



EROAD

Notice of 2021 Annual Shareholders' Meeting

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EROAD LIMITED, AUCKLAND, NEW ZEALAND

Notice is hereby given that the Annual Meeting of Shareholders of EROAD Limited ("EROAD") will be held at 1pm on Friday 30th of July at the Loyalty Lounge, Eden Park and virtually via the link <https://web.lumiagm.com/> (Meeting ID: 312-976-984).

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

ITEMS OF BUSINESS

1. Chairman's Overview

Graham Stuart, *Chairman*

2. Chief Executive Officer's Address to shareholders

Steven Newman, *CEO*

3. Financial Statements and Auditor's report

Alex Ball, *CFO*

To receive and consider the Financial Statements and Auditor's Report for the year ended 31 March 2021, as included in EROAD's 2021 Annual Report.

4. Resolutions

To consider, and if thought fit, to pass the following ordinary resolutions:

1. *Re-election of Director*

That Graham Stuart, who retires, and being eligible, is re-elected as a director of EROAD (see Explanatory Note 1).

2. *Increase of Non-Executive Director Remuneration Pool*

That the annual non-executive director remuneration pool be increased from \$500,000 to \$850,000, to be divided among the directors as they consider appropriate (see Explanatory Note 2).

3. *Appointment of Auditors and Auditor Remuneration*

That the Directors be authorised to fix the fees and expenses of KPMG as the auditor of EROAD (see Explanatory Note 3).

RESOLUTION 1

Re-election of Director

That Graham Stuart, who retires, and being eligible, is re-elected as a director of EROAD.

Explanatory Note 1

Under Listing Rule 2.7 of the NZX Listing Rules, and in accordance with clause 27 of the Constitution of EROAD, a director must not hold office (without re-election) past the third annual meeting following the director's appointment, or three years (whichever is longer). If a director is eligible, they may offer themselves for re-election by shareholders at the meeting. In this case, Graham Stuart retires by rotation and, being eligible, offers himself for re-election by shareholders at the Annual Shareholders' Meeting.

Graham Stuart is a non-executive Director and is considered by the Board to be an Independent Director, as that capacity is described in the NZX Listing Rules. A brief biography outlining Graham Stuart's history and experience is set out below.

At the Annual Shareholders' Meeting a resolution to re-elect Graham Stuart will be put to shareholders.

In accordance with EROAD's Appointment and Selection of New Directors Policy, directors (excluding Graham Stuart) considered Mr Stuart's performance as a director and unanimously recommend that shareholders vote in favour of the re-election of Mr Stuart. Graham Stuart abstained from the Board's consideration of his re-election.

Graham Stuart

Graham Stuart, the current Chair of the Board, is a highly experienced director. Graham has a wealth of business experience across South East Asia, Europe, the UK and Latin America and has held chief executive and chief financial officer roles in some of Australasia's largest companies. He was previously Chief Executive Officer of Sealord Group. Prior to that Graham was Chief Financial Officer then Director of Strategy & Growth at Fonterra. 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).

Graham is currently a director in the following companies:

- Tower Limited (Independent Director, Chair of Audit Committee)
- Northwest Healthcare Properties Management Ltd (Independent Director, Northwest manages the Vital Healthcare Property Trust which Graham Chairs)
- Metro Performance Glass Limited (Independent Director, Chair of Audit and Risk Committee)
- Vinpro Limited

Graham joined the EROAD Board on 1 January 2018 and was last elected by shareholders in August 2018.



RESOLUTION 2

Increase of Non-Executive Director Remuneration Pool

That the annual non-executive director remuneration pool be increased from \$500,000 to \$850,000, to be divided among the directors as they consider appropriate.

Explanatory Note 2

In accordance with NZX Listing Rule 2.11, the remuneration of non-executive EROAD directors (“NED”) must be authorised by ordinary resolution at a meeting of EROAD’s shareholders.

Proposed increase of Non-Executive Director Remuneration Pool

The total amount of fees available for payment to EROAD’s NEDs was last approved by shareholders at the 2018 Annual Meeting of the company. At the 2018 Annual Meeting, the total amount of fees available for payment to NEDs was increased from \$350,000 to \$500,000.

It is proposed that the total amount of the fee pool be increased from \$500,000 to \$850,000, which represents an increase of \$350,000.

The Board has determined that the increase to the fees available for payment to NEDs to \$850,000 is necessary to allow sufficient funds to increase the number of NEDs on the Board. The Board currently comprises five directors of whom four are non-executive. It is proposed that, in the next 12-18 months, the number of NED directors is increased to five or six to continue to build the expertise of the Board and allow ongoing rotation of NEDs from the Board.

Given EROAD’s expectation of ongoing growth in its North American and Australian markets, the increase is also considered necessary to attract suitable candidates, including overseas based directors. It is proposed that the directors to be appointed are based in North America and Australia. In line with the increasingly common practice of paying NEDs in their local currency, it is proposed that remuneration for directors based overseas is paid at the prevailing market rate in the NED’s country of domicile.

It is also proposed that the fees for the NEDs and Chairs of the Board and the Remuneration, Talent and Nominations Committee (“RTNC”) be increased.

Proposed increase of NED and Chair Fees

The current NED and chair remuneration is as follows:

- NZ\$110,000 for the Chair of the Board;
- NZ\$55,000 for NEDs based in New Zealand and Australia;
- US\$96,000 for NEDs based in the United States of America;
- NZ\$25,000 for the Chair of the Finance, Risk and Audit Committee (“FRAC”); and
- NZ\$8,000 for the Chair of the RTNC.

With the exception of the NED fee for the US, the above fees have been in effect since 1 January 2018. Since 2018, as noted below, EROAD has grown significantly and has listed on the ASX as a foreign exempt listing.

In 2021, EROAD’s Board engaged PwC to conduct a review of EROAD’s NED fees. A summary of PwC’s review is available at the Governance page of the Investor section of EROAD’s website. EROAD’s market capitalization of \$495m as at the date of the report places it between the median and 75th percentile of the NZ and Australian comparator group in the report.

When determining the fees for NEDs and chairs of the Board and its committees, the Board considered the fee levels for comparable listed companies in New Zealand, Australia and United States. The median and 75th percentile fees in PwC’s report for the Board functions were as follows:

Fees in local currency

Function	NZ		AU	
	Median fees	75th percentile	Median fees	75th percentile
Chair	128,000	150,000	170,000	186,500
FRAC Chair	15,000	16,700	13,100	16,100
RTNC Chair	12,000	15,000	11,200	15,000
NED	70,000	85,000	86,300	91,300

Function	NA Median fees ¹
Chair	118,500
FRAC Chair	13,000
RTNC Chair	9,500
NED	90,250

Based on PwC's findings and pending approval from shareholders to increase the NEDs' remuneration pool, the Board intends to increase the NEDs' remuneration and to increase remuneration to the Chairs of the Board and the RTNC as follows:

- NZ\$150,000 per annum for the Chair of the Board, an increase of \$40,000 or 36%
- NZ\$95,000 per annum for NEDs based in New Zealand, an increase of \$40,000 or 73%
- AU\$95,000 per annum for NEDs based in Australia, an increase of \$43,300² or 84%
- NZ\$12,000 per annum for the Chair of the RTNC, an increase of \$4,000 or 50%.

It is proposed to reduce the fee paid to the Chair of the FRAC from \$25,000 to \$15,000 due to that proposed change to the base NED fee.

The total of NED fees to be paid to the current four directors if shareholders approve the increase to the remuneration pool is estimated to be approximately NZ\$504,000³.

A comparison between EROAD's current director fees, EROAD's proposed fees and the 75th percentile fees in PwC's report are shown below for NZ, AU and US directors.

Function	Current fees in all local currency	75th percentile fees for function in local currency	Proposed fee for function	% Change between current and proposed fees	% Difference between 75th percentile and proposed fees
Chair	110,000	150,000	150,000	36%	0%
FRAC Chair	25,000	16,700	15,000	-40%	-10%
RTNC Chair	8,000	15,000	12,000	50%	-20%
NED NZ	55,000	85,000	95,000	73%	12%
NED AU	51,700	91,300	95,000	84%	4%

Function	Current fees in all local currency	Median fee in local currency	Proposed fee for function	% Change between current and proposed fees	% Difference between median and proposed fees
NED US	96,000	90,250	96,000	0%	6%

¹US director fees are typically made up of a portion of cash to equity weighted approximately 40:60 cash/equity.

²Australian resident directors' fees are currently paid in New Zealand dollars. NZ\$55,000 equates to AU\$51,700 at an exchange rate of NZ\$1:AU\$0.94.

³The fees for the US based director was converted at an exchange rate of US\$0.70:NZ\$1

The proposed NED base fees in NZ and Australia are 12% and 4% higher than the 75th percentile in the comparator group. The proposed NED base fee in the US is 6% higher than the median fee in the comparator group.

The increase takes into account that EROAD does not pay committee members additional fees for their roles on such committees (these fees typically range between \$5,000-\$10,000 per year) and that EROAD does not intend to increase the base fees for directors over the next three years without shareholder approval.

Since EROAD last increased director remuneration in 2018, EROAD has grown significantly. A comparison of EROAD's revenue, customer numbers and EBITDA since 2018 are tabled below.

	31 March 2018	31 March 2019	31 March 2020	31 March 2021	Compound growth 2018 – 2021 (% pa)
Revenue	\$43.8m	\$61.4m	\$81.2m	\$91.6m	28%
TCUs ⁴	77,600	96,390	116,488	126,203	18%
EBITDA	\$10.5m	\$15.6m	\$27.1m	\$30.7m	43%

⁴TCUs, or Total Contracted Units, represents the total number of EROAD devices subject to a customer contract and includes the number of EROAD devices installed in vehicles and subject to a customer contract and the total number of EROAD devices pending installment.

Listing Rule 2.11.1 requires the proposed increase in the directors' remuneration pool be authorised by an ordinary resolution of shareholders. In accordance with Listing Rule 6.3.1, no non-executive director or any of their Associated Persons (as defined under the NZX Listing Rules) can vote in favour of this resolution, unless casting votes under an express proxy of a person who is not disqualified from voting.

RESOLUTION 3

Appointment of Auditors and Auditor Remuneration

That the Directors be authorised to fix the fees and expenses of KPMG as the auditor of EROAD.

Explanatory Note 3

KPMG is automatically reappointed as the auditor of EROAD under Section 207T of the Companies Act 1993. Pursuant to Section 207S of the Companies Act 1993, this resolution authorises the Board to fix the fees and expenses of the auditor.

MEETING DETAILS

Procedural Notes

- a. The persons who will be entitled to vote on the resolutions at the Annual Shareholders' Meeting are those persons who will be the shareholders of EROAD at 5pm on Wednesday 28th July 2021.
- b. A shareholder may vote at the Annual Shareholders' Meeting either in person or by proxy. A body corporate which is a shareholder may appoint a representative to attend the Annual Shareholders' Meeting on its behalf in the same manner as that in which it could appoint a proxy.
- c. A proxy need not be a shareholder of EROAD. A shareholder who wishes to do so may appoint the Chairman of the Meeting to act as proxy.
- d. A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions. Where the Chairman is appointed as proxy and voting is left to his discretion, the Chairman intends to vote in favour of all Resolutions (other than Resolution 2 as explained below).
- e. A proxy form is enclosed and, if used, must be lodged with the share registrar, Computershare Investor Services Limited, in accordance with the instructions set out on the form not less than 48 hours before the time of the holding of the meeting.
- f. All resolutions must be passed by an ordinary resolution of shareholders, i.e., by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.
- g. Voting restrictions apply to Resolution 2 (as detailed in the Explanatory Notes).

Questions and comments

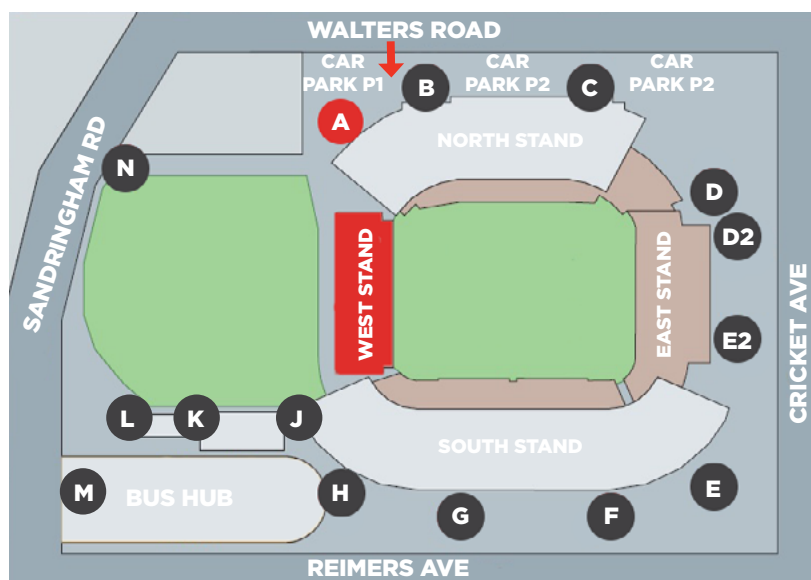
Shareholders are invited to submit questions prior to the meeting to investors@eroad.com.

For the Health and Safety of all, we ask that if you have a cough, a high temperature of at least 38°C, shortness of breath, sore throat, sneezing and runny nose or temporary loss of smell that you stay at home. You will still be able to watch the Meeting and submit questions live via our webcast or email questions to investors@eroad.com.

Venue information

Loyalty Lounge, West Stand, Eden Park, Walters Road, Kingsland, Auckland 1024

Eden Park is well served by rail and bus services. Kingsland train station is a short walk from Eden Park. There are car parks available at the A Stand (through car park entrance A, off Walters Avenue). Enter Eden Park at Gate A, and make your way to the West Lounge by lift/stairs to the second level.





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