related costs are expensed when incurred and included within CAC expensed.

COSTS TO SERVICE & SUPPORT (CTS)

Is a non-GAAP measure of costs to support and service customers. Total CTS represents all customer success and product support costs. These costs are included in Administrative and other Operating Expenses reported in Note 4 Expenses of the Financial Statements.

CUSTOMER RETENTION RATE

Asset Retention Rate excluding contraction in existing customer Total Contracted Units when customer remained with EROAD.

EBITDA

Is a non-GAAP measure representing Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). Refer Condensed Consolidated Statement of Comprehensive Income in Financial Statements.

EBITDA MARGIN

Is a non-GAAP measure representing EBITDA divided by Revenue.

EHUBO1 AND EHUBO2 (GEN1 AND GEN2)

EROAD's first and second generation electronic distance recorder which replaces mechanical hubodometers. Ehubo is a trade mark registered in New Zealand, Australia and the United States.

ELECTRONIC LOGGING DEVICE (ELD)

An electronic solution that synchronises with a vehicle engine to automatically record driving time and hours of service records.

FREE CASH FLOW

Is a non-GAAP measure representing operating cash flow and investing cash flow reported in the Statement of Cash Flows.

FUTURE CONTRACTED INCOME (FCI)

A non-GAAP measure which represents contracted Software as a Service (SaaS) income to be recognised as revenue in future periods. Refer Revenue Note 3 of Financial Statements.

FY

Financial year ended 31 March

GROUP

EROAD Limited and its subsidiaries

HARDWARE ASSETS

Any physical asset required to be fitted into or onto a customer's vehicle or asset in order to facilitate the provision of EROAD's SaaS services. These include Ehubo units, accessories and hardware assets under construction.

HEAVY VEHICLE

A truck, or a truck and trailer, weighing over:3.5 tonnes in New Zealand (required to pay RUC); 12 tonnes in Oregon (required to pay for WMT), for non WMT purposes means Class 3+, 10,000 pounds or greater; or 4.5 tonnes in Australia.

INTERNATIONAL FUEL TAX AGREEMENT (IFTA)

A cooperative agreement between all states (excluding Alaska and Hawaii) of the United States, and the Canadian provinces, designed to make it simpler for inter-jurisdictional carriers to report and pay fuel excise taxes, requiring only one fuel licence to operate across multiple jurisdictions.

INTERNATIONAL REGISTRATION PLAN (IRP)

An agreement between all states (excluding Alaska, Hawaii and Washington D.C.) of the United States, and the Canadian provinces, for the registration of inter-jurisdictional vehicles. Registration fees are paid to a fleet's base jurisdiction, which then distributes them to other jurisdictions based on the miles travelled in each member jurisdiction. Refer Revenue Note 3 in the Financial Statements.

LISTING RULES

The listing rules applying to the NZX Main Board as amended from time to time.

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)

Is a non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 3 of the FY21 Financial Statements, by the TCU balance at the end of each month during the year.

RECURRING REVENUE

The Software as a Service (SaaS) revenues EROAD recognises on a recurring monthly basis in accordance with the groups revenue recognition policy.

ROAD USER CHARGES (RUC)

Charges payable under the New Zealand Road User Charges Act 2012 in respect of the distance travelled by a RUC vehicle on a road. In New Zealand, RUC is payable for heavy vehicles and all vehicles powered by a fuel not taxed at source. The charges go towards the cost of repairing roads.

NZ GAAP OR GAAP

New Zealand Generally Accepted Accounting Practice.

NZ IAS

NZ equivalent of International Accounting Standards that prescribe the basis for presentation of general purpose financial statements.

NZ IFRS

New Zealand equivalents to International Financial Reporting Standards.

NZX

NZX Limited.

NZX MAIN BOARD

The main board equity security market, operated by NZX.

SAAS

Software as a Service, a method of software delivery in which software is accessed online via a subscription rather than bought and installed on individual computers.

TOTAL CONTRACTED UNITS

Represents total units subject to a customer contract and includes both Units on Depot and Units pending instalment.

UNIT

A unit is either an EROAD Ehubo, Tubo or Etrack wired device.

Information for shareholders

Managing your shareholding online

Changes in address and investment portfolios can be viewed and updated online:

www.computershare.co.nz/investorcentre.

You will need your CSN and FIN numbers to access this service.

Alternatively, enquiries may be addressed to the Share register.

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Investor Information

Our investor centre www.eroadglobal.com/global/investors is a good source of information about what's happening at EROAD. Here you will find investor communications, information about our latest operating and financial results and news.

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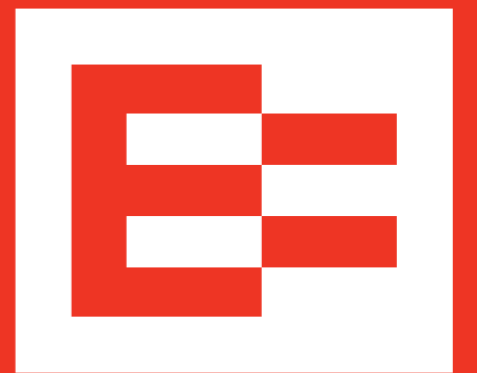
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EROAD