We are **EROAD**

Annual Report

Safer and more sustainable roads

20
22

WE ARE **EROAD**

OUR PURPOSE IS SAFER AND MORE SUSTAINABLE ROADS

WE PROVIDE REGULATORY AND SPECIALIZED TELEMATICS SOLUTIONS

across professional transport, refrigeration, construction and waste & recycling

OVER 200,000 CONNECTED VEHICLES

and over 8,000 customers in New Zealand, North America and Australia

STABLE ASSET RETENTION RATE OF OVER 90%

reflecting the quality of our service and product offering

GROWING ANNUALISED MONTHLY RECURRING REVENUE

by winning new customers and growing existing customers accounts increasing their ARPU

INCREASING MOMENTUM OF GROWTH, TARGETING STRONG GROWTH OF AT LEAST $250M REVENUE BY FY25

A TALENTED AND CAPABLE TEAM

driving the company forward

INVESTED IN CAPABILITY, INVENTORY AND R&D IN FY22 TO PREPARE FOR GROWTH

WELL POSITIONED TO EMERGE AS A MAJOR PLAYER IN INTERNATIONAL TELEMATICS

CONTENTS

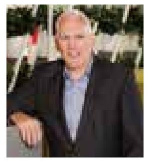
ABOUT THIS REPORT

The 2022 Annual Report describes EROAD's strategy, financial performance and includes the Corporate Governance Statement and the Remuneration Report. This report is published in conjunction with EROAD's FY22 Sustainability Report which provides information on EROAD's approach and performance in relation to its most material social and environmental issues.

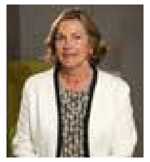
All numbers relate to the 12 months ended 31 March 2022 (FY22) and comparisons relate to the 12 months ended 31 March 2021 (FY21), unless stated otherwise. All dollar amounts are in NZD, unless otherwise stated. This report covers the twelve months ended 31 March 2022 and is dated 27 June 2022. GRI index references can be found throughout this report. The index for these can be found on page 66 of the FY22 Sustainability Report.

The Coretex merger completed on 30 November 2021. All financials include four months of Coretex.

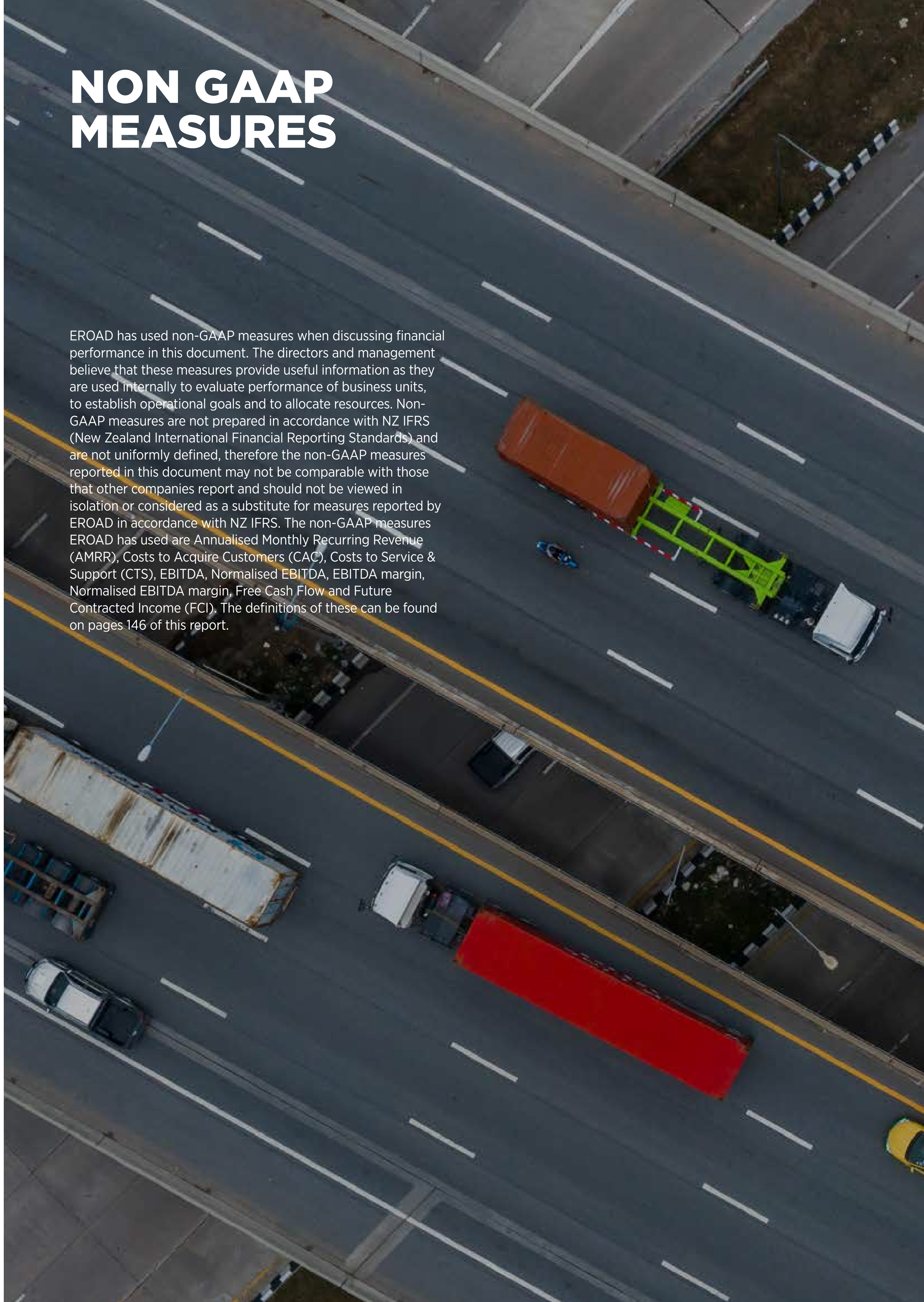
This report has been approved by the Board and is signed on behalf of EROAD Limited by Graham Stuart, Chairman and Susan Paterson, Chair of the Finance Risk and Audit Committee.



Graham Stuart
Chairman



Susan Paterson
Chair of the Finance Risk and Audit Committee



NON GAAP MEASURES

EROAD has used non-GAAP measures when discussing financial performance in this document. 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 has used are Annualised Monthly Recurring Revenue (AMRR), Costs to Acquire Customers (CAC), Costs to Service & Support (CTS), EBITDA, Normalised EBITDA, EBITDA margin, Normalised EBITDA margin, Free Cash Flow and Future Contracted Income (FCI). The definitions of these can be found on pages 146 of this report.

FY22 HIGHLIGHTS

Financial result reflects investment in capabilites for future growth

$114.9m

REPORTED REVENUE
FY21: $91.6m
reflecting the merger of Coretex and organic growth across all markets

$21.0m

REPORTED EBITDA
FY21: $30.4m
reflecting one-off transaction and integration costs of $7.6m and increased operating expenditure as EROAD invested in capability to build momentum of growth

Significant period of transition despite challenging macro-economic conditions

$134.6m

AMRR
FY21: $88.4m
reflecting growth in recurring revenues from the Coretex acquistion, along with new units

OVER 200,000

CONTRACTED UNITS
FY22: 208,697 FY21: 126,203
reflecting both inorganic and organic growth

Well positioned to build greater growth momentum over FY23 and beyond

$55.57

MONTHLY SAAS ARPU

FY21: $58.30
reflecting improvement in selling additional products, offset by a $1.64 negative FX impact and Coretex's historical revenue model of selling hardware upfront

93.4%

EROAD STAND ALONE ASSET RETENTION RATE
FY21: 94.9%
Coretex 4 month asset retention rate was 98.4%

$31.7m

SPENT ON R&D
FY21: $21.3m
focused on improving product market fit and increasing capabilities around enterprise customers

CORETEX MERGER

improving product market fit, enterprise capabilities and increased scale in North America

FY22 HIGHLIGHTS

Together with our customers, partners & world leading solutions, we'll create safer, more sustainable roads

INAUGURAL SUSTAINABILITY REPORT

reports on what matters to our stakeholders and how we operate a sustainable business

SUSTAINABILITY POLICY LAUNCHED

working towards our customers, employees and suppliers all operating sustainably

CORETEX PRODUCTS REDUCE FOOD, CONSTRUCTION AND INDUSTRIAL WASTAGE

adding to the range of products we offer that have a positive impact on the environment

PROGRAMME OF WORK COMPLETE

TOITŪ CARBON REDUCE ISO 14064-1 ORGANISATION

base year EROAD measurement complete ahead of TCFD reporting. FY23 report will include Coretex

HEAVY VEHICLE DECARBONISATION TOOL

COMING SOON

utilises EROAD data to generate actionable insights

SUPPORTING GOVERNMENT'S CARBON NEUTRAL EFFORTS

as a member of the Ministry of Business Innovation & Employment's Fleet Audit Panel and International Road Federation's ITS for Climate Impact Mitigation taskforce

LETTER FROM THE CHAIR

FY22 was a significant year of transition with the merger and integration of Coretex being a game changer for EROAD. EROAD has faced some challenges over the last 18 months with slower growth in North America ahead of the merger, unpredicted supply chain and labour market challenges and Chief Executive uncertainty, all in a backdrop of falling technology stock prices which has seen our share price underperform.

Let me take this opportunity to reassure you the Board and Management have a laser-sharp focus on improving shareholder value. We remain confident that the Coretex merger gives us scale and importantly fills technology and capability gaps, and we are undertaking a strategy refresh over H1 FY23 to ensure we maximise our growth potential. The Board has now appointed Mark Heine as Chief Executive Officer who has the capabilities to lead EROAD to perform consistently and deliver on its growth strategies.

Our New Zealand business had yet another strong year and our Australian business delivered a positive EBITDA for the first time, all while the staff and the business dealt with the continuing uncertainties and challenges thrown at us by COVID-19. In North America we focused on improving our product market fit and enterprise capabilities and we started to see this market regain some momentum in Q4 following the completion of the merger.

EROAD staff have had a challenging year and have every reason to be proud of what has been achieved in challenging conditions during FY22.

NEW CHIEF EXECUTIVE APPOINTED

In April this year, we announced that EROAD's founder, Steven Newman, had stepped down from EROAD's Board and as Chief Executive Officer for personal reasons. Over his long career as an entrepreneur, Steven has been an innovative visionary in digitizing the transport sector with the aim of making our roads safer and more sustainable. In EROAD, he has created a great New Zealand success story and positioned it to become a significant player in the international telematics market. We would like to take this opportunity to thank Steven again for his leadership, vision and enormous work ethic without which EROAD would not be where it is today.

The Board began a global search process in late 2021 for a new Chief Executive Officer to allow Steven Newman to step back from the day-to-day responsibility of leading the company. On Steven's resignation the EROAD Board had no hesitation in appointing Mark Heine, EROAD's General Counsel and Company Secretary as Acting Chief Executive Officer while the Board concluded the process. Following Steven's unexpected resignation, the Board had to reconsider the skillset a new Chief Executive Officer needed to bring to EROAD.

The Board is extremely pleased to announce the appointment of Mark Heine as EROAD's Chief Executive Officer. Given Mark's deep knowledge of the business, team building skills, and understanding of the company's strategy he emerged as the stand-out candidate. Mark has empowered the team and won the respect of all. EROAD's Board has been impressed by Mark's leadership and commercial skills. His in-depth knowledge of the business will be invaluable as we complete the integration of Coretex.

ENSURING WE HAVE THE RIGHT SKILLS AROUND THE BOARD TABLE

During the year we welcomed Sara Gifford, an additional North American director, and Selwyn Pellett, former CEO of Coretex, to the EROAD Board. Sara brings to the Board an excellent understanding of enterprise customers' needs combined with extensive experience in technology development and logistics and insights into the North American market. Selwyn joined the Board as an Executive Director and an advisor during the Coretex integration period and brings a wealth of experience, in telematics and network security in particular.

The Board continues to review its composition and the skill sets necessary to ensure we have a range of different perspectives and experience to deliver strong and sustainable growth momentum and continue to build shareholder value. A search for an additional North American based director will be commenced soon and we expect an appointment to be made within the next six months.

The Board is conscious of its obligations to provide transparency to stakeholders and this year we have elected to voluntarily comply with the Australian say on pay regime, by publishing a comprehensive remuneration report in this report and putting a vote for adoption at the same time as our 2022 ASM.

TOGETHER WITH OUR CUSTOMERS, PARTNERS & WORLD LEADING SOLUTIONS, WE'LL CREATE SAFER, MORE SUSTAINABLE ROADS

EROAD's purpose is safer and more sustainable roads. We have the opportunity, through our customers and partners, to keep our community safe, conserve and improve the environment and support economic growth. We are proud to be producing our inaugural Sustainability Report, alongside this Annual Report, to demonstrate the great work we are doing in this space already.

Sustainability and Sustainability Reporting is a journey, one which we are committed to and one we encourage our customers to join us on. This report takes a major step, through our work with the Toitū Carbon Reduce programme, and gives our baseline emissions for FY22, which is the first step towards TCFD reporting, which we will begin in FY23.

We would encourage you to read the Sustainability Report in conjunction with this Annual Report. The report not only outlines the great work our products and services do but it outlines our approach to the areas of our business that are critical for EROAD to have a sustainable future – our people, our customer service, and the reliability of our data.

LOOKING FORWARD

The goals for the business in the coming year are straightforward, we must complete integration with the Coretex business and build growth momentum in our North American market, without taking a backward step in New Zealand or Australia. Quite simply FY23 is a year of delivery.

EROAD has entered FY23 with an annualised monthly recurring revenue of $134.6m, this is the base against which our revenue growth will be measured. The Board has provided revenue guidance for the year in the range of $150 million to $170 million, the width of the range reflecting the uncertain timing of achieving larger enterprise sales. We expect that with our strengthening presence in North America, sales growth momentum will steadily build and we have provided a revenue goal of at least $250m by FY25.

We expect normalised EBIT to fall from $0.9 million to between a loss of $5 million and breakeven. Principally reflecting increased non-cash depreciation and amortisation following the Coretex merger. The Board and management team are conscious that top-line growth without returning improved operating leverage is not sustainable or conducive to building shareholder value. In FY23 we will have completed building the platform to deliver improving EBIT margins.

We have set these goals for ourselves knowing that in FY23 we can do better than we did in FY22 but also aware that we are operating in turbulent market conditions. The competition for talented staff has not been fiercer than EROAD is now experiencing, the tide has quickly turned in our capital markets, inflation is at the highest levels this century and in each of our markets COVID-19 and its aftereffects continue to disrupt our supply chains and supress economic growth.

EROAD's solutions deliver bankable returns on investment for our customers at relatively modest levels of capital expenditure. This factor alone should ensure that we can navigate through an economic downturn without losing too much momentum. The sound investments made over the recent years, and that will be completed during FY23, will ensure that we have the people and the technologies to provide winning solutions to our customers and to deliver on our purpose of providing safer and more sustainable roads.

Thank you for your continued support of EROAD and we look forward to seeing you at the ASM on 28 July.

Graham Stuart
Chairman

LETTER FROM CHIEF EXECUTIVE OFFICER

My three months as Acting Chief Executive Officer has reinforced my view that EROAD is extremely well positioned with the merger of Coretex, providing an excellent platform for future growth. I'm delighted to be accepting the role as Chief Executive Officer and to lead EROAD at a pivotal point in its history.

We have made significant investment in our capability and now is the time to deliver on that investment. We will sharpen our focus to ensure delivery on our North American strategy while retaining focus on our successful New Zealand business and the growth Australia provides in the medium term.

Before I talk about the year that was, let me start by thanking both Steven Newman and the EROAD staff for their support as I transitioned into the Acting Chief Executive Role. I know the EROAD team and strategy well which will make my transition into the Chief Executive Role a seamless one. Our people are crucial to EROAD's success so I'm excited to lead such a talented and motivated team. Together we can deliver on our strategy and drive this business forward.

FY22 FINANCIAL RESULTS

Revenue increased from $91.6m to $114.9m and Annualised Monthly Recurring Revenue increased from $88.4m to $134.6m reflecting the growth in recurring revenues from organic growth and the merger with Coretex. Over the period, contracted units grew by 65% to 208,697 and EROAD's stand-alone Asset Retention Rate remained high at 93.4% (FY21: 94.9%). During FY22 we experienced softer growth in North America as our small-to-medium customers were impacted by driver and truck shortages and loss of underlying contracts. We also saw our pipeline of opportunities delayed with the delay in completing the merger with Coretex and the rollout of its next generation Corehub platform, and broader economic conditions.

Operating expenditure increased significantly from $61.2m to $93.9m reflecting four months of Coretex's operating costs and supply chain and inflationary pressures. Accordingly, Reported EBITDA reduced from $30.4m to $21.0m and Normalised EBITDA fell from $28.8m to $27.3m.

Free cashflows in FY22 were impacted by a combination of the merger of Coretex, R&D investment and growth in inventory as global supply chain pressures were addressed. EROAD recently renegotiated a new syndicated debt facility of $90m to provide future capacity to grow. Headroom of around $58m will support the R&D and integration investment planned for FY23 and fund hardware to enable EROAD to pursue large Enterprise opportunities.

THE MERGER OF CORETEX

In what was a major milestone for EROAD, on 30 November 2021, we completed the Coretex merger after receiving overwhelming support from shareholders and approvals from the Overseas Investment Office and NZ Commerce Commission. The expanded EROAD team brings a wider set of talent and solutions, particularly in North America, to deliver increased benefits to our existing and prospective customers.

We have made significant progress on the integration of the Coretex business already with sales activities underway with the Coretex 360 platform and Corehub hardware solutions provided as EROAD's next generation platform solution. The merger also provided access to a large pipeline of enterprise customers and, since completion, solid progress has been achieved towards securing this business, with a number of pilots for potential large enterprise customers in progress. In the North American market alone, EROAD currently has eight Enterprise customer pipeline opportunities at the pilot stage relating to potential opportunities of around 26,000 connected vehicles.

The merger accelerates EROAD's growth by:

- giving us capability and experience in new industries – in addition to the professional trucking vertical which EROAD has operated in for a number of years, we now provide products and services for refrigerated transport, construction and civils and waste & recycling;
- broadening our product-market fit by expanding our product offering with products more appealing to enterprise and North American customers becoming a bigger player in North America and Australian markets giving us more credibility to win new customers – North American revenue increased from $30.6m in FY21 to $40.3m in FY22 and our largest customer is now a North American customer with 10,500 connected vehicles.

Significant effort has been made to integrate the two teams to encourage the appropriate culture of inclusiveness, diversity and collaboration that ensures we attract and retain the right people. The Coretex business had achieved considerable success in the North American enterprise market in its customer verticals and we now have the opportunity to build on this combined strength. Coretex's next generation hardware and platform are critical to this success and we are also pleased to benefit from the leadership of Coretex's NA President & COO Akinyemi Koyi ("AK"), who also previously was at the helm of Coretex's technology development for over seven years, and is now the new President of the merged North American EROAD business.

We are even more excited now by the Coretex merger than we were at the time we announced the deal. As we go through the integration process our confidence in the Coretex products, platform and pipeline only grows. Throughout FY23 we will continue to focus on progressing the integration of the two businesses to maximise the synergies and opportunities and deliver on our growth ambitions. We expect to deliver the key product and platform integration by the end of this calendar year.

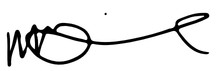
FY23 OUTLOOK

Looking ahead to FY23, growth momentum is expected to further build through the year with the successful conversion of some of the North American enterprise pipeline opportunities. The enterprise pipeline remains robust with a total of 18 pilots with enterprise customers, representing some 30,700 unit and 10,000 microtags across all markets.

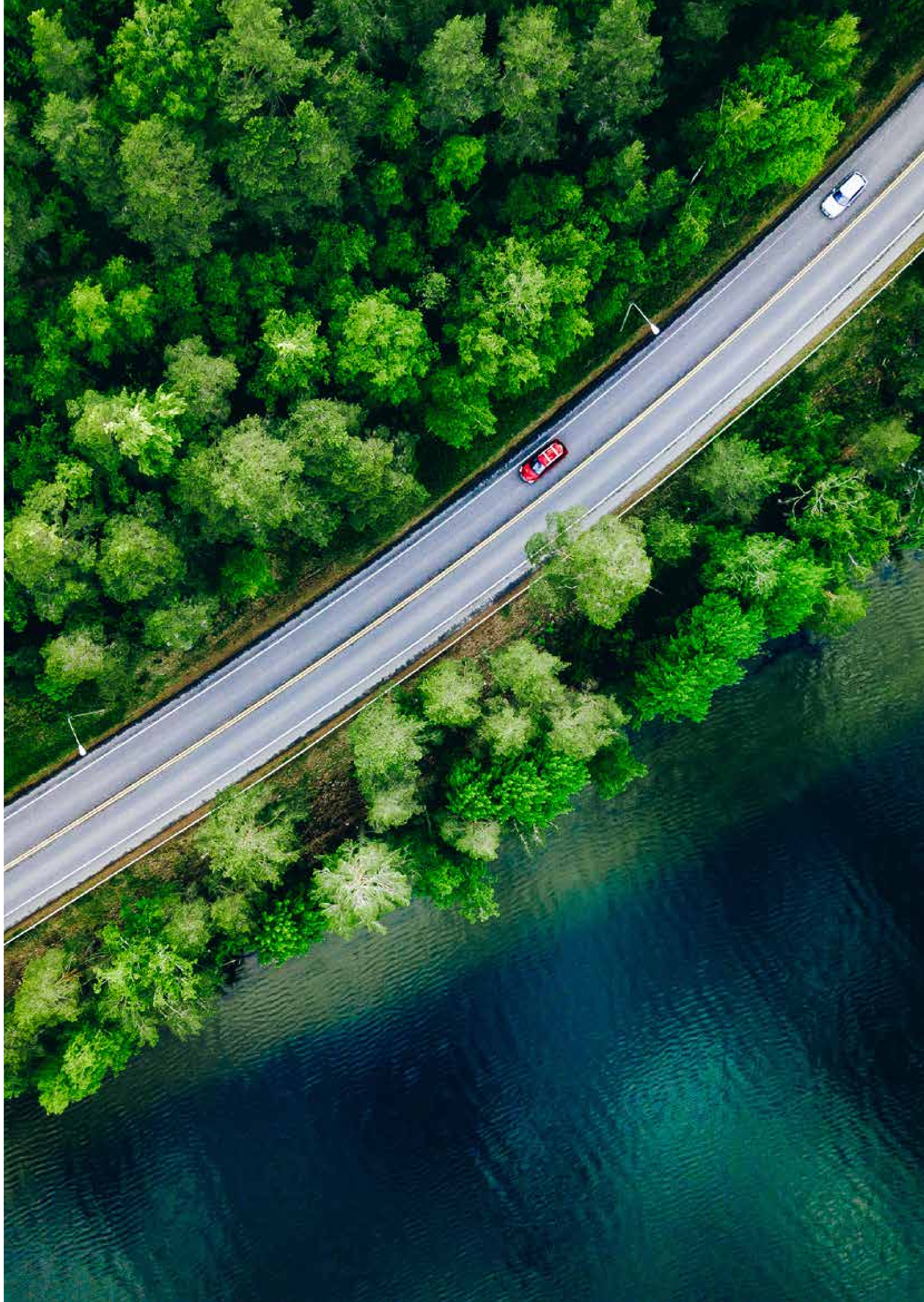
It is anticipated Revenue will be between $150 million to $170 million reflecting the contribution of a full year of Coretex and continued growth across all our markets. FY22 has been a significant year of investment in capability to prepare for growth and this investment will continue into FY23. As a result, EROAD is targeting normalised EBIT (excluding one-off integration costs) of between -$5m to breakeven (FY22: -$0.9m). This reflects the step up in non-cash amortisation following the Coretex merger and continued operating expenditure pressures as the company experiences a tight labour market and inflationary conditions. It is expected operating leverage will improve from FY24 onwards as revenue growth builds momentum and operating cost growth flattens.

Last year EROAD started a significant period of transition. EROAD has accelerated its growth strategies and is well positioned to build greater growth momentum over FY23 and beyond. Longer term, based on FY22 AMRR, our forecasted growth rate in-line with pre-COVID levels and launch of functionality increasing ARPU, EROAD is targeting to deliver ongoing strong growth in revenue, increasing to at least $250m by FY25. EROAD's cashflow, in conjunction with banking facilities are sufficient to support these organic growth ambitions.

I look forward to meeting you all and updating you on the progress we have made towards delivering on our growth strategy.



Mark Heine
Chief Executive Officer



OUR BROADER AND IMPROVED PRODUCT OFFERING

EROAD continued to extend its platform offering with a focus on opening up the addressable market for Enterprise customers. During the year EROAD has released 10 enhancements and nine new products to enable growth, including Clarity Solo Dashcam, EROAD Analyst, EROAD Where Mini Tags, EROAD Geoalerts and EROAD Satellite communications.

Through the merger of Coretex we have added our next generation hardware and platform - the CoreHub and Core360, significantly increasing our addressable market and product market fit.

Hardware Solutions

EROAD

Ehubo

Clarity Solo Dashcam

CORETEX

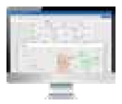
TMU1500

CoreHub
Next Generation

Add on Products and Services

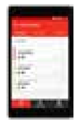
EROAD

Clarity Dashcam



Philips Connect

Logbook

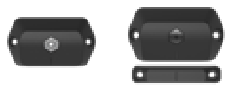


Inspect

EROAD Where

Minitags

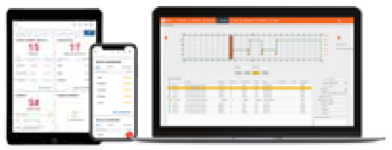
CORETEX



IOT sensors and tag

Coretemp

Corevision camera



MyEROAD / 360 Hub

All Vehicles. All Assets. One Platform

Hardware enabling delivery of Saas subscriptions to solve customer problems

* EROAD's Ehubo1, Coretex's V301 , TMU750 and Gen-x are all included in unit numbers however come to the end of supply during FY23

Solving Customers Problems

- Productivity
- Road Safety
- Regulatory Compliance
- Proof of Service
- Food Safety
- Certification of Quality
- Measure and Reduce Emissions

Industries

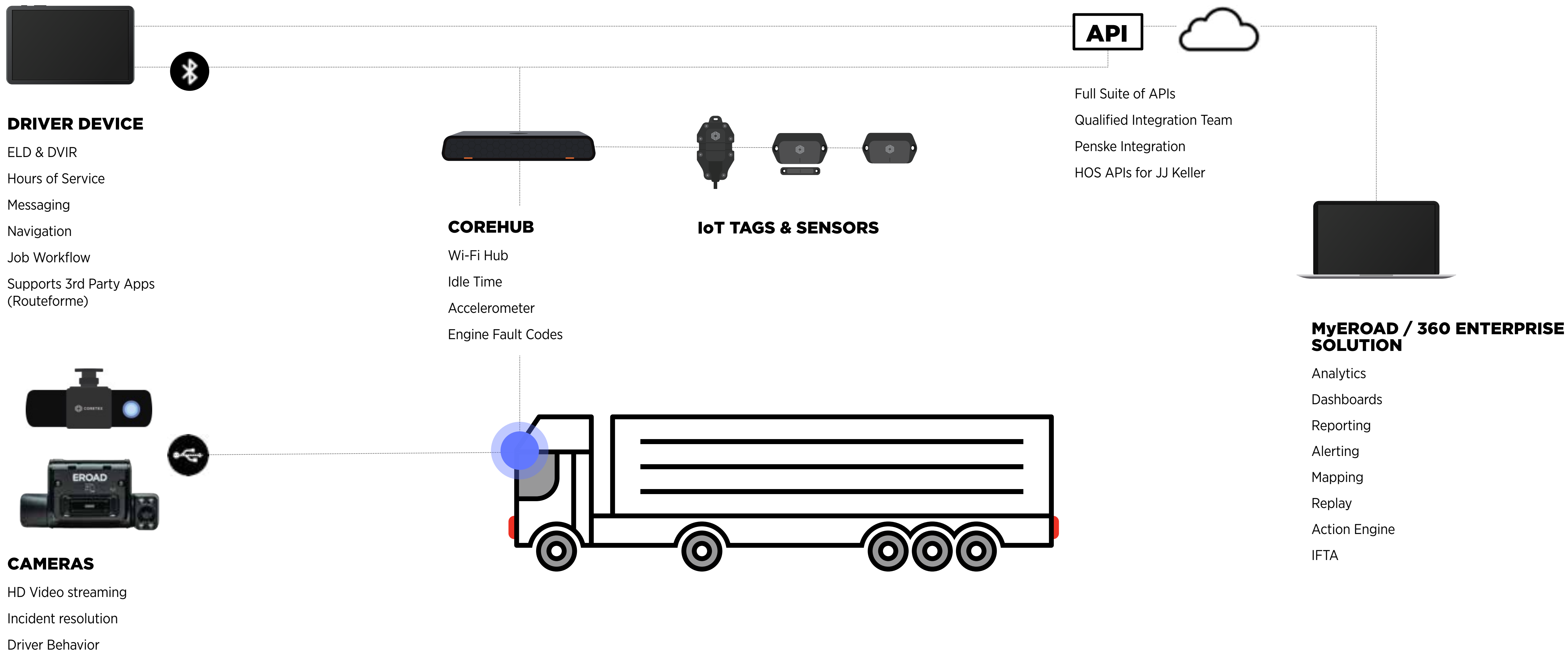
- Professional Transport
- Construction & Civils
- Refrigerated Transport
- Waste & Recycling

OUR NEXT GENERATION OFFERING

All Vehicles. All Assets. One Platform

A COMPLETE, CONNECTED NETWORK THAT WORKS WITH CUSTOMERS' SYSTEMS

Hardware and software alike, design of products focused on ease of use, safety, flexibility and quality - to deliver accurate insights for customers.



WE NOW HAVE A BROADER AND IMPROVED SERVICE OFFERING TO ENTERPRISE CUSTOMERS AND CUSTOMERS FROM DIFFERENT INDUSTRIES

* Provides additional ARPU over and above normal subscriptions
* Helps customers with their sustainability efforts

Road Safety

- ELD Fatigue Management
- Driver Behaviour*
- Video Telematics*
- Inspect App*
- CaRa Alerts*
- Re-Torque Alerts*
- Service alerts*
- Pre-trip comms*

Regulatory Compliance

NZ
- Electronic RUC
- Driver Logbook*

AU
- EWD Certification underway*
- FBT and FTC*

USA
- ELD*
- WMT Report
- RUAF/IFTA Report
- Fuel tax Report
- CA ELD Certification underway

Productivity

- Real-time Location & Geofencing*
- Geofence Alerts
- Tracking & Tracing
- Engine and Fuel Report*
- Analysis Dashboards*
- Job Management*
- Satellite Communications*
- Analyst and Data Connector*
- EROAD Share
- APIs and Integrations*
- Two-way Messaging
- BookIt App*
- ECM Diagnostics*

Professional Transport:
- Asset Tracking*
- Trailer Tractor Linking
- Trailer Tracking & Monitoring

Waste:
- Route Optimisation + Scheduling*
- Work Orders Push-to-cab*

Food Safety

Refrigerated Transport:
- Real time Alerts
- Core Temperature Monitoring*
- Core Temp*

Proof of Service

Waste:
- Trace, Track & Service verification

Quality Assurance

Refrigerated Transport:
- Core Temp*

Construction:
- Concrete Assurance
- Reduce Time-to-pour
- Proof of Service

Waste:
- Missed Stop Identification
- Exception Recording
- Residential & Commercial Waste App

PROFESSIONAL TRANSPORT | **REFRIGERATED TRANSPORT** | **CONSTRUCTION** | **WASTE**

THE NEXT GENERATION SOLUTION MEETS THE NEEDS OF PROFESSIONAL TRANSPORT, REFRIGERATED TRANSPORT, CONSTRUCTION AND WASTE INDUSTRIES

IN CAB PROFESSIONAL TRANSPORT

CoreHub can easily connect and integrate with AI Cameras, combining with driver data and behaviour to give an indepth look into the driver's performance. CoreHub also meets ELD certification and has a rule set engine built in, ensuring the driver's safety and compliance.

REFRIGERATED TRANSPORT

Combine door, temperature and humidity sensors with geofences and custom alerting to create a comprehensive view of reefer units, ensuring compliance and safety across all loads.

CONSTRUCTION

Using the drum rotation sensor and water add meter, collect detailed job data. Easily integrate this data to dispatch systems and automated job workflows to streamline complex supply chain processes.

WASTE AND RECYCLING

By installing bin sensors on the arms of the truck, receive specific and detailed data on exactly the customers the drivers have visited. By combining this information with specific routes, easily see in real time route compliance and optimisation.

OUR MARKET

NEW ZEALAND

New Zealand had an exceptional year reaching over 100,000 connected vehicles with growth in new and existing customers

CONTINUED EXECUTION OF STRATEGY

In New Zealand contracted units grew by 22% to 106,916 despite COVID-19 lock-down restrictions and some supply chain issues. This growth reflected the acquisition of Coretex, organic growth of existing and new customers and sales of Clarity Solo cameras since end of October 2021.

Reflecting the quality of EROAD's product and customer offering EROAD's stand alone Asset Retention Rate remained high at 97.3% with 608 customers (representing 22,961 units) renewing their plan during the year.

It was a major year of renewals for the New Zealand market with a number of large enterprise customers re-signing during the year including New Zealand's largest enterprise customer Downer EDI Limited who renewed their contract for 5,500 units through to December 2025. EROAD continued to expand its relationship with Downer New Zealand through this contract by also including a subscription to EROAD Analyst, EROAD Inspect and In-cab pre-Trip Comms and service alerts in addition to existing services provided by EROAD's Safe Driver product.

In total, 606 customers added products and services such as Clarity Dashcam, Logbook or BookIt to their plan, representing some 34,089 subscriptions. This resulted in Average Revenue per Unit (ARPU) increasing from $56.18 to $56.45.

FY23 FOCUS

Looking forward to FY23 we expect to see unit growth at similar levels to pre FY21 (added 9,000+ connected vehicles pa), with focus on increased sales of Clarity Dashcam. EROAD is well underway with work to provide ESG solutions to customers to help them decarbonise and convert to EV fleets. EROAD currently has five pilots underway representing around 2,700 connected units.

106,916

UNITS
(FY21: 87,892)

$45.2m

EBITDA
(FY21: $38.8m)

608

CUSTOMERS RENEWED THEIR PLAN
(22,961 UNITS)

97.3%

EROAD ASSET RETENTION RATE
(FY21: 95.8%)

97.3%

CORETEX 4 MONTH ASSET RETENTION RATE

606

CUSTOMERS ADDED PRODUCTS AND SERVICES TO THEIR PLAN
(34,089 SUBSCRIPTIONS)

$56.45

NZ MONTHLY SAAS ARPU
(FY21: $56.18)

NORTH AMERICA

Regained growth momentum following the Coretex merger completion which improved product market fit and enterprise capabilities

CONTINUED EXECUTION OF STRATEGY

In North America contracted units more than doubled from 35,437 to 87,682 units reflecting the acquisition of Coretex which added 50,628 units at 30 November 2021 and organic growth.

COVID-19 has impacted EROAD's small-to-medium size customers and as a result EROAD's net sales were below expectations throughout FY22 as we saw increased churn through the 3G upgrade renewable programme. The 3G to 4G upgrade programme is near completion with 94% of EROAD legacy customers and 88% of Coretex legacy customers now on 4G hardware.

As a result of this increased churn and the loss of an Enteprise customer who was acquired and aligned its technology with its acquirer, EROAD's stand alone Asset Retention Rate fell from 92.8% to 84.2%. Coretex's 4 month Asset Retention Rate from 30 November 2021 was 98.3%.

CORETEX INTEGRATION

The initial focus of the Coretex integration was building sales as quickly as possible in the North American market. The EROAD and Coretex sales and marketing teams are now integrated and aligned facing into the market as one organisation. Sales activities for the new Coretex 360 platform and Corehub hardware solutions are underway as EROAD's next generation product platform.

FY23 FOCUS

EROAD currently has eight enterprise customer pipeline opportunities at the pilot stage relating to potential opportunities of approximately 26,000 connected units. It is expected growth momentum will build through the year with the successful conversion of some of these opportunities.

87,682

UNITS
(FY21: 35,437)

$9.4m

EBITDA**
(FY21: $10.0m)

507

CUSTOMERS RENEWED THEIR PLAN
(8,364 UNITS)

84.2%

EROAD ASSET RETENTION RATE
(FY21: 92.8%)

98.3%

CORETEX 4 MONTH ASSET RETENTION RATE

207

CUSTOMERS ADDED PRODUCTS AND SERVICES TO THEIR PLAN
(3,815 SUBSCRIPTIONS)

US $39.02*

MONTHLY SAAS ARPU*
(FY21: US$42.95)
reflecting the high proportion of trailers and purchase of hardware upfront with Coretex's customer base

*In NZ$ North America ARPU fell from NZ$65.03 in FY21 to NZ$56.38 in FY22
** Includes one-off COVID-19 grant revenue of $1.6m

AUSTRALIA

Australia delivered its first year of positive EBITDA and strong growth in ARPU reflecting the successful roll out of Ventia AU and continued growth in small-to-medium customers

CONTINUED EXECUTION OF STRATEGY

The size of our Australian presence increased significantly in FY22 with contracted units increasing from 2,874 to 14,099 reflecting the acquisition of Coretex which added 7,892 contracted units on 30 November 2021 and the roll out of Ventia AU adding 2,723 units. This market was impacted by continued lock-downs throughout the year and as such EROAD only saw organic growth adding 610 contracted units and 49 Clarity Solo dashcams during the year.

FY23 FOCUS

Australia remains a substantial growth opportunity in the medium term. For H1 FY23 the focus will be on Clarity Solo cameras and EROAD Where tag sales, with further growth momentum indicated following the launch of the fully integrated Coretex and EROAD platform towards the end of 2022. In the Australian market EROAD has five ongoing Enteprise customer pilots for about 2,000 contracted units and 10,000 microtags.

14,099

UNITS
(FY21: 2,874)

$0.1m

EBITDA
(FY21: $(0.9)m)

16

CUSTOMERS RENEWED THEIR PLAN
(272 UNITS)

88.4%

EROAD ASSET RETENTION RATE
(FY21: 93.7%)

99.4%

CORETEX 4 MONTH ASSET RETENTION RATE

148

CUSTOMERS ADDED PRODUCTS AND SERVICES TO THEIR PLAN
(1,745 SUBSCRIPTIONS)

AU $ 36.69

MONTHLY SAAS ARPU*
(FY21: AU$33.16)

*In NZ$ Australian ARPU increased from NZ$35.50 in FY21 to NZ$38.99 in FY22

THE NUMBERS

EROAD's FY22 financial result reflects investment in capability and an number of one-off impacts. The New Zealand business had a exceptional year achieving good growth despite the challenges that COVID-19 has brought. Australia too demonstrated good growth and achieved positive EBITDA for the first time as a result of the successfully roll out of the Ventia contract and continuing to build small-to-medium size customers. Connected vehicle growth in North America regained moemetum in Q4 following the Coretex merger which improved product market fit and enterprise capabilities.

REVENUE

Revenue increased 25% to $114.9m, with underlying SaaS revenue growing 22% and revenue growth across all regions.

New Zealand revenue increased from $59.8m to $69.8m with contracted units increasing from 87,892 to 106,916 including the additional 7,637 units on 30 November 2021 following the Coretex merger and organic growth of 11,387 units reflecting growth in existing and new customers. New Zealand ARPU grew from $56.18 to $56.45 as 606 customers added products and services to their plan (representing some 34,089 subscriptions) including dashcam Clarity, Logbook and Inspect sold to existing customers. It was a major year of renewals in New Zealand with a number of major enterprise customers re-signing during the year.

North American revenue increased from $30.6m to $40.3m reflecting the significant scale in this region added through the merger of Coretex which added 50,628 connected units as at 30 November when the deal completed. Organic growth of 1,617 connected units reflected churn that resulted from the 3G upgrade programme renewals as challenging macro-economic conditions impacted small-to-medium customers and the loss of 1,751 units as EROAD lost an enterprise customer who aligned its technology with an acquirer. Connected unit growth started to build momentum again in Q4 following the merger with Coretex North American ARPU fell from US$42.95 to US$39.02 reflecting the high proportion of trailers and purchase of hardware upfront with Coretex's customer base.

Revenue in Australia increased from $1.4m to $3.9m reflecting the 7,892 units added at the time of the Coretex merger, the roll-out of the Ventia AU contract (2,723 units and organic growth of small-to-medium customers which added 610 units.

Following the acquisition of Coretex, revenue includes outright hardware sales that do not have ongoing contractual conditions. This is $2.5m for the 4 month period and is expected to reduce over time as customers shift to rental models. Non-recurring revenue including one-off acquisition accounting revenue ($1.3m) and early termination fees related to the large enterprise customer in North America have increased other revenue. A similar one-off item is also in FY21 (forgiveness of the North American COVID-19 government support ($1.6m).

OPERATING EXPENSES

Operating expenditure increased significantly from $61.2m to $93.9m. This increase includes transaction and integration costs ($7.6m), four months of Coretex operating expenditure ($13.6m) and increased employee costs ($8.3m) as EROAD invested in its people capability in a tight labour market to ensure delivery of future growth strategy. Growth in personnel costs to deliver increased R&D and to manage global supply chain pressures were two areas of investment during FY22, along with inflationary pressures in competitive labour markets impacted by COVID restrictions.

EBITDA

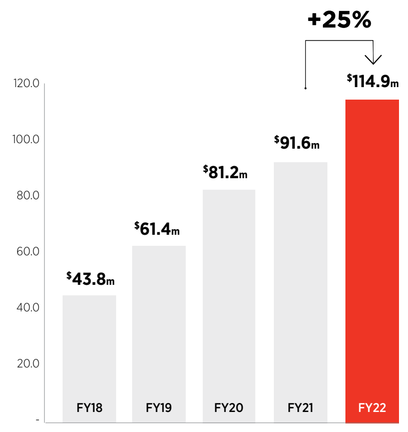
Reported EBITDA reduced from $30.4m* to $21.0m, representing an EBITDA margin of 18%. For FY22, once transaction and integration costs are excluded, normalised EBITDA is $27.3m, a decrease from normalised EBITDA for FY21 of $29.1m. EROAD's normalised EBITDA margin is 24%. EBIT fell from $5.1m in FY21 to a reported loss of $7.2m and a normalised EBIT of $0.9m reflecting significantly higher non-cash amortisation and depreciation following the acquisition of Coretex.

Continued strong growth into existing customer fleets, along with attracting new customers and continued high asset retention has resulted in a 16% increase in New Zealand EBITDA to $45.2m.

North American EBITDA fell $0.6m reflecting the one-off COVID-19 grant received in FY21 and impacts of global supply chain cost pressures related to legacy Coretex product. Significant investment in sales and marketing was also made during the year. H2 EBITDA grew 124% reflecting the larger Coretex revenue base in North America.

FY22 is the first year Australia has had a positive EBITDA following the acquisition of Coretex, due to roll-out of Ventia and steady growth in small-to-medium customers.

REVENUE



*Restated

Corporate EBITDA loss grew $16.1m which included integration and transaction costs ($7.6m) and 4 months of Coretex costs ($2.9m). Our R&D and global supply chain teams grew to address pressure points. Border closures impacted labour markets, creating inflationary pressure and increased annual leave costs were incurred (with less leave taken during NZ lock downs).

DEPRECIATION AND AMORTISATION

Total Depreciation and Amortization increased from $25.3m to $28.2m reflecting increased amortisation associated with the merger of Coretex intangibles and growth in R&D activity.

BALANCE SHEET

Cash has decreased $43.2m following the purchase of Coretex and growth in property, plant and equipment (PPE), as increased inventory is held to ensure continuity of supply given global supply chain pressures.

Other assets increased from $9.5m to $27.2m as a result of the combination of an increase in our receivables balance following the Coretex merger, growth in prepayments to secure component parts and the reclassification of some intangible costs to prepayments following the new IFRS guidance in relation to treatment of Cloud.

Contract Fulfilment and Customer Acquisition Assets increased by $2.0m (across both current and non-current portions) reflecting growth and a strong period of renewals.

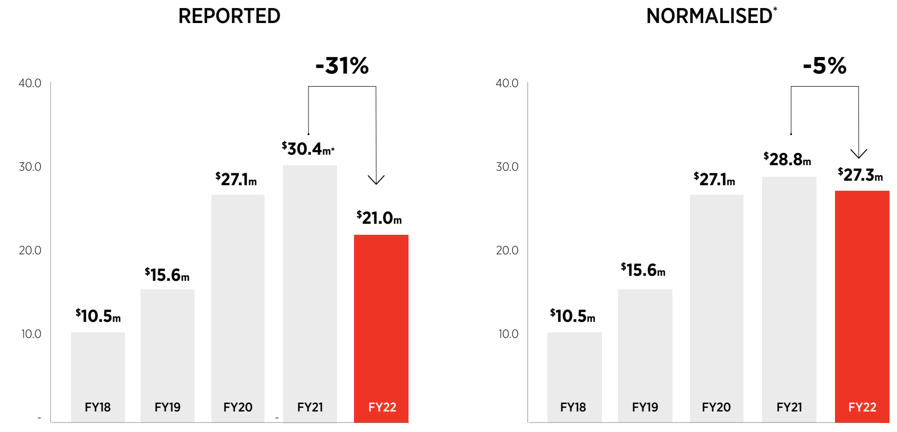
Intangibles growth from $40.6m to $228.4 primarily relates to the purchase of Coretex and includes R&D, brand value, customer contracts and goodwill. These were independently valued to reflect fair market values. There has also been $23.7m R&D development capitalised during the year.

Borrowings from long term bank loans have reduced form $35.0 to $32.1m due to scheduled repayments. Other liabilities includes an estimate for the contingent payable related to the Coretex merger.

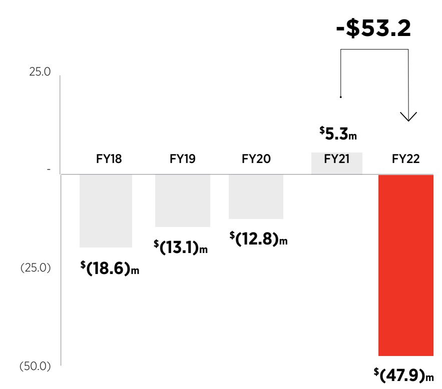
FREE CASH FLOW

Free cash flow (excluding the merger costs) fell by $53.2m to -$47.9m reflecting growth in Property, Plant and Equipment reflecting both unit growth but also the investment in inventory to help ensure continuity of supply as global supply pressures occur and increases in R&D, including outsourcing development to support flexibility to scale up and down in the future.

EBITDA



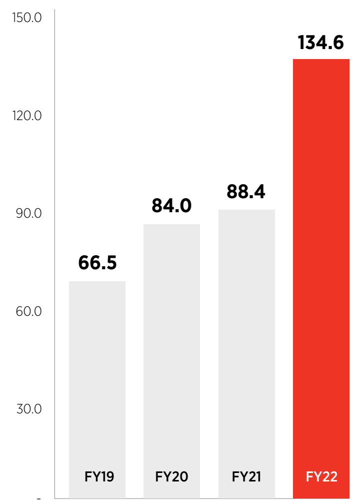
FREE CASH FLOWS
EXCLUDING MERGER



THE FINANCIAL METRICS
We measure ourselves by

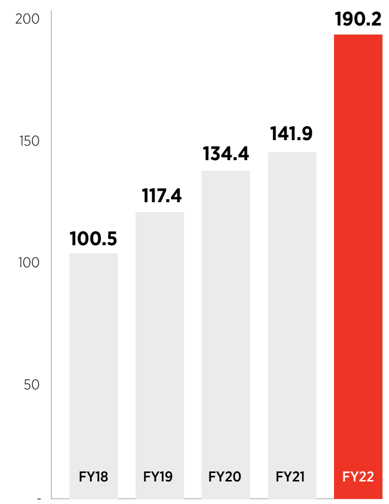
MONITORING PERFORMANCE
leading growth indicators

ANNUALISED MONTHLY RECURRING REVENUE ($m)



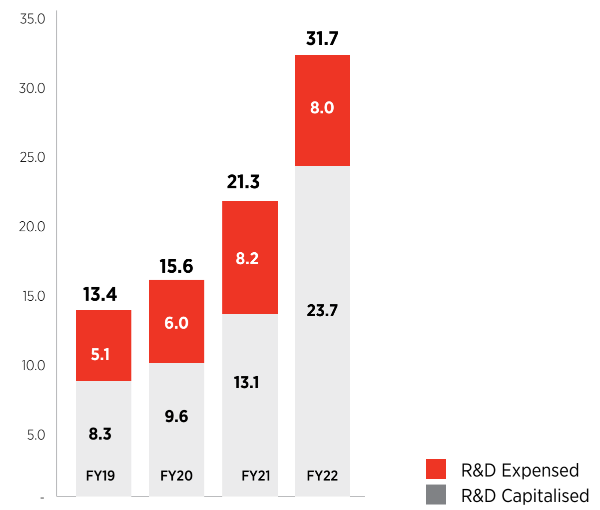
Annualised Monthly Recurring Revenue (AMRR) increased reflecting growth in recurring revenues from the Coretex merger, along with new units and SaaS ARPU, supported by a positive FX impact of $0.2m in FY22.

FUTURE CONTRACTED INCOME ($m)



Future Contracted Income (FCI) increased with the merger of Coretex and a considerable number of large enterprise renewals in New Zealand along with the continuing 3G and 4G roll-out in North America.

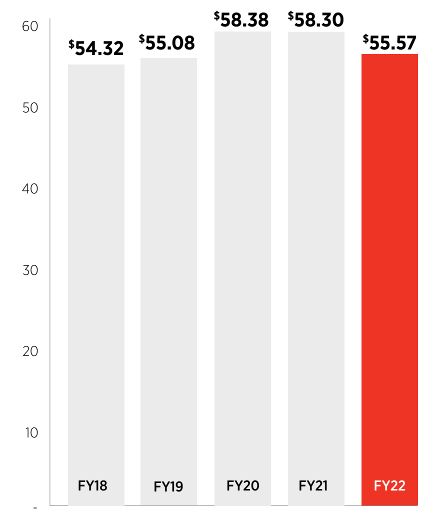
RESEARCH AND DEVELOPMENT ($m)



Total R&D spend of $31.7 m, of which $1.4m was spent on integration. For FY23 Total R&D is expected to increase to around $38m.

MONITORING PERFORMANCE
enterprise value from existing customer base

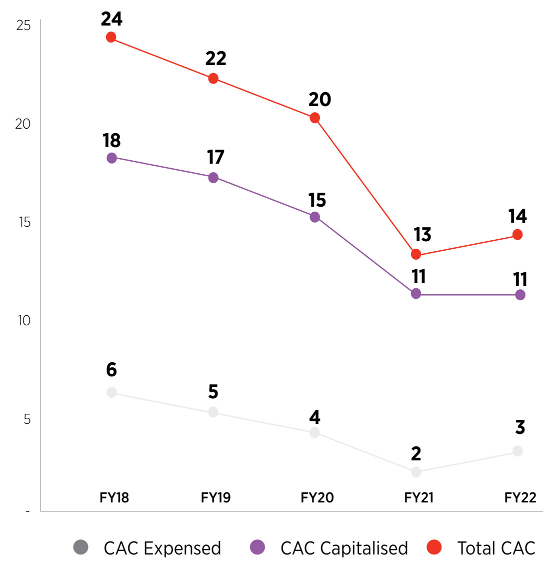
ARPU



Monthly SaaS ARPU down from FY21 reflecting improvement in selling additional products, offset by Coretex's lower ARPU (due to historical revenue model of selling hardware upfront) and a $1.64 negative FX impact.

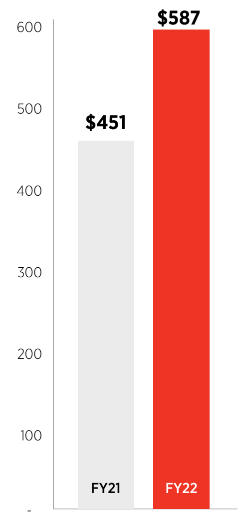
MONITORING PERFORMANCE
profitability

COST TO ACQUIRE CUSTOMERS AS % OF REVENUE



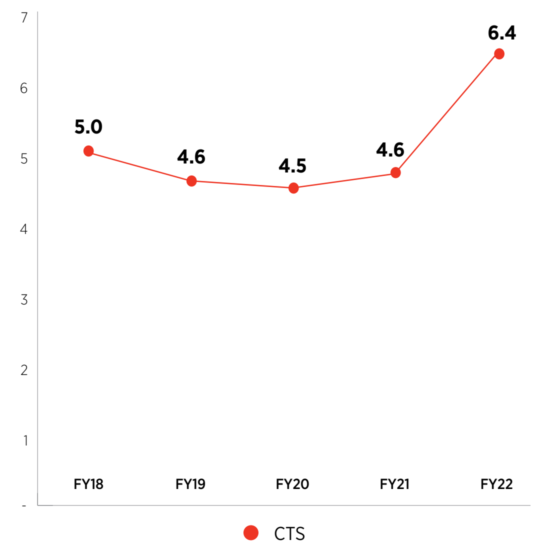
CAC would be expected to trend downwards over time as revenue grows, reductions will be partly offset by investment in development markets ahead of revenues.

COST TO ACQUIRE PER UNIT*



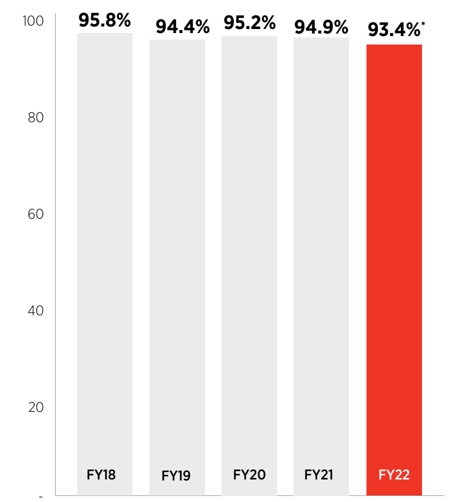
Cost to Acquire has increased due to marketing spend returning to pre-COVID levels and staff investment.

COST TO SERVICE AND SUPPORTAS % OF REVENUE



CTS has increased reflecting Coretex costs and ongoing billing improvements and automated customer support. CTS will improve over time as operations are integrated, scaled and leverage increases.

EROAD STAND ALONE
ASSET RETENTION RATE



EROAD's Asset Retention Rate has remained relatively stable over time. Significant renewal programmes, in particular North America with the 3G upgrade programme saw significant fleet reduction due to lagging COVID-19 impacts. Coretex's 4 month Asset Retention Rate was 98.4%.

* The cost to acquire per unit methodology has changed and is now based on gross unit growth (FY21 restated).

EROAD'S TRACK RECORD

	FY22	FY21 (restated)	FY20	FY19	FY18
Income statement					
Revenue	$114.9	$91.6m	$81.2m	$61.4m	$43.8m
EBITDA	$21.0m	$30.4m*	$27.1m	$15.6m	$10.5m
EBITDA margin	18%	34%	33%	25%	24%
(Loss)/profit before tax	$(10.4)m	$2.6m	$1.4m	$(5.1)m	$(5.9)m
Total comprehensive profit/(loss) after tax	$(9.9)m	$2.0m	$(0.3)m	$(6.0)m	$(3.7)m
Balance sheet					
Total current assets	$61.5m	$82.6	$34.0m	$43.9m	$46.6m
Total non-current assets	$305.6m	$87.0m	$91.8m	$79.3m	$64.5m
Total liabilities	$119.4m	$67.4	$74.5m	$71.9m	$54.4m
Cash flow					
Net cash inflow from operating activities	$14.3m	$28.1m	$23.1m	$14.3m	$5.2m
Net cash outflow from investing activities	$(134.6)	$(22.8)	$(35.9)m	$(27.3)m	$(23.8)m
Free cash flow	$(120.3)m	$5.3m	$(12.8)m	$(13.0)m	$(18.6)m
Financial performance metrics					
Annualised monthly recurring revenue	$134.6m	$88.4m	$84.0m	$66.5m	n/a
Future contracted income	$190.2m	$141.9m	$134.4m	$117.4m	$100.5m
R&D	$31.7m	$21.3m	$15.6m	$13.4m	$9.8m
Monthly SaaS average revenue per unit	$55.57	$58.30	$58.4	$55.1	$54.3
EROAD stand-alone asset retention rate	93.4%	94.9%	95.2%	94.4%	95.8%
Cost to acquire customers as a % of revenue	14%	13%	20%	22%	24%

*Restated

OUR LEADERSHIP TEAM

THE MANAGEMENT TEAM

MARK HEINE

Chief Executive Officer

Mark began his tenure as CEO in June 2022. With a deep knowledge of EROAD's business coupled with his well established legal expertise, Mark is best placed to lead EROAD.
Mark joined EROAD in 2015 after establishing himself as a well regarded lawyer in NZ and Australia. He has experience across a range of legal areas including corporate, commercial, M&A, litigation, privacy, IP and anti trust. Mark has also been employed as a barrister in New Zealand and holds current practicing certificates for New Zealand and Australia.
He holds an LLB and BA from the University of Otago.

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.

AKINYEMI KOYI

President North America & Chief Innovation officer

Akinyemi Koyi (AK) has more than 20 years of experience as a leader and innovator in the technology sector. Working in a variety of industries, Akinyemi has built, managed and nurtured highly skilled, successful teams while overseeing complex engineering projects. He joined EROAD in 2021 when EROAD acquired Coretex, a telematics company where Akinyemi was Chief Operating Officer and Chief Technology Officer. Akinyemi brings to EROAD a dedication to innovation, a people-focused leadership style and a commitment to creating technology solutions that make our customers safer and more successful.

BRIDGET O'SHANNESSEY

Acting Chief People Officer

Bridget joined EROAD in January 2022 to lead the People & Capability Team. Bridget is a highly experienced Human Resources practitioner both nationally and internationally. She has worked with many leadership teams, boards and remuneration committees in both the public and private sectors spanning a diverse range of industries including, manufacturing, finance and technology. Bridget's key focus is on organisational culture, leadership, talent and succession, and employee value proposition.

KSENIJA CHOBANOVICH

Acting General Counsel

Ksenija joined EROAD over 5 years ago and in April 2022 she stepped into the role of Acting General Counsel. Ksenija is a highly experienced legal professional with specialist knowledge of telco, technology and SaaS businesses. With cross-jurisdictional expertise, Ksenija manages EROAD's legal function and ensures delivery of our strategic objectives. She holds an LLB and BCom (Marketing) from the University of Wellington.

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 of 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 businesses. 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.

NINA ELTER

SVP, Global Market Development

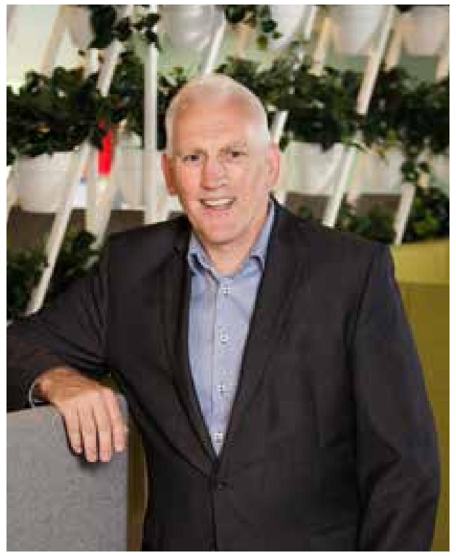
Nina joined EROAD in February 2012 and leads the Global Market Development team, responsible for finding and evaluating new opportunities on the global landscape that enable safer and sustainable roads for all. She is an international strategist and her career spans more than 20 years working in the technology, trucking, tolling and fuel card sector across Europe, the Americas and Australasia. Nina is a member of the executive committee of the International Road Federation (IRF Global) and an active member of several other international transportation associations and committees.

MARGARET WARRINGTON (DELANY)

Acting CFO

Margaret joined EROAD in September 2020 as Group Financial Controller and is currently seconded into the acting CFO position. Margaret is highly experienced with more than 12 years in senior finance and commercial positions across a number of sectors. She joined EROAD from Head of Finance at Summerset Group, and prior to this held CFO roles in the public sector. She is a CA and graduated from Victoria University with a Bachelor of Commerce and Diploma in teaching. Margaret also chairs GBB charitable trust, a national charity with 3,000 volunteers.

THE 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 brings extensive leadership and governance experience. He has previously served as CEO of Sealord Group and CFO then Director of Strategy and Growth at Fonterra. More than half his executive career was spent as Chief Financial Officer or equivalent and he has business experience across Asia, Europe, the UK and Latin America. In addition to his impressive executive resume, Graham brings significant board experience in NZ, Europe, Australia, and Latin America and currently serves on four listed company boards. Graham holds a Master's degree in Science and a Bachelor of Commerce in Finance.

BARRY EINSIG

Independent Director, Pennsylvania

Appointed: January 2020

Board Committees: Remuneration, Talent and Nomination

Located in Pennsylvania, Barry brings considerable knowledge of the North American transport market as well as global automated and connected vehicle expertise. He is currently a Vice President at Econolite and has held other senior leadership positions within the transport industry. Barry was an advisor to the Singapore Ministry of Transportation on their Highly Automated Vehicle Programme. In addition, he has reviewed work undertaken by the Transportation Research Board and has created patent-approved technology used in Public Safety Networks. Barry holds a Bachelor of Science (Environmental Biology).

TONY GIBSON

Independent Director, Auckland

Appointed: October 2009

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

Tony joined the EROAD Board in October 2009 and brings more than 30 years' experience in shipping, logistics, technology and governance. Tony is one of New Zealand's most experienced transport professionals, having previously served as the Chief Executive of Ports of Auckland and in 2008 the Minister of Transport appointed him to the Road User Review Group. Tony has worked in various senior management positions across Africa, Asia and Europe and is currently a director for Marsden Maritime Holdings and North Tugz. He is currently EROAD's longest serving director.

SARA GIFFORD

Independent Director, Massachusetts

Appointed: April 2022

Board Committees: Remuneration, Talent and Nomination

Based in Boston, Sara has extensive leadership experience in software companies and is well versed in logistics, transportation, product implementation, and sales. She has significant business experience across North America, Europe, Southeast Asia, Australia, and NZ. Sara served as the Chief Solutions Officer and executive board member of Quintiq and is a director of North American company Spiro. Sara is also the co-founder and director of Activote, a non-partisan application enabling voting in North America. Sara holds a Bachelor of Science in Computer Engineering and a Master's of Science in Software Engineering.

SUSAN PATERSON

Independent Director, Auckland

Appointed: March 2019

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

Susan is a highly sought-after professional director with more than 25 years Board/Chair experience in NZX/ASX listed companies, private companies, government entities and not for profits. With a pharmaceutical and management background and an MBA (London Business School), she has worked in a range of consulting and management positions throughout New Zealand and internationally. Susan is an appointed Officer of New Zealand Order of Merit (services to governance) and was awarded Chartered Fellow status by the Council of the Institute of Directors. Susan holds an MBA and Bachelor of Pharmacy.

SELWYN PELLETT

Executive Director, Auckland

Appointed: December 2021

Board Committees: Remuneration, Talent and Nomination

Selwyn is an acclaimed technology entrepreneur with more than 40 years' experience in electronics supply chains, enterprise level network security and telematics in Asia, Australia, NZ, North America and Europe. He has extensive experience in international sales, marketing, strategic planning and supply chain management, spanning small start-ups to multibillion-dollar corporations. Selwyn was the founder and CEO of Coretex Limited before the merger with EROAD, and the previous co-founder, CEO and Chairman of Endace Ltd. Selwyn's leadership, vision and significant contribution to New Zealand's technology sector was recognised by the New Zealand Hi Tech Association who named him as a 'Flying Kiwi' in 2009.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 $M's	Restated 2021 $M's
Revenue	3	114.9	91.6
Operating expenses	4	(93.9)	(61.2)
Earnings before interest, taxation, depreciation and amortisation		**21.0**	**30.4**
Depreciation of property, plant and equipment	14	(10.4)	(9.6)
Amortisation of intangible assets	16	(11.0)	(8.9)
Amortisation of contract and customer acquisition assets	7	(6.8)	(6.8)
Earnings before interest and taxation		**(7.2)**	**5.1**
Finance income		0.1	0.2
Finance expense		(3.3)	(2.7)
Net financing costs	8	**(3.2)**	**(2.5)**
(Loss)/profit before tax		**(10.4)**	**2.6**
Income tax benefit	9	0.8	(0.1)
(Loss)/Profit after tax for the period attributable to the shareholders		**(9.6)**	**2.5**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss		(0.3)	(0.5)
Total comprehensive (loss)/profit for the period		**(9.9)**	**2.0**
(Loss)/Earnings per share - basic (cents)	11	(10.07)	3.33
(Loss)/Earnings per share - diluted (cents)	11	(9.98)	3.33

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
**Refer to Note 2(h) for details on 2021 restatement.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 $M's	Restated 2021 $M's
Current assets			
Cash and cash equivalents	12	13.9	57.1
Restricted bank accounts	12	14.7	10.5
Trade and other receivables	13	27.2	9.5
Contract fulfilment costs	7	3.6	3.0
Costs to obtain contracts	7	2.1	2.5
Total current assets		**61.5**	**82.6**
Non-current assets			
Property, plant and equipment	14	61.7	34.7
Intangible assets	16	228.4	40.6
Contract fulfilment costs	7	3.3	2.4
Costs to obtain contracts	7	1.9	1.0
Deferred tax assets	10	10.3	8.3
Total non-current assets		**305.6**	**87.0**
Total assets		**367.1**	**169.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AS AT 31 MARCH 2022

	Notes	2022 $M's	Restated 2021 $M's
Current liabilities			
Borrowings	18	2.1	6.4
Trade payables and accruals	17	37.1	7.8
Payables to transport agencies	12	15.0	10.5
Contract liabilities	19	5.7	3.9
Lease liabilities	15	1.4	1.0
Employee entitlements		4.6	2.4
Total current liabilities		**65.9**	**32.0**
Non-current liabilities			
Borrowings	18	30.0	28.6
Contract liabilities	19	6.2	2.7
Lease liabilities	15	4.3	4.2
Derivative financial liabilities	20	0.2	-
Deferred tax liabilities	10	12.8	-
Total non-current liabilities		**53.5**	**35.5**
Total liabilities		**119.4**	**67.4**
Net assets		**247.7**	**102.1**
Equity			
Share capital	11	293.3	131.7
Share capital premium/discount		(6.5)	-
Reserves		(3.7)	(3.4)
Accumulated loss		(35.4)	(26.2)
Total shareholders' equity		**247.7**	**102.1**

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

Chairman, 26 May 2022

Chair of the Finance, Risk and Audit Committee, 26 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share Capital $M's	Share Premium/ Discount $M's	Accumulated loss $M's	Translation Reserve	Hedging Reserve $M's	Total $M's
Balance as at 1 April 2020, as previously reported		80.7	-	(26.5)	(2.9)	-	51.3
IFRS change in accounting policy, net of tax	2(h)	-	-	(3.0)	-	-	(3.0)
Restated balance as at 1 April 2020		**80.7**	**-**	**(29.5)**	**(2.9)**	**-**	**48.3**
Restated profit after tax for the period		-	-	2.5	-	-	2.5
Other comprehensive income		-	-	-	(0.5)	-	(0.5)
Total comprehensive income for the period, net of tax		**-**	**-**	**2.5**	**(0.5)**	**-**	**2.0**
Transactions with owners of the Company							
Equity settled share-based payments		-	-	0.8	-	-	0.8
Share capital issued	11	51.0	-	-	-	-	51.0
Restated balance at 31 March 2021		**131.7**	**-**	**(26.2)**	**(3.4)**	**-**	**102.1**
Balance at 1 April 2021		131.7	-	(26.2)	(3.4)	-	102.1
Loss after tax for the period		-	-	(9.6)	-	-	(9.6)
Other comprehensive income		-	-	-	(0.1)	(0.2)	(0.3)
Total comprehensive loss for the period, net of tax		**-**	**-**	**(9.6)**	**(0.1)**	**(0.2)**	**(9.9)**
Transactions with owners of the Company							
Equity settled share-based payments		1.3	-	0.4	-	-	1.7
Share capital issued	11	80.4	-	-	-	-	80.4
Share capital issued relating to business combination	11	79.9	(6.5)	-	-	-	73.4
Balance at 31 March 2022		**293.3**	**(6.5)**	**(35.4)**	**(3.5)**	**(0.2)**	**247.7**

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 2022

	Notes	2022 $M's	Restated 2021 $M's
Cash flows from operating activities			
Cash received from customers		109.4	92.3
Payments to suppliers and employees		(92.2)	(61.7)
Interest received		0.1	-
Interest paid		(2.9)	(2.5)
Tax (paid)/received		(0.1)	-
Net cash inflow from operating activities		**14.3**	**28.1**
Cash flows from investing activities			
Payments for investment in property, plant & equipment	14	(28.4)	(4.7)
Payments for investment in intangible assets	16	(24.9)	(13.1)
Payments for investment in contract fulfilment assets	7	(5.7)	(3.5)
Payments for investment in customer acquisition assets	7	(3.2)	(1.5)
Payments for investment in subsidiary, net of cash acquired	2(i)	(72.4)	-
Net cash outflow from investing activities		**(134.6)**	**(22.8)**
Cash flows from financing activities			
Receipts from bank loans	18	32.1	1.7
Repayments of bank loans	18	(35.0)	(2.5)
Payment of lease liability	15	(1.6)	(1.6)
Receipts from issue of equity		85.0	52.9
Payments for costs of raising equity		(3.4)	(2.1)
Net cash inflow from financing activities		**77.1**	**48.4**
Net (decrease)/increase in cash held		**(43.2)**	**53.7**
Cash and cash equivalents		**57.1**	**3.4**
Closing cash and cash equivalents		**13.9**	**57.1**

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 2022

	Notes	2022 $M's	Restated 2021 $M's
Reconciliation of operating cash flows with reported profit after tax			
Profit after tax for the year attributable to the shareholders		(9.6)	2.5
Add/(less) non-cash items			
Tax asset recognised		(1.1)	0.1
Depreciation and amortisation		28.2	25.3
Other non-cash expenses/(income)		1.4	(1.1)
		28.5	**24.3**
Movements in other working capital items			
Decrease/(increase) in trade and other receivables		(10.4)	2.7
Increase/(decrease) in contract liabilities		5.3	(1.6)
Increase/(decrease) in trade payables, interest payable and accruals		0.5	0.2
		(4.6)	**1.3**
Net cash from operating activities		**14.3**	**28.1**

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. 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.

Other than as described in note 2(h), 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

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. Comparative financial information has been restated to account for the impact of the change – refer note 2(h).

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

(c) Going concern

As at balance the Group's current liabilities exceeded its current assets by $4.4 million, however adjusting for contract assets and liabilities and non-cash contingent consideration the Group had net current assets of $1.0 million. 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 2022 of $13.9M and bank borrowing facility of $90M of which $57.3M was undrawn as at 31 March 2022 after including borrowing costs of $0.6M. This provides sufficient level of headroom to help support the business for at least the next 12 months from the date of issuance of these financial statements;
- The Future Contracted Income of $190.2M provides certainty of forecast revenue;
- 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.

NOTE 2 BASIS OF ACCOUNTING *(CONTINUED)*

(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 a 1 April 2022.

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, 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)
- Fair values of assets and liabilities acquired (refer to Note 2(i))
- Capitalisation of development costs (refer to 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. Lockdowns continued in these markets during the year, and while some restrictions have eased in each of the markets they have yet to return to the level of economic trading conditions prevalent prior to the COVID-19 crisis. Following the lockdowns being initiated in 2020, EROAD was designated an essential service in each of its three markets and remained operational under its communicable illness business continuity plan. EROAD continues to be considered an essential service in the current period. Despite this designation, EROAD still experienced a loss 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. Like most businesses we are unsure about the flow on implications of the pandemic in future periods.

Doubtful debts - COVID-19 Provisions

To ensure EROAD has recorded sufficient credit loss provisions to account for the estimated financial impact of any future defaults EROAD has performed an assessment of estimated credit losses not yet identified but driven by the increase in credit default risk for its customers. The assessment considered the following aspects:

- the risk level associated with the industry the customer is operating in, including whether this is an essential service;
- historical loss rates for each risk category; and
- macro economic conditions in the relevant market including COVID-19 responses and lock-down activity.

(h) Retrospective restatement

As disclosed in note (b), the Group revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Comparative financial information has been restated to account for the impact of the change in accounting policy, as follows:

The flow on impact on these transactions to the March 21 financials plus further movements is as follows:

	31 March 2020 previously reported	Adjustments	Restated	31 March 2021 previously reported	Adjustments	Restated
	$M's	$M's	$M's	$M's	$M's	$M's
Statement of financial position						
Trade and other receivables - Prepayments	10.7	1.7	12.4	8.2	1.3	9.5
Total current assets	**34.0**	**1.7**	**35.7**	**81.3**	**1.3**	**82.6**
Intangible assets	42.1	(5.8)	36.3	45.3	(4.7)	40.6
Deferred tax asset	7.5	1.1	8.6	7.3	1.0	8.3
Total non-current assets	**91.8**	**(4.7)**	**87.1**	**90.7**	**(3.7)**	**87.0**
Total assets	**125.8**	**(3.0)**	**122.8**	**172.0**	**(2.4)**	**169.6**
Net assets	**51.3**	**(3.0)**	**48.3**	**104.6**	**(2.5)**	**102.1**
Retained earnings	(26.5)	(3.0)	(29.5)	(23.7)	(2.5)	(26.2)
Total equity	**51.3**	**(3.0)**	**48.3**	**104.6**	**(2.5)**	**102.1**
				2021	2021	2021
				$M's	$M's	$M's
Statement of comprehensive income						
Operating expenses				(60.9)	(0.3)	(61.2)
Amortisation of intangible assets				(9.9)	1.0	(8.9)
Profit before tax				1.9	0.7	2.6
Income tax benefit				0.1	(0.2)	(0.1)
Profit after tax for the period attributable to the shareholders				**2.0**	**0.5**	**2.5**

No impact on statement of cash flows as relates to asset changes in the 1 April 2020 opening balance sheet.

(i) Acquisition of subsidiary

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 1 December 2021, the Group acquired 100% of the shares and voting interests in Coretex Limited, a telematics vertical specialist provider delivering enterprise grade solutions.

The acquisition is expected to accelerate EROAD's key growth metrics enabling it to access the significant growth opportunity in North America and Australia (particularly with respect to Coretex's focus on the Enterprise customer base). It also accelerates growth by adding new strategic vertical markets, broadening product market fit and customer base and positions EROAD to become a bigger player in the global telematics market.

For the four months ended 31 March 2022, Coretex contributed revenue of $13.9 million and loss before tax of $2.7 million to the Group's results. If the acquisition had occurred on 1 April 2021, management estimates that Coretex's consolidated revenue would have been $41.7 million and consolidated loss before tax for the year would have been $8.1 million. In determining these amounts management has assumed that the fair value adjustments that arose on date of acquisition would have been the same if the acquisition had occurred on 1 April 2021.

NOTE 2 BASIS OF ACCOUNTING *(CONTINUED)*

Consideration transferred

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The consideration for the acquisition of all of the shares of Coretex Limited, was comprised of cash, shares in EROAD Limited and a contingent amount of both cash and shares. The acquisition date fair value of the total consideration transferred was $167.3 million made up of:

Cash	$74.4 million
Equity instruments (13,317,000 ordinary shares)	$66.5 million
Contingent consideration	$26.4 million
Total consideration paid or payable	**$167.3 million**

i. Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 30 November 2021 of $4.99 per share.

ii. Contingent consideration

The Group has agreed to pay the selling shareholders in 12 months from transaction completion additional consideration of $14.5 million in cash and a maximum of 2,683,000 of ordinary shares based on the satisfaction of customer retention and platform suitability performance criteria.

Assuming all criteria are met, the maximum contingent consideration payable is $14.5 million in cash and 2,683,000 shares.

The Group has included $26.4 million as contingent consideration, which represents its fair value at the date of acquisition. At 31 March 2022, the contingent consideration had decreased by $0.9 million due to remeasurement. The fair value of contingent consideration at the balance date includes $12.4 million that will be settled in shares, of which $7.0 million has been recognised as equity within Share Premium/Discount reserve as the number of shares that will be issued is fixed depending on the achievement of certain platform suitability targets, and $5.4 million has been recognised as a liability within Trade Payables and accruals as the number of shares that will be issued is variable based on the outcome of customer retention performance targets.

Acquisition related costs

The Group incurred acquisition-related costs of $3.6 million on legal fees and due diligence costs. These costs have been included in 'operating expenses'.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair values of assets acquired and liabilities assumed at the date of acquisition (using foreign exchange rates on the acquisition date):

	$M's
Property, plant and equipment	9.2
Intangible assets	69.2
Deferred tax assets	4.3
Cash and cash equivalents	2.0
Trade and other receivables	7.3
Trade payables and accruals	(9.6)
Employment liabilities	(2.7)
Lease liability	(1.3)
Deferred tax liabilities	(16.2)
Total identifiable net assets acquired	**62.2**

NOTE 2 BASIS OF ACCOUNTING *(CONTINUED)*

i. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets	**Customer relationships: The multi-period excess earnings method** The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. **Brand: Relief from royalty method** The basic principle of the relief from royalty method is that without ownership of the subject intangible asset, the user of that intangible asset would have to make a stream of payments to the owner of the asset in return for the rights to use that asset. By acquiring the intangible asset, the user avoids these payments. **Technology: The cost approach** The cost approach is based on the premise that a prudent investor would pay no more for an intangible asset than its replacement or reproduction cost. The cost to replace the intangible asset would include the cost of constructing a similar intangible asset of equivalent utility at prices applicable at the time of the valuation analysis. This estimate may then be adjusted by losses in value attributable to obsolescence (physical, functional and/or economic).
Trade receivables	Trade receivables comprise gross contractual amounts due of $7.4 million of which $2.3 million was expected to be uncollectible at the date of acquisition.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis:

- Income tax payable related to North America pending completion of independent advisor's review of the tax rate to be applied as well as the required adjustments for differences between accounting and tax.
- Deferred tax liability related to North America intangible assets pending completion of independent advisor's review of the tax rate to be applied.

A rate of 21%, which is equal to the Federal tax rate in the US has been applied in determining provisional tax values in North America. An adjustment may be required to account for the various State taxes. The determination of a State tax rate is complex as each State in the US has its own rates and various components to which it calculates its tax base. The State tax rates vary from 0% to 12%. Given the Coretex business operations cross many States, the percentage to apply will depend on how much business operations is taxable in each State. We will continue to work with our advisers to determine what the appropriate adjustment to the percentage is to account for these State taxes at acquisition date. The likely impact is a decrease to the net assets on acquisition and an increase to the resulting goodwill for North America. There will likely be a flow on impact into the deferred tax balances of the Group when this adjustment is made.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$M's
Consideration transferred	167.3
Fair value of identifiable net assets	62.2
Goodwill	**105.1**

The goodwill is mainly attributable to growth from new customers, the skills and experience of Coretex's workforce and the synergies expected to be achieved from integrating the company into the Group's business. None of the goodwill recognised is expected to be deductible for tax purposes.

NOTE 3 REVENUE

	2022 $M's	2021 $M's
Revenue from contracts with customers		
Software as a Service (SaaS) revenue	104.1	85.0
Hardware revenue	2.5	-
Other		
Transaction fee revenue	3.0	2.6
Grant income	1.3	2.6
Other income	4.0	1.4
Total Revenues	**114.9**	**91.6**

Set out above is the disaggregation of the Group's revenue. 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, training and support services and provision of software services. Hardware Revenue represents revenue earned from sale of hardware with no software as a service term. Transaction fee revenue relates to the collection of Road User Charges (RUC) fees.

Hardware only revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the specified location. A receivable is recognised by the Group when the goods are delivered as this represents point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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.

	2022 $M's	2021 $M's
Software as a Service (SaaS) revenue		
No later than one year	83.6	72.3
Later than one year no later than five years	106.6	69.6
Total price allocated to remaining performance obligations	**190.2**	**141.9**

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, Corehub/THU1500) 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 recognise as a finance cost when consideration is received in advance.

Hardware revenue with no contractual term for Saas is recognised when control of the goods has transferred, being when the goods have been shipped to the specified location. A receivable is recognised by the Group when the goods are delivered as this represents point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

NOTE 3 REVENUE *(CONTINUED)*

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. 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 is 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. As at 31 March 2022 no Covid-19 related grants were received (31 March 2021 $1.6million).

NOTE 4 EXPENSES

	Notes	2022 $M's	Restated 2021 $M's
Personnel expenses - net of capitalised employee remuneration	6	45.2	29.7
Administrative and other operating expenses		24.3	20.7
SaaS platform costs		15.3	9.8
Directors fees		0.5	0.4
Acquisition-related expenses		3.6	-
Integration-related expenses		4.0	-
Auditor's remuneration - KPMG		0.6	0.3
Other assurance services - KPMG		0.1	0.1
Tax compliance and advisory services - KPMG		0.3	0.2
Total operating expenses		**93.9**	**61.2**

Other assurance services include half year and Callaghan Grant reviews and NZTA reasonable assurance.
During the year the costs expensed for Research and Development (including integration) was $8.0M (2021: $8.2M).

The integration related expenses include internal staff time.

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

These segments remain the same following the acquisition of the Coretex Group.

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	
	2022 $M's	Restated 2021 $M's	2022 $M's	2021 $M's	2022 $M's	2021 $M's	2022 $M's	2021 $M's
Revenue								
Software as a Service (SaaS) revenue	0.3	0.3	35.0	27.2	65.3	56.5	3.5	1.1
Hardware Revenue	-	-	2.4	-	-	-	0.1	-
Transaction fee revenue	-	-	-	-	3.0	2.6	-	-
Other revenue [1]	32.1	24.8	2.9	3.4	1.5	0.7	0.3	0.3
	32.4	**25.1**	**40.3**	**30.6**	**69.8**	**59.8**	**3.9**	**1.4**
Earnings before interest, taxation, depreciation & amortisation	(33.9)	(17.8)	9.4	10.0	45.2	38.8	0.1	(0.9)
Total assets	256.9	101.5	80.8	27.1	64.8	39.7	13.3	3.0
Depreciation of property, plant & equipment	(1.5)	(1.1)	(3.8)	(4.7)	(5.2)	(4.8)	(0.3)	(0.1)
Amortisation of intangible assets	(8.8)	(8.9)	(1.7)	-	(0.3)	-	(0.2)	-
Amortisation of contract and customer acquisition assets	-	-	(1.5)	(1.8)	(5.0)	(4.9)	(0.3)	(0.1)

[1] Revenue from Corporate & Development Markets includes R&D Grant Income of $1.3M (2021: $2.6M).

Reconciliation of information on reportable segments

	2022 $M's	Restated 2021 $M's
Revenue		
Total revenue for reportable segments	146.4	116.9
Elimination of inter-segment revenue	(31.5)	(25.3)
Consolidated revenue	**114.9**	**91.6**
EBITDA		
Total EBITDA for reportable segments	20.8	30.1
Elimination of inter-segment EBITDA	0.2	0.3
Consolidated EBITDA	**21.0**	**30.4**
Depreciation		
Total depreciation for reportable segments	(10.8)	(10.7)
Elimination of inter-segment depreciation	0.4	1.1
Consolidated depreciation	**(10.4)**	**(9.6)**
Total assets		
Total assets for reportable segments	415.8	171.3
Elimination of inter-segment balances	(48.7)	(1.7)
Consolidated total assets	**367.1**	**169.6**

NOTE 5 SEGMENTAL NOTE *(CONTINUED)*

Allocation of goodwill and other intangible assets

Included within Total Assets are Development Assets of $88.3M (2021: $36.9m) 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. The Group's cash generating units (CGUs) are North America, New Zealand and Australia. For impairment testing purposes management allocate the Development Assets to the CGU 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.

Also included in the total assets is the intangible assets acquired through the acquisition of the Coretex subsidiaries and resulting goodwill. The allocation of these to cash-generating units has been done based on valuation expert advice.

The allocation of the Development Assets, goodwill and other intangibles to CGU's within the following reportable segments for the purpose of impairment testing was as follows:

2022	Development Assets	Goodwill	Brand	Customer relationships
	$M's	$M's		
North America	43.3	85.8	3.1	21.9
New Zealand	39.8	5.7	-	4.9
Australia	5.2	13.6	-	1.2
	88.3	**105.1**	**3.1**	**28.0**

2021	Development Assets	Goodwill	Brand	Customer relationships
	$M's	$M's		
North America	13.9	-	-	-
New Zealand	21.6	-	-	-
Australia	1.4	-	-	-
	36.9	**-**	**-**	**-**

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.

	2022	Restated 2021
	$M's	$M's
Revenue		
New Zealand	72.1	61.2
All foreign countries:		
USA	39.0	29.3
Australia	3.8	1.1
Total revenue	**114.9**	**91.6**
Non-current assets		
New Zealand	206.5	65.2
All foreign countries:		
USA	76.9	12.5
Australia	11.9	1.0
Total non-current assets	**295.3**	**78.7**

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

NOTE 6 PERSONNEL EXPENSES

	2022	2021
	$M's	$M's
Salaries and wages - excluding capitalised commission costs	53.7	34.8
Annual leave	0.8	0.6
Performance bonus	0.8	1.1
Share-based payments	2.0	0.9
Salaries and wages capitalised to development and software assets	(12.1)	(7.7)
	45.2	**29.7**

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. Customers who do not sign up to a term have contract fulfilment costs expensed up-front.

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. Customers who do not sign up to a term have contract acquisition costs expensed up-front.

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

	CONTRACT FULFILMENT		COSTS TO OBTAIN CONTRACTS	
	2022	2021	2022	2021
	$M's	$M's	$M's	$M's
Opening net book value	5.4	5.9	3.5	4.8
Additions	5.7	3.4	3.1	1.6
Amortisation	(4.2)	(3.9)	(2.6)	(2.9)
Closing Net book value	**6.9**	**5.4**	**4.0**	**3.5**
Current	3.6	3.0	2.1	2.5
Non-current	3.3	2.4	1.9	1.0

NOTE 8 FINANCE INCOME & FINANCE EXPENSES

	2022 $M's	2021 $M's
Finance income		
Interest income	0.1	-
Foreign exchange gains	-	0.2
	0.1	**0.2**
Finance expenses		
Interest expense	(2.4)	(2.2)
Interest expense - lease liabilities	(0.3)	(0.3)
Interest expense - contract liabilities	(0.2)	(0.2)
Change of fair value of contingent consideration	(0.4)	-
	(3.3)	**(2.7)**
Net financing costs	**(3.2)**	**(2.5)**

NOTE 9 INCOME TAX EXPENSE

	2022 $M's	Restated 2021 $M's
(a) Reconciliation of effective tax rate		
(Loss)/ Profit before income tax	**(10.4)**	**2.6**
Income tax using the Company's domestic tax rate of 28%	2.9	(0.3)
Non-deductible expense	(2.3)	-
Adjustment related to prior period	(0.5)	0.3
Utilisation of tax losses previously unrecognised	1.3	-
Current-year losses for which no deferred tax asset is recognised	(0.5)	-
Effect of different tax rates of subsidiaries operating overseas	-	(0.1)
Income tax expense	**0.9**	**(0.1)**
(b) Current tax expense		
Current year	-	-
	-	**-**
(c) Deferred tax expense		
Current year	1.4	0.1
Adjustments related to prior period	(0.5)	-
	0.9	**0.1**

At 31 March 2022 there were no imputation credits available to shareholders (2021: 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.

NOTE 9 INCOME TAX EXPENSE *(CONTINUED)*

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/(LIABILITIES)

	2022 $M's	Restated 2021 $M's
Recognised deferred tax assets/(liabilities)		
Deferred tax assets are attributable to the following:		
Tax loss carry forward	13.0	11.5
Property, plant and equipment	(3.9)	0.6
Intangibles	(21.1)	(5.9)
Provisions, accruals and other liabilities	1.7	1.1
Equity-settled share-based payments	0.7	0.4
Trade and other receivables, including contract assets	5.5	(0.7)
Lease liability	1.6	1.3
Total deferred tax (liability)/asset	**(2.5)**	**8.3**

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 2022 $M's	Recognised in Profit or Loss $M's	Under/ (Over) from Prior Periods $M's	Acquired in Business combinations $M's	Currency Translation $M's	Restated Balance 2021 $M's
Tax loss carry forward	13.0	(2.0)	(0.2)	3.7	-	11.5
Property, plant and equipment	(3.9)	(0.2)	(4.0)	(0.3)	-	0.6
Intangibles	(21.1)	0.5	-	(15.8)	0.1	(5.9)
Provisions, accruals and other liabilities	1.7	1.0	(0.6)	0.3	(0.1)	1.1
Equity-settled share-based payments	0.7	0.3	-	-	-	0.4
Trade and other receivables including contract assets	5.5	2.0	4.2	-	-	(0.7)
Lease liability	1.6	(0.2)	0.1	0.3	0.1	1.3
Total	**(2.5)**	**1.4**	**(0.5)**	**(11.8)**	**0.1**	**8.3**

During the year an exercise was performed to align prior period adjustments to the correct deferred tax categories, to ensure consistency with the balance sheet/nature of the deferred tax balances.

The New Zealand EROAD 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. Coretex New Zealand Limited are currently not part of the tax group however it will be considered for inclusion in the New Zealand tax group in the future.

NOTE 10 DEFERRED TAX ASSETS/(LIABILITIES) *(CONTINUED)*

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 results of the forecasting indicate that there will be sufficient profitability within the New Zealand tax group and Coretex New Zealand to utilise the existing tax losses. Losses incurred in recent years have been the result of a large investment creating the North American market. 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.

As at 31 March 2022 the Group has tax losses of $67.5M (2021: $48.7M) that are available indefinitely for offsetting against future taxable profits of the entity in which they arose, subject to meeting the relevant tax rules. $24.3M (2021:11.2M) of tax losses 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.

	Notes	Number of Ordinary Shares	Issue Price $	Issued Capital $
AT 31 MARCH 2021		**81,896,340**	**-**	**131.7**
Shares issued to employees		-	-	1.3
Shares issued in August 2021 equity placement		15,125,447	$5.54	83.8
Costs of raising capital		-	-	(3.4)
Shares issued in November 2021 relating to business combination	2(i)	13,317,000	$6.00	79.9
At 31 March 2022		**110,338,787**		**293.3**

On 4 August 2021 EROAD issued addtional 15,125,447 shares at a price of $5.54 each. On 30 November EROAD issued additional 13,317,000 shares at a price of $6.00 each.

At 31 March 2022 there was 110,338,787 authorised and issued ordinary shares (31 March 2021: 81,896,340). 417,306 (31 March 2021: 732,741) 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 2022 was based on the loss attributable to ordinary shareholders of $9.6M (2021: profit of $2.5M). The weighted number of ordinary shares on 31 March 2022 was 95,572,631 (2021: 74,366,384) for basic earnings per share and 96,462,064 for diluted earnings per share (2021: 74,366,384).

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.*
- *Hedging reserve - the hedging reserve is used to record gains or losses on instruments used as cash flow hedges. The amounts are recognised in profit and loss when the hedged transaction affects profit and loss.*
- *Retained earnings - includes all current and prior period retained profits and share-based employee remuneration.*
- *Share Premium/Discount - this account is for the difference between the issued par share price and the trading share price (or fair value share price) on date of issue and includes contigent consideration portion classified as equity related to the acquisition of Coretex.*

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

	2022	2021
	$M's	$M's
Cash and cash equivalents	13.9	57.1
Restricted bank accounts	14.7	10.5
	28.6	**67.6**

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 appropriate government agency.

Payables to transport agencies	(15.0)	(10.5)

NOTE 13 TRADE AND OTHER RECEIVABLES

	2022	Restated 2021
	$M's	$M's
Trade receivables	19.4	8.0
Expected credit losses	(3.2)	(2.6)
	16.2	**5.4**
Prepayments and other receivables	11.0	4.1
	27.2	**9.5**

In addition to the movement in the expected credit losses, the Group has written off $0.8M (2021: $0.9M) 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
	2022	2022	2021	2021
	$M's	$M's	$M's	$M's
Not past due	8.0	0.1	3.1	0.2
Past due 1-30 days	5.5	0.1	2.3	0.4
Past due 31-60 days	1.0	0.1	0.5	0.2
Past due over 61 days	4.9	2.9	2.1	1.8
	19.4	**3.2**	**8.0**	**2.6**

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
YEAR ENDED 31 MARCH 2022								
Opening net book amount	4.1	28.0	0.2	1.3	0.4	0.3	0.4	34.7
Acquisition through business combinations - Note 2(i)	1.3	7.5	-	0.2	-	0.1	0.1	9.2
Additions	0.4	24.1	-	-	-	0.3	0.8	25.6
Disposals	-	-	-	-	(0.1)	-	-	(0.1)
Depreciation charge	(1.3)	(8.1)	(0.1)	(0.3)	(0.1)	(0.1)	(0.4)	(10.4)
Depreciation recovered	-	3.3	-	-	0.1	-	-	3.4
Effect of movement in exchange rates	-	(0.7)	-	-	-	-	-	(0.7)
Closing net book amount	**4.5**	**54.1**	**0.1**	**1.2**	**0.3**	**0.6**	**0.9**	**61.7**
Cost	8.5	76.3	0.7	2.9	1.1	1.8	4.3	95.6
Accumulated depreciation	(4.0)	(22.2)	(0.6)	(1.7)	(0.8)	(1.2)	(3.4)	(33.9)
Net book amount	**4.5**	**54.1**	**0.1**	**1.2**	**0.3**	**0.6**	**0.9**	**61.7**

	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
YEAR ENDED 31 MARCH 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**

Included in the Hardware Assets is equipment under construction to be leased of $15.1M (2021: $6.8M).

During the year the Group undertook a review of fully depreciated fixed assets, resulting in a reduction of cost and accumulated depreciation by $6.6m.

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.

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.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

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 5 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.

NOTE 15 LEASES AS A LESSEE

Lease Liabilities

	2022	2021
	$M's	$M's
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2.1	1.3
One to five years	3.8	4.2
More than five years	-	0.8
Total undiscounted lease liabilities	**5.9**	**6.3**
Lease liabilities included in the statement of financial position	**5.7**	**5.2**
Current	1.4	1.0
Non-current	4.3	4.2

Amounts recognised in Statement of Comprehensive Income

	2022	2021
	$M's	$M's
Interest expense on lease liabilities	0.3	0.3
Depreciation on right of use assets	1.1	0.9

Amounts recognised in Statement of Cash Flows

	2022	2021
	$M's	$M's
Total cash outflow for leases	**(1.6)**	**(1.6)**

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 method. It is remeasured when there is a change in future

NOTE 15 LEASES AS A LESSEE *(CONTINUED)*

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

	Notes	Development $M's	Software $M's	Goodwill $M's	Brand $M's	Customer Relationships $M's	Total $M's
YEAR ENDED 31 MARCH 2022							
Opening net book amount		36.9	3.7	-	-	-	40.6
Business combination acquisition	2(i)	37.2	-	105.1	3.3	28.7	174.3
Additions		23.7	1.2	-	-	-	24.9
Disposals		-	(0.1)	-	-	-	(0.1)
Effect of movement in foreign exchange rate		(0.2)	-	-	-	(0.1)	(0.3)
Amortisation charge		(9.3)	(0.9)	-	(0.2)	(0.6)	(11.0)
Closing net book amount		**88.3**	**3.9**	**105.1**	**3.1**	**28.0**	**228.4**
Cost		128.9	9.5	105.1	3.3	28.6	275.4
Accumulated amortisation		(40.6)	(5.6)	-	(0.2)	(0.6)	(47.0)
Net book amount		**88.3**	**3.9**	**105.1**	**3.1**	**28.0**	**228.4**

	Development $M's	Software $M's	Goodwill $M's	Brand $M's	Customer relationships $M's	Total $M's
YEAR ENDED 31 MARCH 2021						
Opening net book amount	32.7	9.4	-	-	-	42.1
Cloud adjustments	-	(5.7)	-	-	-	(5.7)
Restated opening net book amount	**32.7**	**3.7**	-	-	-	**36.4**
Additions	12.2	0.9	-	-	-	13.1
Disposals	-	-	-	-	-	-
Restated amortisation charge	(8.0)	(0.9)	-	-	-	(8.9)
Restated closing net book amount	**36.9**	**3.7**	**-**	**-**	**-**	**40.6**
Cost	68.2	8.5	-	-	-	76.7
Accumulated amortisation	(31.3)	(4.8)	-	-	-	(36.1)
Restated net book amount	**36.9**	**3.7**	**-**	**-**	**-**	**40.6**

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).

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

NOTE 16 INTANGIBLE ASSETS *(CONTINUED)*

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 development expenditure is recognised in the statement of comprehensive income when incurred. There is judgement involved in relation to whether a project meets the capitalisation criteria, and whether the expenditure can be directly attributable to the respective project.
Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, brand, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is 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:

Patents	10 to 20 years
Development Hardware & Platform	7 to 15 years
Development Products	5 to 10 years
Software	5 to 7 years
Customer relationships	15 years
Brand	5 years

Impairment testing of goodwill

The acquisition of Coretex during the financial year, meant goodwill was recognised for the excess between the fair value consideration paid and the fair value of the net assets acquired. This goodwill was then allocated to the cash generating units of the business with the assistance of external specialists. When goodwill is acquired in a business combination, under the accounting standards, NZ IAS 36 requires an impairment test to be completed annually (for cash-generating units in which goodwill has been allocated) irrespective of whether there is any indication of impairment. Refer to note 5 for the allocation of goodwill to cash generating units (CGUs).

To complete the annual impairment testing management assessed the recoverable amount of each of the cash-generating units ('CGU') of which goodwill has been allocated by reference to its value in use determined using a discounted cash flows model. The recoverable amounts of the CGU's were estimated based on the following significant assumptions:

- Compound annual growth rate in connected units between 2023 and 2025 of 5% to 20% and 1.5% to 12.8% in 2026 to 2027 reflecting past experience and forecast performance of the Group following the acquisition of Coretex
- Compound annual growth rate in Average Revenue per Unit (ARPU) between 2023 and 2025 of 1.3% to 8.3% and no growth in 2026 to 2027
- Post-tax discount rate of 11.0%
- Terminal growth rate of 1.5% applied to 2027 and thereafter

A sensitivity analysis was undertaken which concluded that the results are not particularly sensitive to changes in the underlying assumptions. The Group concluded that the recoverable amount of each of the CGU's were higher than their respective carrying values and therefore no impairment was considered necessary at 31 March 2022.

NOTE 17 TRADE PAYABLES AND ACCRUALS

	2022 $M's	2021 $M's
Trade creditors	11.6	4.2
Sundry accruals	7.0	3.6
Contingent consideration liability	18.5	-
	37.1	**7.8**

NOTE 18 BORROWINGS

	2022 $M's	2021 $M's
Current borrowings		
Term loans	-	5.0
Revolving Credit Facility	0.7	-
Capex facility	2.0	2.0
Capitalised borrowing costs	(0.6)	(0.6)
	2.1	**6.4**
Non-current borrowings		
Term loans	30.0	28.6
	30.0	**28.6**

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	2022 Face Value $M's	2022 Carrying Amount $M's	2021 Face Value $M's	2021 Carrying Amount $M's
Term loans	4.12%	2025	30.0	30.0	33.6	33.6
Capex facility	4.12%	2025	2.0	2.0	2.0	2.0
Revolving credit facility	4.12%	2025	0.7	0.7	-	-
Capitalised borrowing costs	-	2025	-	(0.6)	-	(0.6)
			32.7	**32.1**	**35.6**	**35.0**

Current financial year

The Group has a syndicated debt facility with the Bank of New Zealand (BNZ) and the Australia and New Zealand Banking Group (ANZ). At 31 March 2022, EROAD had the following facilities in place:

$30.0M (NZD) Term Loan Facility A – to refinance existing debt. The Term Loan has a term of 36 months from the March 2022 refinance date, with the facility having a maturity date in March 2025. The interest rate is variable with reference to a base rate (BKBM bid rate) for the selected interest period plus a margin of 2.95%. EROAD may select an interest period of 1,2,3 or 6 months. This is an interest only term facility with full repayment on the termination date.

$55.0M (NZD) Revolving Credit Facility B – used to refinance existing debt and general corporate purposes. The Revolving Credit Facility has a term of 36 months from the March 2022 refinance date with a periodic roll over feature at the end of each interest period (90 days) that is subject to continued compliance with the terms of the loan agreement, with the facility having a maturity date in March 2025. Funds may be drawn in NZ Dollars, AU Dollars, or US Dollars. The interest rate is variable with reference to the base rate (BKBM bid rate for NZ Dollar drawings, BBSY bid rate for AU Dollar drawings, and US Federal Open Market Committee short-term interest rate target for US Dollar drawings) for the selected interest period plus a margin of 1.5%. EROAD may select an interest period of 1,2,3 or 6 months. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

$5.0M Capex Facility– for general working capital purposes. This is an on demand facility with the interest rate to be agreed between the lender and borrower at the time of borrowing plus a margin of 1.5%. In addition, a Commitment Fee of 1.45% per annum is payable on the committed balance of the facility quarterly in arrears. The full outstanding balance is payable on the termination date.

EROAD's operating covenants to support the above facilities include Interest Cover Ratio, Leverage Ratio and Obligor Assets to Group Assets. EROAD was compliant with all covenants during the period and at 31 March 2022.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Financial Services Limited, EROAD Australia Pty Limited, EROAD Inc, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA 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 Financial Services Limited, EROAD Inc, EROAD Australia Pty Limited, Coretex Limited, Imarda Pty Limited, Coretex Australia Pty Limited, Coretex NZ Limited, and Coretex USA Inc in favour of the BNZ (in its capacity of Security Trustee for the banking syndicate).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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.

	2022 $M's	2021 $M's
Opening balance	6.6	8.2
Amounts deferred during the period	10.4	4.1
Amount recognised in the statement of comprehensive income	(5.1)	(5.7)
	11.9	**6.6**
Current	5.7	3.9
Non-current	6.2	2.7

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 businesses.

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.

Last 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.

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.

NOTE 20 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

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 theses 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.

The Group holds the following financial assets and liabilities, the table below shows their carrying amount and measurement basis.

	2022				2021			
	Amortised Cost $M's	Other amortised cost $M's	FVTPL	Fair Value -hedging instruments	Amortised Cost $M's	Other amortised cost $M's	FVTPL	Fair Value -hedging instruments
Financial assets								
Cash and cash equivalents	13.9	-	-	-	57.1	-	-	-
Restricted bank account	14.7	-	-	-	10.5	-	-	-
Trade receivables	19.4	-	-	-	8.0	-	-	-
	48.0	**-**	**-**	**-**	**75.6**	**-**	**-**	**-**
Financial liabilities								
Borrowings	-	32.1	-	-	-	35.0	-	-
Employee entitlements	-	4.6	-	-	-	2.3	-	-
Lease liabilities	-	5.7	-	-	-	5.2	-	-
Trade and other payables	-	18.6	-	-	-	7.8	-	-
Payables to transport agencies	-	15.0	-	-	-	10.5	-	-
Interest rate swaps - cash flow hedge	-	-	-	0.2	-	-	-	-
Contingent consideration liability	-	-	18.5	-	-	-	-	-
	-	**76.0**	**18.5**	**0.2**	**-**	**60.8**	**-**	**-**

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.

NOTE 20 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(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.

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 profile 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
2022					
Non-derivative financial liabilities					
Borrowings	2.7	30.0	-	32.7	32.7
Employee entitlements	4.6	-	-	4.6	4.6
Trade and other payables	37.1	-	-	37.1	37.1
Payable to transport agencies	15.0	-	-	15.0	15.0
	59.4	**30.0**	**-**	**89.4**	**89.4**

	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
2022					
Derivative financial liabilities					
Interest rate swaps	0.2	-	-	-	-
	0.2	**-**	**-**	**-**	**-**

	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**

	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					
Derivative financial liabilities					
Interest rate swaps	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

NOTE 20 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

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 in the prior period the carrying amount of the derivative was nil at 31 March 2021. The swap has a maturity date of March 2023 to align with the Group's borrowing facility.

(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 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.

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

	2022	2021
	$M's	$M's
AUD 1	0.93	0.92
USD 1	0.69	0.70

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

	AUD	USD
	$M's	$M's
2022		
Cash and cash equivalents	0.7	5.8
Trade receivables	1.3	10.3
Lease liabilities	-	0.5

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

Interest rate risk

At 31 March 2022, 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 12 months and has a weighted average interest rate of 0.55%.

	Nominal amount of the hedging instrument	Carrying amount - derivative assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Hedging (gain) or loss recognised in other comprehensive income	Hedging (gain) or loss recognised in income statement
	$M's	$M's	$M's	$M's	$M's
Cash flow hedging					
Interest rate swap - NZD borrowings					
Maturity: 12 months	10.0	(0.2)	-	0.2	-
Fixed interest rate: 0.55%					
	10.0	**(0.2)**	**-**	**0.2**	**-**

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

Summarised sensitivity analysis

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

	Foreign currency risk				Interest rate risk			
	-10%		+10%		-100bps		+100bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$M's	$M's	$M's	$M's	$M's	$M's	$M's	$M's
2022								
Cash and cash equivalents	(0.5)	(0.5)	0.5	0.5	(0.1)	(0.1)	0.1	0.1
Trade receivables	(0.8)	(0.8)	0.8	0.8	-	-	-	-
Lease liabilities	-	-	-	-	0.1	0.1	(0.1)	0.1
Interest rate swap	-	-	-	-	-	(0.1)	-	0.3
Total increase/(decrease)	**(1.3)**	**(1.3)**	**1.3**	**1.3**	**-**	**(0.1)**	**-**	**0.5**

	-10%		+10%		-100bps		+100bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$M's	$M's	$M's	$M's	$M's	$M's	$M's	$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
Interest rate swap	-	-	-	-	-	-	-	-
Total increase/(decrease)	**(1.1)**	**(1.1)**	**1.1**	**1.1**	**(0.5)**	**(0.5)**	**0.5**	**0.6**

(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 and the contingent consideration liability. All of the Group's interest rate derivatives are in designated hedge relationships and are measured and recognised at fair value. 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.

NOTE 20 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

The contingent consideration liability is also measured and recognised at fair value. The valuation technique applied for valuing the contingent consideration liability is described below.

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 ($0.2M) as at 31 March 2022 (2021:nil).

Financial liabilities

		2022		2021	
		Carrying Value $M's	**Fair Value** $M's	**Carrying Value** $M's	**Fair Value** $M's
Interest rate swaps - cash flow hedge	Level 2	0.2	0.2	-	-
Contingent consideration liability	Level 3	18.5	18.5	-	-
		18.7	18.7	-	-

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate for the cash contingent consideration.	Expected cash flows (31 March 2022:$14.2m). Risk-adjusted discount rate (31 March 2022: 10.3%).	The estimated fair value would increase (decrease) if: • the expected cash flows were higher (lower); or • the risk-adjusted discount rate were lower (higher).
	Market comparison technique: The fair value is estimated using the Company's quoted equity securities price on reporting date and expected future number of shares payable for the shares contingent consideration.	Expected share issue (31 March 2022: 1.2 million shares)	The estimated fair value would increase (decrease) if: • The expected shares payable were higher (lower); or • The quoted Company equity security price was higher (lower).

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, 921,282 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.

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.

NOTE 21 SHARE BASED PAYMENTS *(CONTINUED)*

FY22 Performance Share Rights

Under the FY22 Long Term Incentive (LTI) plan, 145,671 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.

For the FY22 LTI plan, the award is linked to the participant completing remaining employed for two years following the completion date.

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	• 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	• 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	-	• 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.	3 years
Shares granted to other employees				
EROAD LTI Plan II (FY18)	-	87,995	• 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	• 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
	Oct-19	**Jul-21**	**Oct-21**	**Dec-21**		
Performance Shares Rights granted to key management personnel						
FY20 Performance Share Rights	374,238	72,043	-	-	• 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
Performance Shares Rights granted to other employees						
FY20 Performance Share Rights	396,236	-	-	78,765	• 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
FY22 Performance Share Rights	-	-	145,671	-	• 2 years service from grant date	2 years
	770,474	**72,043**	**145,671**	**78,765**		

Measurement of fair value

The fair value of the shares issued under the EROAD LTI plans during the year ended 31 March 2022 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

	2022	2021
Outstanding at 1 April	732,741	874,557
Granted during the period	-	-
Forfeited during the period	(275,590)	(141,816)
Vested during the period	(457,151)	-
Outstanding at 31 March	**-**	**732,741**

NOTE 21 SHARE BASED PAYMENTS *(CONTINUED)*

EROAD Performance Share Rights

	2022	2021
Outstanding at 1 April	596,186	770,474
Granted during the period	150,808	-
Forfeited during the period	(73,506)	(174,288)
Vested during the period	-	-
Outstanding at 31 March	**673,488**	**596,186**

EROAD Performance Share Rights

	2022	2021
Outstanding at 1 April	-	-
Granted during the period	145,671	-
Forfeited during the period	-	-
Vested during the period	-	-
Outstanding at 31 March	**145,671**	**-**

During the year-ended 31 March 2022 an amount of $2M (2021: $0.9M) 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
Coretex NZ Limited	New Zealand	100	Transport Technology & SaaS
Coretex Australia Pty Limited	Australia	100	Transport Technology & SaaS
Coretex USA Inc	United States of America	100	Transport Technology & SaaS
Coretex Telematics Limited	Canada	100	Transport Technology & SaaS
Coretex Limited	New Zealand	100	Transport Technology & SaaS
Imarda Pty Limited	Australia	100	Not Trading
Imarda Asia Pte Limited	Singapore	100	Not Trading
Coretex Telematics Limited	British Columbia	100	Not Trading
International Telematics Corporation	United States of America	100	Not Trading
International Telematics Holdings Limited	New Zealand	100	Not Trading

Key management personnel compensation comprised:

	2022 $M's	2021 $M's
Short-term employee benefits	3.4	3.0
Share-based payments	1.0	0.8
	4.4	**3.8**

NOTE 22 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(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

	2022 $M's	2021 $M's
Michael Bushby (Resigned 1 July 2020)	-	0.01
Anthony Gibson	0.11	0.06
Candace Kinser (resigned 24 July 2020)	-	0.02
Graham Stuart (Chair)	0.15	0.12
Susan Paterson	0.11	0.08
Barry Einsig	0.15	0.13
Sara Gifford (appointed 31 March 2022)	-	-
	0.52	**0.42**

No additional fees were paid to any Directors for consultancy work provided to the Company (2021: None paid).

(d) Remuneration of Executive directors

	2022 $M's	2021 $M's
Salary and bonus	1.2	0.9
Share-based payments	0.3	0.1
	1.5	**1.0**

Additional fees were paid to an executive director for consultancy work provided to the Company of $0.067M (2021: None paid).

(e) Transactions with related parties

	2022 $M's	2021 $M's
Streamline Business NZ Limited	0.2	-
	0.2	**-**

EROAD Group contracts with Streamline Business NZ Limited for outsourcing work, the company has a common director with EROAD. All transactions with these related parties are priced on an arm's length basis.

NOTE 23 CAPITAL COMMITMENTS

As at 31 March 2022 the Group had confirmed purchase orders open with its third party manufacturer of hardware units amounting to $20.7M (2021: $5.1M).

The large increase in capital commitments is mainly a result of the inclusion of Coretex's capital commitments ($12.1M) and to due an increase of inventory lead time.

NOTE 24 CONTINGENT LIABILITIES

At 31 March 2022 there were no contingent liabilities (2021: nil)

NOTE 25 NET TANGIBLE ASSETS PER SHARE

	2022	Restated 2021
	$M's	$M's
Net assets (equity)	247.7	102.1
Less intangibles	(228.4)	(40.6)
Total net tangible assets	**19.3**	**61.5**

	2022	Restated 2021
	$	$
Net tangible assets per share ($)	0.17	0.75

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 (2021: 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 consolidated financial statements of EROAD Limited (the 'Company') and its subsidiaries (the 'Group') on pages 48 to 85 present fairly in all material respects the Group's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date in accordance 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 2022;
- 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.

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 tax compliance, tax due diligence and tax advisory and other assurance services. 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 $1.2 million determined with reference to a benchmark of Group's 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. The Group's contracts are accounted for as a service contract and the associated revenues are recognised over the contract term. During the year the Group acquired Coretex Limited ('Coretex') which increased the volume and types of contractual arrangements through the newly acquired business. 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 assessed the judgement in revenue recognition by performing the following procedures: — Obtaining Coretex's customer contracts and trading terms and evaluating whether management's revenue recognition assessment is appropriate and in accordance with relevant financial reporting standards; — 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 did not identify any matters that indicated that the reported revenue is materially misstated.
Capitalisation of Development costs	
Refer to Note 16 of the consolidated financial statements. The Group has reported a development asset of $88.3 million (2021: $36.9 million). 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. 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. 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 focused on this area due to the quantum of the development costs capitalised and judgement involved.	We assessed the judgements related to capitalised expenditure by performing the following procedures: — Understanding the nature and background of the activities that are capitalised through inquiry of key management 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. We did not identify any factors that were materially inconsistent with management's overall conclusions.

The key audit matter | **How the matter was addressed in our audit**

Impairment of non-current assets

The key audit matter

Refer to Note 16 of the consolidated financial statements.

During the year the Group recognised goodwill, brand and customer relationships of $105.1 million, $3.3 million and $28.7 million respectively arising from the Coretex acquisition. At the balance date the Group's non-current assets additionally include property, plant and equipment of $61.7 million (2021: $34.7 million), and capitalised development costs with a carrying value of $88.3 million (2021: $36.9 million). Capitalised development costs include a technology asset of $37.2 million that was recognised on the acquisition of Coretex.

The non-current assets are allocated to three cash generating units ('CGUs') representing the three core markets the Group develops and markets its products (New Zealand, Australia and North America).

Goodwill has been allocated to each of these CGUs, and as a result the carrying value of each CGU must be tested for impairment annually.

The recoverable amounts of the CGUs, which have been determined based on their value in use, have been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future contracted units and average rate per unit ('ARPU'), operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate) relevant to each market.

In addition, a specific impairment review of Group's capitalised development costs by project was performed to assess whether following the acquisition of Coretex these projects would continue to provide economic value to the business.

The impairment testing of non-current assets is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions used to estimate the recoverability of these assets.

How the matter was addressed in our audit

We assessed management's impairment testing of non-current assets by performing the following procedures:

- Enquiring of the executive management to corroborate an understanding of the Group's products, markets and strategic opportunities following the acquisition of Coretex. Taking this into account we considered whether the existing products and capitalised development costs require specific impairment.
- Obtaining a value-in-use model for each CGU and assessing the methodology, underlying cash flows and key assumptions made including:
  - Using our corporate finance specialists to challenge the reasonableness of the weighted average cost of capital and terminal 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, and discount rates.

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

Acquisition of Coretex

The key audit matter

Refer to Note 2(i) of the consolidated financial statements.

The Group acquired 100% of Coretex with effect from 1 December 2021.

As a result of the acquisition, the Group recognised definite life intangible assets of $69.2 million and goodwill of $105.1 million.

The accounting for this transaction is complex due to the significant judgements and estimates that are required to determine the values of the consideration transferred and the identification and measurement of the fair value of the assets acquired and liabilities assumed.

Due to the size and complexity of the acquisition, we considered this to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included:

- Assessing whether the business combination has been appropriately accounted for in accordance with applicable financial reporting standards and reflects terms and conditions of the sale and purchase agreement;
- Involving our own valuation specialists to assist with assessing the Group's identification of acquired assets and assumed liabilities, challenging the methodologies applied and valuations produced, in particular the key assumptions used to determine fair values of:
  - The customer relationships intangible asset, which included reconciling key inputs such as customer retention rates, number of connected units and ARPU to underlying reports, and challenging the discount rate;
  - The technology intangible asset, which included agreeing the historical costs to the past R&D grant claims and audited pre-acquisition financial statements;
  - The brand intangible asset, which included challenging the royalty rate applied and assessing the sensitivity of the brand valuation to changes in the royalty rate assumption.
- Verifying the cash consideration paid to date;
- Challenging the fair value of the contingent consideration, which included assessing the likelihood of achieving performance targets by agreeing amounts to actual performance and approved forecasts; and
- Evaluating the adequacy of the financial statement disclosures.

We did not identify any factors that were materially inconsistent with management's overall conclusions, while noting the tax payable and deferred tax liability have been recognised on a provisional basis.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information may include the Chairman's and Acting 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.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

KPMG

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

KPMG
Auckland

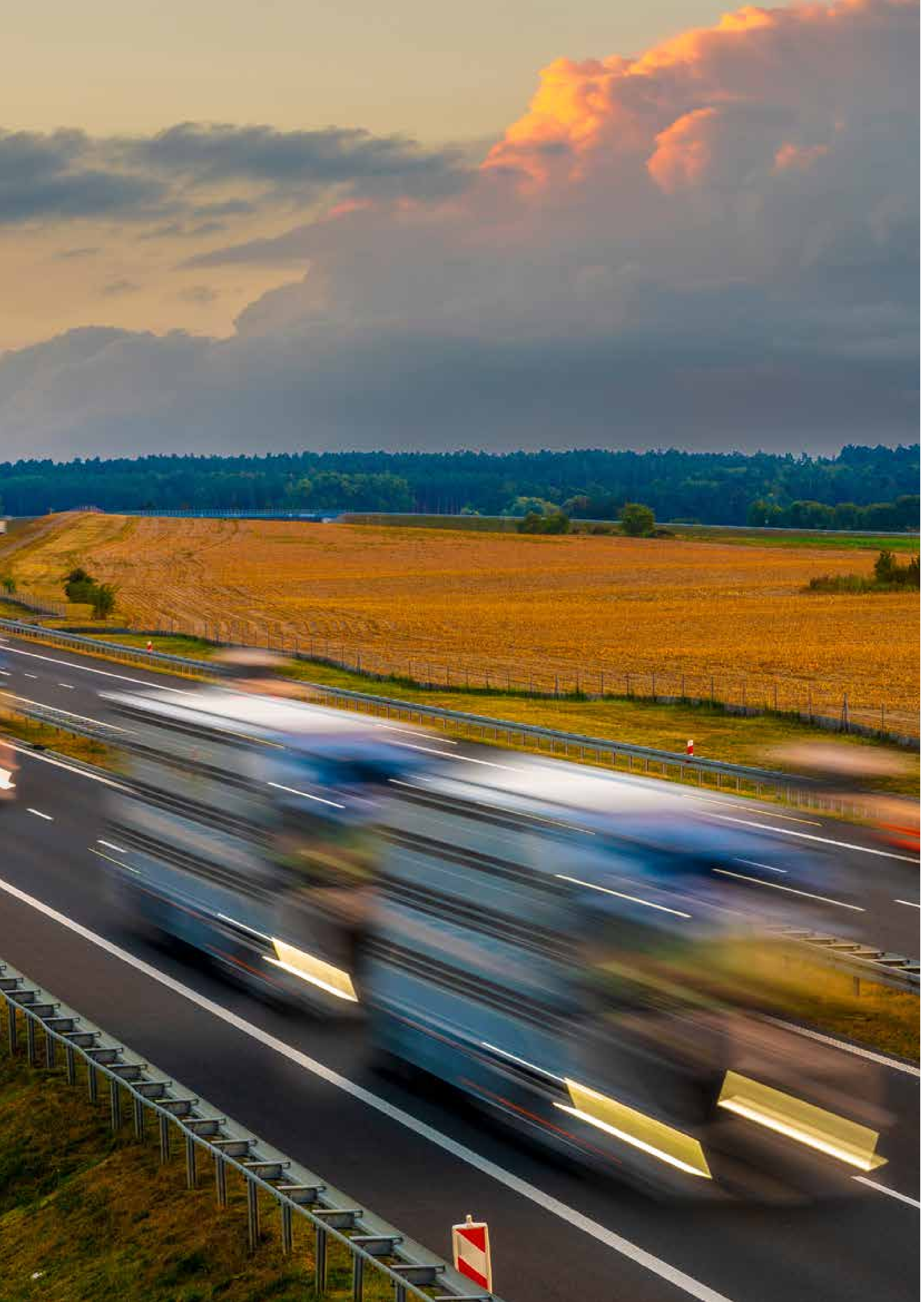
26 May 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Dear Shareholder

I am pleased to present the Corporate Governance Statement for the year ended 31 March 2022. In this Statement we describe how the Board goes about governing EROAD, key actions and workstreams during the year, our approach to the alignment of purpose, values, culture and strategy and our engagement with stakeholders. We have also set goals for FY23, reflecting matters that are a priority to the Board and will be reflected in the work programme we undertake during the new financial year.



BOARD FOCUS IN 2022

Coretex: The Coretex acquisition that was undertaken during the year was a particular highlight from a governance perspective, given the need for the Board to ensure the acquisition was not only in EROAD's best interests but to also raise capital to fund the acquisition. A goal of the capital raise was to provide all shareholders, with an Australian or New Zealand address, with an opportunity to participate (on a pro rata basis where possible). The offer consisted of a fully underwritten Placement and a Share Purchase Plan.

Board strategy workshop: Annually the Board gets together outside of its meetings programme to consider, test, and approve the strategy proposed by management. This did not happen in FY22 due to COVID. The Board is mindful of balancing considerations of operational performance with more strategic matters as well as looking ahead at the environment that will face the Company. After the settlement of the Coretex acquisition, Steven Newman and Alex Ball met with large institutional investors and the Board met with shareholders who attended our annual meeting. I presented the Board's priorities - a focus on performance, management of compliance and risk and seeing the bigger picture. Staying agile and responsive is vital to delivering performance outcomes that reward shareholders.

CEO succession: CEO succession: As with many companies, particularly in the technology space, it is important that CEO succession is actively planned for. The Board, including Steven Newman, began a global search process late in 2021 for a new Chief Executive Officer, to allow Steven to step back from the day to day responsibility of leading the Company. EROAD has transformed significantly over its 14 year history, including the acquisition of Coretex, and is now positioned to accelerate its growth. With Steven's resignation in early April the Board have had to reconsider the skillset a new Chief Executive Officer needed to bring to EROAD. The Board was extremely pleased to recently announce the appointment of Mark Heine as EROAD's Chief Executive Officer. Given Mark's deep knowledge of the business, team building skills and understanding of the company's strategy he emerged as stand-out candidate.

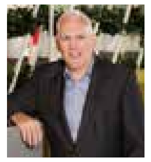
Director appointments: Strengthening the Board by adding fresh perspectives, additional skill sets and increased diversity was a target directors set for 2022. This has been delivered with the appointment of Selwyn Pellett and Sara Gifford. A search for an additional director is underway and I expect an appointment to be made within the next few months.

COMPLIANCE WITH NZX CORPORATE GOVERNANCE CODE RECOMMENDATIONS

The Board believes it has complied with the Code other than in respect of Recommendation 8.4 relating to pro rata offers. For its 2021 capital raising, the Board was focused on ensuring that all shareholders, where possible, received at least a pro rata allocation of shares. In order to ensure as many shareholders as possible maintained their proportionate shareholding, the Board increased the size of the Share Purchase Plan offer per participant to NZD $32,000 (AUD $30,000) and accepted additional applications through the plan.

2023 GOALS

The Board believes our governance practices are robust and meet EROAD's current needs. You will see that in this report we have included a series of goals to be achieved in FY23. We will report to you in next year's report on our progress to achieving them.



Graham Stuart
Chairman

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 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 2022, EROAD has complied with the Code other than in respect of Recommendation 8.4 relating to pro rata offers. The Company also complies with the corporate governance requirements of the NZX 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 June 2022.

EROAD'S PRINCIPAL ACTIVITIES

The Company develops and sells end to end road and SaaS products for the management of vehicle fleets in New Zealand, Australia and the United States of America.

EROAD's product offering is intended to:

a) support regulatory compliance including transportation taxes, road user charging, fuel and vehicle registration;

b) improve record keeping of both mobile assets (vehicles) and drivers (including fatigue related products);

c) reduce vehicle operating costs and carbon emissions by improving fleet efficiency;

d) improve and promote driver safety;

e) monitor refrigerated fleets and provide services to construction and waste fleets; and

f) micro asset tracking.

EROAD is undergoing a period of significant growth following the acquisition of Coretex in 2021. While there were no significant changes to EROAD's principal activities during the financial year, the Company now offers a wider suite of products and has significantly increased its global addressable market.

PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

EROAD's purpose is to create safer and more sustainable roads. EROAD's values are key to achieving this purpose and these were refreshed and updated during the year.
EROAD's values are:

- We do what's right;
- We play as a team;
- We learn & grow; and
- We get it done.

The Company'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 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. This includes **EROAD's Code of Conduct** which sets out EROAD's purpose, values, and culture. The Code further discusses personal behaviour, workplace stress, responsibilities, privacy and so on. 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 proposed or actual related party transactions. The **Whistle-blower Policy** supplements the Code of Ethics and Code of Conduct 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 whistle-blower 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 serious reports. EROAD's **Modern Slavery Statement** will be published within our EROAD Sustainability Report and will be available on our investor website page from the date the Report is published.

Our in-house legal team provides advice and assistance to the business globally on how to comply with our various legal obligations. External legal counsel is engaged to assist us as and when required.

EROAD's Code of Ethics, Market Disclosure, Securities Trading, Related Party Transactions and Whistle-blower policies can be found at the Investor website page.

FY23 goal: To further strengthen our ethical practices we intend to prepare a Supplier Code of Conduct to ensure our suppliers understand and share our commitment to building a supply chain structure that supports our approach to corporate social responsibility and sustainability.

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. The role of the Board is to approve the purpose, values and strategic direction of the Company, 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.

The Board regularly reviews and assesses our governance structures, policies, and procedures to ensure these are in line with best practice and legal requirements. The Board Charter was last updated in October 2019.

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.

FY23 goal:

- Review Board processes and reporting framework to further support the Board's focus on performance, management of compliance and risk and monitoring of the global big picture;
- Review and update the Board Charter.

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 to Board decision-making. At 31 March 2022 EROAD had six directors, four of whom were non-executive directors. Steven Newman, the CEO, was an executive director, as is Selwyn Pellett. The Board was pleased to announce the appointment of Sara Gifford, an additional independent director who commenced her directorship in April 2022.

A brief biography of each Board member, including experience, length of service, expertise, role, and the term of office is set out in the "The Board" section of this report. Disclosure on director shareholdings and other directorships is included on pages 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 takes an active role in the appointment of new 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 skills matrix) and the candidate's availability to commit to the Board's activities.

EROAD is also particularly committed to ensuring that we have a diverse organisation. Levels of both gender and cultural 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 continually review 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. Diversity is a key consideration. Selwyn Pellett was appointed to the Board in December 2021 following the completion of the Coretex acquisition. Selwyn is an executive director and will stand for election at this year's annual meeting. As part of the skills assessment process, we are also considering the need for an additional director. Our commitment to identifying suitable female candidates with this skillset through a rigorous, comprehensive search process led to the appointment of Sara Gifford to the Board in April 2022. Sara Gifford will stand for election at this year's annual meeting as an independent director.

At last year's annual meeting, Graham Stuart retired by rotation and being eligible, offered himself for re-election and was re-elected to the Board. At this year's annual meeting, Selwyn Pellett and Sara Gifford will stand for election and Susan Paterson will stand for re-election.

In line with the NZX Code Recommendations, checks are made for any material adverse information before a candidate is recommended to the Board for election or re-election. Where appropriate, external consultants are engaged to assist in searching for candidates. 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, Tony Gibson and Selwyn Pellett 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 increasing diversity and broadening the geographic location of directors.

BOARD SKILLS

At Board level, diversity allows EROAD to benefit from a range of different perspectives that collectively lead to healthier debate and decision-making. The Board considers that Barry Einsig, Tony Gibson and Selwyn Pellett all have transport industry specific experience. Graham Stuart and Susan Paterson bring listed company and finance / risk experience. Sara Gifford, Barry Einsig and Selwyn Pellett have extensive experience in technology solutions. Overall, the Board's skill set is as set out in the following table.

Business context	Capability	Key element	Current board
A depth of industry experience and awareness of sector trends	*Executive industry experience*	Mordern executive telematic hardware experience Hardware R&D	● ○
	Product software	Fleet management or adjacent software development Data-driven innovation and growth Deep software development experience	● ● ○
	Transport and supply chain	Strong insight into transport – systems, trends Fleet management Supply chain Regulation Sustainability Customer perspective	● ● ● ○
Driving long-term value creation through serving customer needs	*Modern technologist*	SaaS businesses Data analytics / AI Strong scale tech networks Modern cloud expertise Cybersecurity Key trends in tech sector	● ● ○
	Tech go-to-market strategy and sales	Sales channel leadership experience – digital and enterprise selling Customer-centric strategies identifying new growth opportunities Building world-class sales capability Go-to-market strategy Driving revenue growth – beyond $1bn	● ● ○
	Digital product marketing	Tech sector marketing Building customer insight Brand development	● ○ ○
	Key customer segment insight	New Zealand	● ●
		North America	● ●
		Australia	
Scaling experience to guide EROAD growth towards a $1b company	*Scale software Company*	Scaling a technology or SaaS organisation – beyond $1b Growth strategy development and execution Capital market leadership	●
	Investment	Direct exposure to investments in technology companies that have successfully scaled M&A / takeovers Long-term value creation Finance / investment community insight	● ● ○
	Technology infrastructure	Scale IT infrastructure Technology trends Technology risk	● ● ○ ○
Supporting financial and culture growth as scale and complexity builds	*Finance*	Former CFO / CA / ARC Chair expertise Financial strategy (tech) Financial reporting and regulations Risk management	● ● ○
	People and compensation	Corporate culture and diversity & inclusion Executive compensation experience Employee engagement Performance and talent H&S	● ● ○ ○ ○
Driving best practice in governance and strategic leadership	*Listed governance*	Scale public company governance experience - NZX, ASX, NASDAQ ESG Shareholder engagement and partnering Chair succession potential	● ● ○
	Demographic diversity	Gender, ethnicity, age	● ●

Key ● High capability ○ Moderate capability

The Board also believes that the tenure of each of its members is important as it seeks to balance independent, institutional knowledge gained through length of service and the importance of fresh perspectives in decision-making. 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 and as set out in the following table, is appropriately balanced such that Board succession and renewal planning is managed over the medium to longer term.

With the appointment of Sara Gifford on 1 April 2022 and Steven Newman's resignation on 8 April 2022 the Board's tenure changed from what it was at 31 March 2022. The current Board tenure information is set out in the following table.

Director period of appointment as at 30 April 2022	0-3 years	3-9 years	9 years +
Number of directors	3	2	1

FY23 goal: Appoint an additional director

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 2022, 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.

As part of the Board review process, an independent third party is appointed to review the Board performance periodically. The FY22 review included, for the first time, an ESG component. Key areas of focus from the report include supporting the onboarding of a new CEO, execution of EROAD's strategic plan, including integration of Coretex, resetting the Board composition with a particular focus on increasing the number of NA appointments and ensuring Board materials are focused at the right strategic level. Self-assessments are undertaken by the Board biennially as an alternative to the independent evaluation.

FY23 goal:

- Complete board performance review by external consultant.
- Implement recommendations made as a result of the Board's FY22 self-assessment.

COMPANY SECRETARY

During FY22, Mark Heine maintained his role as the Company Secretary. He was accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Mr. Heine had regular discussions with the Chairman to manage the flow of information between EROAD's Board, our committees, and senior executives. He was 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 was tied to the same STI and LTI plan as EROAD's wider executive team. These plans are further explained on page 127.

EROAD has been a party to two legal actions in FY22. The first of these relates to the terms of patent licence agreement, which has now been settled, and the second relates to a claim for early termination fees against a customer which terminated its agreement with EROAD. 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 People section of the FY22 Sustainability 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 FY22 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 19 through to 73 years) and come from over 29 different countries. EROAD is currently migrating our employee data to Workday. This platform will empower us with further capability to capture and report on D&I information from a demographic-profile perspective. We are currently building out our objectives in this space.

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 of July, Australia Day, 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 and values 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 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.

It is encouraging to see that female participation in our Leadership Program has increased with 39% female participation and 61% male. This means there is a great pipeline of future leaders. EROAD's "Lean-In Circles" provide 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 philosophy around equal opportunity.

- **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 and we apply a diversity and inclusion lens to recruitment to maximise the appeal to a diverse candidate pool. We have a scholarship that gives priority to Māori and Pasifika candidates.

- **Communication**

EROAD's expectations around diversity and inclusion are communicated often and clearly, with a top-down approach. 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.

- **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 2021 and 31 March 2022. Almost 34% of EROAD staff are female, which is above average in our industry, and 13% of EROAD female employees are in leadership roles.

	2021		2022	
	Women	Men	Women	Men
Board	1 (20%)	4 (80%)	1 (17%)	5 (83%)
Officers	1 (12.5%)	7 (87.5%)	3 (20%)	12 (80%)
Other employees	137 (38%)	226 (62%)	178 (35%)	337 (65%)

"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 2022.

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 2022, 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.

Anthony Gibson: Tony has extensive governance and international executive experience. Tony was 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 Conlixx. 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.

FY23 goals: Implement Committee recommendations regarding 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, Sara Gifford, Barry Einsig and Selwyn Pellett.

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.

Steven Newman attended parts of 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.

BOARD PROCESSES

The Board held six meetings during the year ended 31 March 2022.

	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	6	6	4	4	2	2
Anthony Gibson	6	6	4	3	2	2
Susan Paterson	6	6	4	4	2	2
Steven Newman	6	6	4	4	2	2
Barry Einsig	6	6	-	-	2	2
Selwyn Pellett	2	2	-	-	1	1
Sara Gifford	1	1	-	-	-	-

In addition to the above scheduled Board meetings, the Board also had an additional 11 Board meetings in relation to the acquisition of Coretex Limited.

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. The Protocol summarises key aspects of takeover preparation, and sets out governance, conflict and communications protocols for takeover response. This Protocol provides that in the event of a takeover offer, the Board would establish an Independent Takeover Response Committee to manage its takeover response obligations.

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. The Disclosure Committee is responsible for administering EROAD's compliance with our Market Disclosure Policy, including our NZX and ASX continuous disclosure obligations. The Disclosure Officers, being the CEO and CFO, will recommend to the Disclosure Committee whether a market disclosure should be made. The Disclosure Officers are ultimately responsible for all communications with NZX and ASX regulators.

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 the environment are at the heart of EROAD's culture. Our philosophy and achievements in these areas are further outlined in our FY22 Sustainability Report.

EROAD is committed to an awareness of environmental, economic, and social sustainability factors. EROAD's General Counsel and CFO have an informal 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, Net Zero Steering Group, Global Market Development Team and the Road Network Insights Team. 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, Roles & Responsibility Matrix, Treasury Policy, Risk Appetite Statement, Code of Ethics and Code of Conduct. EROAD reports on our sustainability efforts on an annual basis in our Sustainability 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 pleased to provide further reporting on sustainability factors in our FY22 Sustainability Report. EROAD's commitment to health and safety, diversity and community benefits are discussed in our FY22 Sustainability Report.

PRINCIPLE 5 – REMUNERATION

See the Remuneration Report on page 120 of this Annual Report which outlines our compliance with Principle 5.

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 periodically reviews 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

During FY22 the EROAD Board and Executive continued to rely on the Risk Appetite to provide guidance to, and monitoring of employees, 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 strategically focused and risk aware, but is not a 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

Although the Coretex Integration Programme falls within the scope of the Growth & Strategy category, it was incorporated as a separate cross-cutting theme in the monthly appetite reporting over the latter half of FY22.

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	• Strategic risk • Partnerships and acquisitions	• Growth constraints	• Innovation	• Capability • Learning / knowledge	
Medium					• Regulatory environment
Low	• Strategic execution	• Working capital • Cost of Capital • Shareholder liquidity • Global Supply chain and inventory	• Customer interactions • Product delivery	• Key roles, single point of failure	
Very low			• IT and cyber security • Quality and resilience • Privacy		• Governance risk
No appetite		• Banking covenants	• Product compliance	• Health and Safety • Purpose and values	• Legal & regulatory risk

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.

During FY23 EROAD plans to review and revise the Risk Appetite Statement (RAS), giving particular attention to addressing distinct regional and product-specific requirements, recalibrating performance measures, and enabling operational integration of corrective actions that are identified.

FY23 goal: Review and revise EROAD's Risk Appetite Statement to incorporate regional and product-specific matters.

INSURANCE

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

HEALTH AND SAFETY 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 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 every three years to ensure alignment with EROAD's values, the overall business strategy and the safety and wellbeing vision.

At each Board meeting, members of the Board are 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 2022, 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 ensures 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 auditor is Aaron Woolsey from KPMG. Aaron became the engagement partner in 2020 following the completion of the audit for the 2020 financial year. Mr Woolsey has provided an independence attestation to the Board. He will attend the annual shareholder's meeting to answer questions from shareholders in relation to audits.

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.

The Chief Financial Officer has a direct line of communication with the Chair of the Finance, Audit and Risk Committee and the external auditor.

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 to both the NZX and ASX. The website also contains Board and management profiles together with information on EROAD's history, awards and a library of product information.

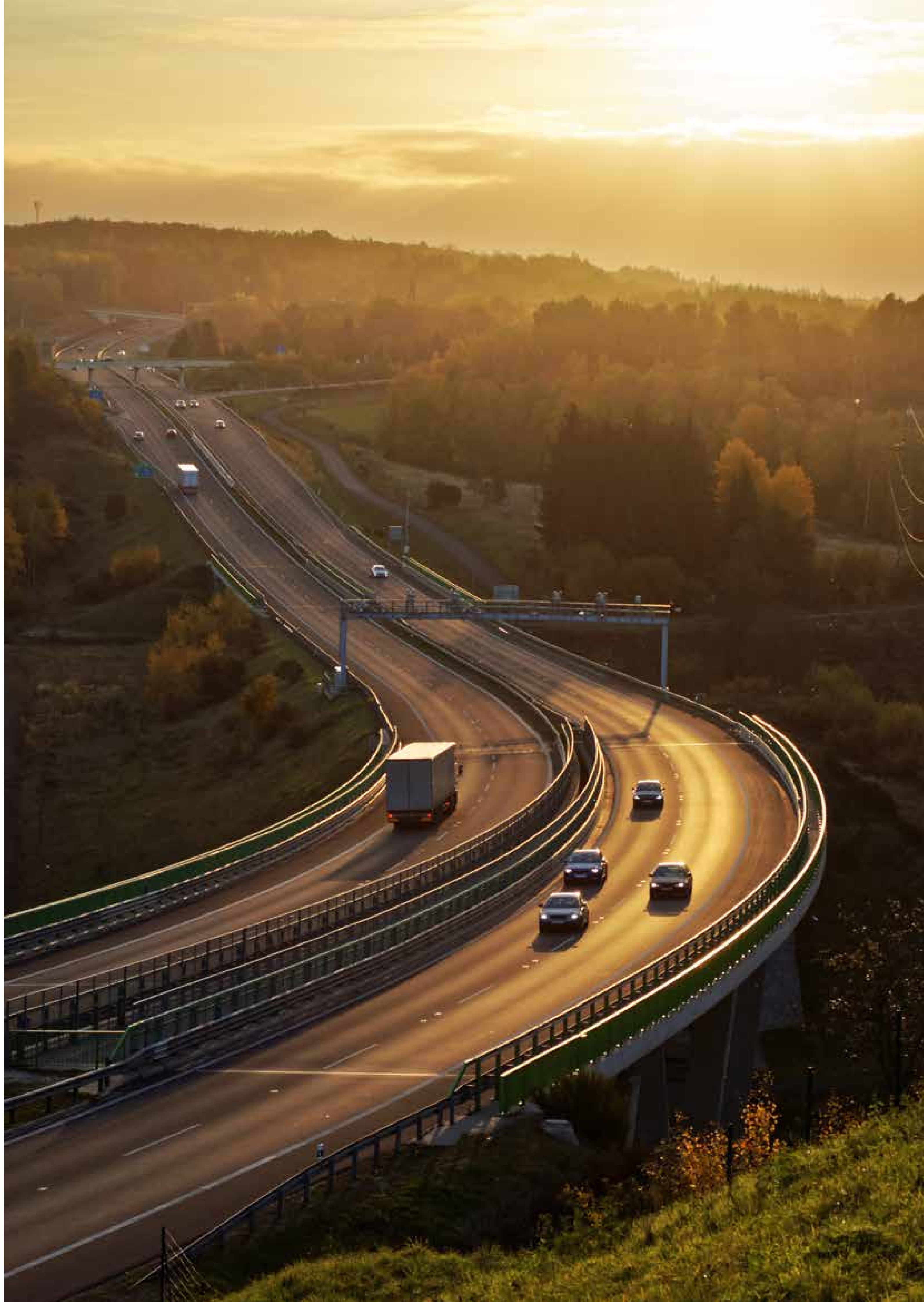
Shareholders can easily communicate with EROAD, including by way of email to the address investors@eroad.com. EROAD's major communications with shareholders during the financial year include our annual and half-year results, Annual Report, Sustainability Report and the annual meeting of shareholders. 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.

The Board notes the recommendation in the NZX Corporate Governance Code that boards of issuers are responsible for considering the interests of all existing financial product holders when assessing their capital raising options. When practical, issuers should favour capital raising methods that provide existing equity security holders with an opportunity to avoid dilution by participating in the offer. Recommendation 8.4 states that shares should first be offered pro rata, and on no less favourable terms, to existing shareholders before further equity securities are offered to other investors. In July 2021 EROAD conducted a NZ$64.4m placement and a NZ$20m share purchase plan to partially fund the acquisition of Coretex Limited. EROAD did not comply with Recommendation 8.4. EROAD's Board opted for a Placement scheme and Share Purchase Plan. The Board was focused on ensuring that all shareholders, where possible, received at least a pro rata allocation of shares. In order to ensure as many shareholders as possible maintained their proportionate shareholding, the Board increased the size of the Share Purchase Plan offer per participant to NZD $32,000 (AUD $30,000) and accepted additional applications through the plan.

FY23 goal: Engage an independent expert to report on investor sentiment to ensure the Board is able to monitor current and emerging perceptions.



REMUNERATION REPORT

REMUNERATION REPORT

REPORT FROM REMUNERATION, TALENT AND NOMINATION COMMITTEE CHAIRMAN

The appointment of a Chief Executive is arguably the most important job any Board undertakes. It is important that succession is actively planned for, and the Board, including Steven, began a global search in late 2021 for a new Chief Executive (CEO), to allow Steven to step back from the day-to-day responsibility of leading the company. EROAD has transformed significantly over its 14-year history. With Steven's resignation in early April the Board have had to reconsider the skillset a new Chief Executive Officer needed to bring to EROAD. The Board was extremely pleased to recently announce the appointment of Mark Heine as EROAD's Chief Executive Officer. Given Mark's deep knowledge of the business, team building skills, and understanding of the company's strategy he emerged as the stand-out candidate. As Acting Chief Executive Officer Mark has empowered the team and won the respect of all. EROAD's Board has been impressed by Mark's leadership and commercial skills and since his appointment as interim Chief Executive Officer in early April he has breathed fresh air into EROAD. His in-depth knowledge of the business will be invaluable as we complete the integration of Coretex. EROAD has also commenced its search for a permanent Chief Financial Officer (CFO). The skill set we are looking for anticipates a more internationally focused business. Over the past few months, EROAD and Coretex have been focused on integrating teams in New Zealand, North America and Australia. Our intention is to ensure we keep the best elements of both companies to create a unique and engaged culture for the new EROAD. Although lockdowns in all of our markets has made integration of teams challenging at times, across the business we have seen our people respond with agility, resilience and dedication to a very different working environment that was modified at pace to stay ahead. This was a significant accomplishment in a difficult year.

REVIEW OF REMUNERATION STRUCTURE

Fixed remuneration is reviewed, but not necessarily increased, on an annual basis. This review was undertaken as usual during the year and took place in May 2021. Key considerations for FY22 were to test, firstly, the principles behind where fixed remuneration is pitched against market averages and, secondly, whether any adjustments to variable "at risk" remuneration were appropriate. EROAD has operations in New Zealand, North America and Australia and sees the global market as the base from which it recruits. The company has been listed since 2014, generated 35% of its FY22 revenue from the North American market and increased substantially in size with the Coretex acquisition. Remuneration therefore needs to be based at an appropriate level that reflects EROAD's international operations and growing recruitment needs.

Any remuneration increases for executives are approved by the Board. A review was undertaken during the year by the RTNC and took into account the market conditions relating to EROAD and, for each position, the level of responsibility assigned to the role, and each executive's individual performance.

As EROAD continues to build on its successful global growth path, the RTNC will continue to review regularly the structure and components of remuneration packages to ensure the best people are attracted to and retained by the company.

FY22 FIXED REMUNERATION

The RTNC has monitored market remuneration movements in FY22. Its view is that EROAD's executive remuneration is in line with market benchmarks for similar roles. Salary negotiations with permanent appointments for these roles will be undertaken with the remuneration packages reflecting the skills and attributes the successful candidates bring to the role.

Fixed remuneration across the company increased by an average of 7.3%. Senior executive remuneration increased by an average of 3.3%.

FY22 SHORT-TERM INCENTIVE PLAN OUTCOMES

The performance and outcomes are reflected in cash payments made to executives in May and November of each year. The payout for the Short Term Incentive Plan (STI) for the first half of FY22 averaged 57.4% of target opportunity (note, target opportunity is a % of an employee's total fixed remuneration). The possible range was 0% - 150% payout of target opportunity. The board has determined that there will be no payout for the second half of the year.

LONG TERM INCENTIVE PLANS OUTCOMES

EROAD had two equity grant schemes operative during the year.

EROAD's FY18 and FY19 Total Shareholder Return (TSR) plans required EROAD to exceed the median TSR of the NZX50 Group over a defined period. The FY18 LTI plan period was 1 April 2017 to 28 May 2021 (when EROAD announced its FY21 annual results) and the FY19 LTI plan period was 1 April 2018 to 28 May 2021. For the FY18 LTI plan, EROAD's TSR performance for the period saw it achieve a 165.5% return, placing it fifth in the NZX 50. EROAD's TSR performance for the FY19 LTI plan saw it achieve a 44.9% return and a ranking above the median. In FY22 the Board approved the vesting of shares to participants for both tranches.

Under the FY20 Long Term Incentive (LTI) plan, performance share rights (PSRs) were issued (for nil consideration) to participants. The award is linked to growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022. The PSRs convert to shares (for nil consideration) if targets are met. The scheme expired at the end of the financial year. EROAD's performance for the period saw it achieve growth in contracted units above the scheme's targets. The 100% threshold target of 206,563 units was exceeded by an additional 574 units. The Board approved the vesting of 101% of the performance share rights to the participants.

DIRECTOR REMUNERATION

At the 2021 annual shareholder meeting, shareholders approved an increase in the annual non-executive director remuneration pool from $500,000 to $850,000. No further increase is proposed to be sought until the 2024 annual meeting.

SAY ON PAY VOTE

A change to the Australian Corporations Act (Cth) 2001 in 2011 introduced a Say on Pay regime which requires companies listed on the ASX to include a non-binding resolution enabling shareholders to vote on the adoption of a company's annual remuneration report. The Corporations Act Say on Pay regime includes a 'two-strike' rule. The two-strike rule provides that if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual shareholders' meetings are against adopting the remuneration report, shareholders will have the opportunity to vote on a "spill resolution" at the second annual shareholders' meeting. In these circumstances the spill resolution will be put to shareholders at the second annual shareholders' meeting as a contingent resolution which will only be voted on if the remuneration report is not adopted at the second annual shareholders' meeting. The spill resolution will ask shareholders to vote on whether the company must hold another shareholders' meeting to consider spilling the board (known as a "spill meeting"). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the spill meeting must be held within 90 days. At the spill meeting, those individuals who were directors when the remuneration report was considered at the most recent annual shareholders' meeting will be required to stand for re-election (other than the managing director, should the company have one).

As a New Zealand registered company, EROAD is not required to comply with the Corporations Act. However, the Board has determined that as it seeks to continually improve its governance in accordance with evolving international best practice, it should adopt the Australian Say on Pay regime and offer shareholders the opportunity to vote on its Remuneration Report and to call a spill meeting in accordance with that regime. At the 2022 Annual Shareholders' Meeting a resolution to adopt the Remuneration Report for the year ended 31 March 2022 will be put to shareholders. The outcome of the vote will be non-binding.

APPROACH TO REPORTING

We have taken a different approach to reporting on remuneration in this Annual Report in the interests of providing shareholders with greater transparency regarding EROAD's remuneration practices. You will see we have expanded the disclosure beyond what has previously been published. The report will continue to evolve, and we will continue to focus on ensuring it is fit for purpose by clearly explaining EROAD's remuneration practices. We welcome your feedback.

Tony Gibson
Chairman, RTNC

FIVE YEAR METRICS

EROAD METRICS

	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
Contracted units	208,697	126,203	116,488	96,390	77,600
Annualised monthly recurring revenue	$134.6m	$88.4m	$84.0m	$66.5m	n/a
Revenue	$114.9m	$91.6m	$81.2m	$61.4m	$43.8m
Free cash flow	$(120.3)m	$5.3m	$(12.8)m	$(13.0)m	$(18.6)m

MARKET METRICS

NZX / NZ$	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
Period end closing share price	$4.38	$4.45	$2.00	$2.68	$3.83
EROAD total shareholder return	-1.6%	122.5%	-25.4%	-30.0%	80.7%
S&PNZX50G return	-3.6%	28.2%	-0.5%	18.3%	15.6%
ASX / AU$*					
Period end closing share price	$4.14	$4.06	N/A	N/A	N/A
EROAD total shareholder return	2.0%	N/A	N/A	N/A	N/A
S&P/ASX200 return	10.4%	33.8%	-17.9%	7.3%	-1.8%

*EROAD listed on ASX on 21 September 2020.

DIRECTORS AND SENIOR EXECUTIVES

This report focuses on the remuneration of EROAD's directors, CEO and CFO in FY22.

	Position	Country of residence	Period position was held during FY22
Executive			
Steven Newman	Managing Director and Chief Executive	New Zealand	Full year
Alex Ball	Chief Financial Officer	New Zealand	Full year
Non-executive directors			
Graham Stuart	Chairman, Independent Director	New Zealand	Full year
Barry Einsig	Independent Director	United States	Full year
Tony Gibson	Independent Director	New Zealand	Full year
Susan Paterson	Independent Director	New Zealand	Full year
Selwyn Pellett	Executive Director	New Zealand	Appointed 30 November 2021

Appointments and resignations that occurred after balance date are:

- Sara Gifford was appointed as a director on 1 April 2022. Ms Gifford resides in Boston in the United States. The Board has determined that Ms Gifford is an independent director for the purposes of the NZX Listing Rules.
- Steven Newman resigned as director and CEO on 8 April 2022. Mark Heine was appointed Acting Chief Executive Officer on 8 April and as the new Chief Executive Officer of EROAD on 21 June 2022.
- Alex Ball gave his resigned notice as CFO on 17 February 2022 with effect from 13 May 2022. Margaret Warrington was appointed Acting CFO from 13 May 2022 until a new CFO is appointed.

REMUNERATION GOVERNANCE

The RTNC has responsibility for overseeing remuneration and organisational matters at EROAD, including making recommendations to the board regarding company-wide remuneration, benefits and policies, together with overseeing the senior management team's performance objectives, remuneration packages, succession planning and manager development programmes. Fundamental to the senior management team's achievement of success is strong alignment to the Company's purpose and values.

ROLE OF THE RTNC

The RTNC has a charter that sets out its objectives and purpose. Broadly these relate to

- director appointments and reappointments;
- remuneration and benefits; and
- performance, development and succession planning.

The RTNC oversees the overall human resources strategy and its implementation. It also oversees remuneration policies and practices relating to independent remuneration consultants being engaged, director remuneration and senior management remuneration and financial and other reporting as it relates to remuneration.

The RTNC is responsible for overseeing director selection, appointment, reappointment and succession together with Board Committee memberships. This involves determining the competencies required, the skills, experience and capabilities currently represented on the Board and those that would benefit the board by being introduced. The RTNC also has responsibility for induction of new directors and overseeing the ongoing training and upskilling of existing directors and senior management.

The RTNC leads the process for the appointment of the CEO, setting his or her terms of employment, monitoring performance against key performance indicators and, where necessary, terminating his or her employment. Similar responsibility sits with the RTNC for any of the CEO's direct reports in relation to material changes to the terms of employment, and where necessary, termination.

The Committee periodically reviews its objectives and activities. Any changes in the duties and responsibilities of the Committee or the terms of its Charter are made as a recommendation to the Board. No changes were made during the year.

The RTNC has no decision-making powers except where expressly provided by the Board.

COMMITTEE MEMBERSHIP AND INDEPENDENCE

The members of the RTNC are Tony Gibson (Committee Chair), Graham Stuart (Board Chair), Susan Paterson (FRAC Chair), Barry Einsig and Selwyn Pellett (Executive director). Sara Gifford was appointed to the RTNC on joining the Board in April 2022.

The RTNC composition is consistent with the Charter requirements which are that there shall be: at least three members; the Chair shall be an Independent Director; and a majority of members shall be Independent Directors.

The secretary to the RTNC is EROAD's Chief People Officer.

EXTERNAL AND INDEPENDENT ADVICE

During the year the RTNC took independent advice from Strategic Pay. Aon provided advice to EROAD regarding remuneration for its employees. Haigh & Company assisted with a refresh of EROAD's remuneration policies for staff, including executive employees.

NO DEALING OR PROTECTION ARRANGEMENTS

EROAD has a Securities Trading Policy that applies to Directors, employees, contractors and advisers in relation to the Company's quoted securities. In addition to the Policy these parties are prohibited from entering into any arrangement that is intended to hedge or otherwise protect the economic risk of restricted securities. Once vested, all securities are subject to the Policy rules.

REMUNERATION STRATEGY AND PRINCIPLES

EROAD'S PURPOSE AND VALUES

EROAD's purpose is simple – safer and more sustainable roads. We develop technology solutions to manage vehicle fleets, support regulatory compliance, improve driver safety, reduce costs of operating a fleet of vehicles and assets, monitoring refrigerated fleets and providing services to construction and waste fleets. Our regulatory compliance and telematics software solutions are sold to heavy and light vehicle fleets in New Zealand, North America and Australia.

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

We do what's right (Our people/customers)	We put **customers** at the heart of what we do. We look after our people and put their **safety & wellbeing** first. We focus on delivering **quality** outcomes.
We play as a team (Teamwork/belonging)	We all play for the same team and that includes our **customers and partners.** We value & respect diverse opinions and we work **together** to overcome challenges. We embrace our differences and **celebrate** what makes us unique.
We learn & grow (Mindset/innovation)	We listen to **learn**. We own & learn from mistakes, choosing to hold a **growth mindset.** We believe that curiosity fuels successful **innovation**.
We get it done (Delivery/accountability)	We **do** what we say we will. We **prioritise** to deliver the most important outcomes. We take **ownership** and work together to get to a solution.

An essential component of EROAD's remuneration strategy is that the conduct of staff at all levels aligns with the Company's values. This includes behaviour and leadership which is ethical, and not to the detriment of customers, shareholders, our community, 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. Receipt of an STI is not guaranteed even where performance criteria has been met.

REMUNERATION KEY PRINCIPLES

EROAD seeks to attract and retain high-performing people who deliver the Company's vision and strategies in accordance with its values. The remuneration framework is designed to attract, motivate and retain top tier talent through a structure that:

- aligns with EROAD's strategic and annual business objectives and EROAD values;
- balances competitive pay with affordability;
- provides flexibility to reward individuals for outstanding contribution;
- helps attract, motivate and retain directors and executives who contribute to EROAD's business outcomes;
- ensures there is a direct link between performance and pay;
- rewards performance, based on results achieved as well as demonstrated behaviours and competencies;
- rewards achievement of strategic objectives and shareholder value creation; and
- is transparent, consistent, easy to understand and simple to administer.

Plan type	Base salary	Sale incentive plan	Short-term incentive (STI)	Long-term incentive (LTI)
Overview	Market pay based on role and effectiveness	Payment linked to sales achievement	6 monthly plan To drive key outcomes linked to annual strategy Encourages and rewards right behaviours near term	3 year plan Ensuring company growth strategy is set and delivered Encouraging long-term value adding actions and retention
Eligibility	All employees	Sales team	Exec team + key senior positions	Exec team + key senior positions

EROAD is a technology company that operates globally. It requires highly skilled, specialist executives and staff to deliver on the company's strategy and ensure strong long-term performance. The recruitment, retention, motivation and reward of our people is fundamental to our long-term success.

EROAD's Remuneration Policy is directly linked to the Company's financial performance, the creation of shareholder wealth, the delivery of strategic objectives and executive behaviour.

The remuneration framework has been specifically developed to incorporate three elements: fixed remuneration; short term incentives and a long-term equity plan.

The proportion of the value of equity within the remuneration structure is intentionally relatively high. This is to ensure we attract skilled and experienced people whose total remuneration is aligned with the interests of shareholders and growth in shareholder value over the longer term.

The Group's Remuneration Policy is to set fixed remuneration at the median level of a comparator group of companies but with upper-quartile total potential rewards for outstanding performance and proven capability. For senior leadership team roles, a peer group of companies is developed to set pay ranges based on the location where the role is based that have sales revenue and market capitalisation. This approach provides a sound basis for delivering a non-discriminatory pay structure, providing equal pay for equal work value, for all Group employees.

Each year, the RTNC conducts a review of EROAD's remuneration policy to determine that it delivers a remuneration structure and levels which are consistent with the policy principles. The remuneration framework is applied to all salaried employees. Its banding structure ensures roles are mapped into specific bands that equalise roles with broadly equivalent work value, recognising that remuneration rates differ geographically. Pay ranges for each band are determined under the same framework globally and are then based on the local market rates for the roles falling within each band.

Corporate and personal short-term incentive objectives are agreed with staff and reviewed at the half year. Senior executive team objectives are reviewed and approved by the RTNC. It also reviews progress against the objectives following the release of the results for the first six months of the financial year and again at year end, prior to the completion of the annual audit. The annual review considers Group, business unit and individual executive performance.

A long-term incentive plan based on performance shares, an incentive-based form of equity compensation, is provided to executives if certain pre-agreed benchmarks are met. The plan is aligned with EROAD's strategy and ensures a focus on execution and long-term value creation. The incentive performance conditions are set out in the rules of the Performance Share Rights Plan.

MINIMUM SHAREHOLDING REQUIREMENTS

The EROAD Board encourages but does not require senior leadership team members or directors to hold shares in the Company.

VARIATION OF TERMS

The Board may from time to time vary any term of a Participant's participation in the Plan, with the agreement of the Participant.

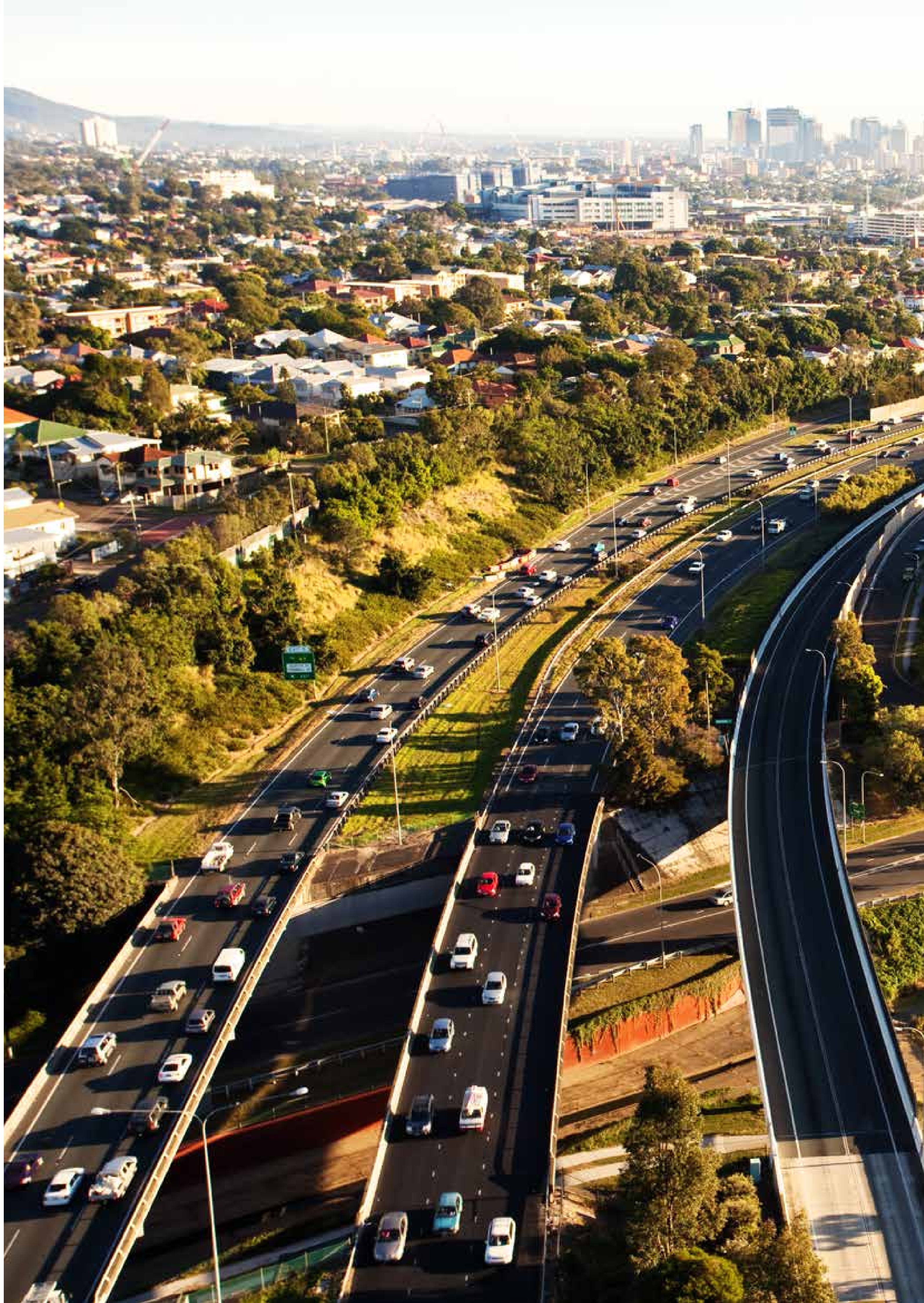
RIGHTS ISSUE, BONUS ISSUE, RECONSTRUCTION, TAKEOVER

The PSR Plan rules provide that on an event such as a rights issue, bonus issue, reconstruction or takeover being undertaken between the Issue Date and the Vesting Date, the Board will make such adjustments or alterations to the terms of the Plan as in its reasonable opinion is appropriate, after having considered the effect of the issue on Plan participants in good faith to ensure that, so far as is reasonably possible, no benefit is conferred on a participant that is not conferred on shareholders of the Company (and vice versa), as a result of the occurrence of the issue.

RISK ADJUSTMENT

Incentivising for management of risks and an understanding of appropriate risk-taking practices also underpins the remuneration principles and framework. This approach is demonstrated in several ways:

- The RTNC has discretion to adjust the level of At Risk Remuneration for STI awards based on the financial or share price performance of the Company and the behaviours exhibited by individual senior leadership team members, including their adherence to the Company's Code of Conduct, shared values and risk appetite.
- The RTNC may, at its discretion, reduce the amount of a senior leadership team member's STI award (regardless of the achievement of corporate or personal objectives) where his or her performance or behaviour during the year has been assessed as not warranting all or part of an incentive payment to which he or she may otherwise be entitled.
- The RTNC's discretion can be used to increase or decrease vesting outcomes, which includes reducing vesting to zero. The RTNC adopted a principles-based approach to non-financial risk, with a framework which provides guidelines as to the types of events that may warrant an adjustment and guidance on what should be considered by the Committee. Advice is provided to the RTNC by the Chair of the Finance, Risk and Audit Committee, the Chief People Officer and the EVP General Counsel and Company Secretary when deciding whether to exercise its discretion to adjust any year end remuneration outcomes.
- The Board retains the sole discretion to issue some or all of the shares relating to the PSRs to an employee following their cessation of employment with EROAD.



EXECUTIVE REMUNERATION FRAMEWORK

The RTNC 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 RTNC.

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 two components. Fixed Remuneration is not directly linked to performance. The At Risk Remuneration component is variable and directly linked to EROAD's financial performance and the delivery of corporate and personal objectives.

This structure is subject to the discretion of the RTNC and the Board and is reviewed periodically to determine if changes are required.

CEO AND CFO EMPLOYMENT CONDITIONS

The CEO and CFO are both employed on an ongoing basis.

The CEO and CFO are paid a base salary that is subject to annual review. EROAD makes Kiwisaver contributions. The employee may choose to receive benefits including health insurance as a deduction against their salary. The employee will be considered for participation in any STI plans and LTI plans offered by the Board.

REMUNERATION STRUCTURE

The following diagram summarises the remuneration structure for the senior leadership team for the 2022 financial year.

	Description	Link to strategy and performance
Fixed remuneration	• Base salary • Benefits: Kiwisaver, health insurance	• Reviewed, but not necessarily increased, annually. Based on individual skills, experience, accountabilities, performance, leadership and behaviours. • Takes into account the market conditions relating to EROAD and the position, the level of responsibility assigned to the employee and the employee's performance. • Executives and the CEO must participate in periodic performance reviews measuring their achievement against operational and strategic objectives. The results of the performance review forms the basis of any remuneration review.

STI award
At risk
	• "At risk" award set as a % of base salary
	• Performance reviewed for six monthly periods commencing 1 April and 1 October each year
	• 100% Group performance against shared team goals
	  • 40%: Performance against financial metrics
	  • 60%: Achievement of strategic program targets from the annual plan
	• A maximum % of Total Fixed Remuneration is set for the CEO and for the Executive Team
		• Designed to motivate , encourage and reward right behaviours near-term, typically in that financial year.
		• Creates alignment between shareholder value creation and employee reward.
		• Target value of an STI payment is set annually, usually as a percentage of the executive's base salary.
		• Financial metrics and strategic program targets set by the RTNC.
		• Includes behavioural multiplier to ensure alignment between EROAD's values and ethics with outcomes.
		• The STI payment is at the discretion of the Board. Entitlement is not guaranteed even where performance criteria have been met.

LTI award **At risk**	• "At risk" award set as a % of base salary • Performance Share Rights-based • New employees / promotions may be invited to participate • Vesting subject, amongst other things, to continued employment, providing a time-based incentive to participants	• Align long-term rewards with the creation of shareholder value. • Focus on achievement of multi-year targets and deliverables. • Ensure consistent, sustained performance over the longer term. • Maintain consistency between the Plan and the Company's planning horizon.

SHORT-TERM INCENTIVES

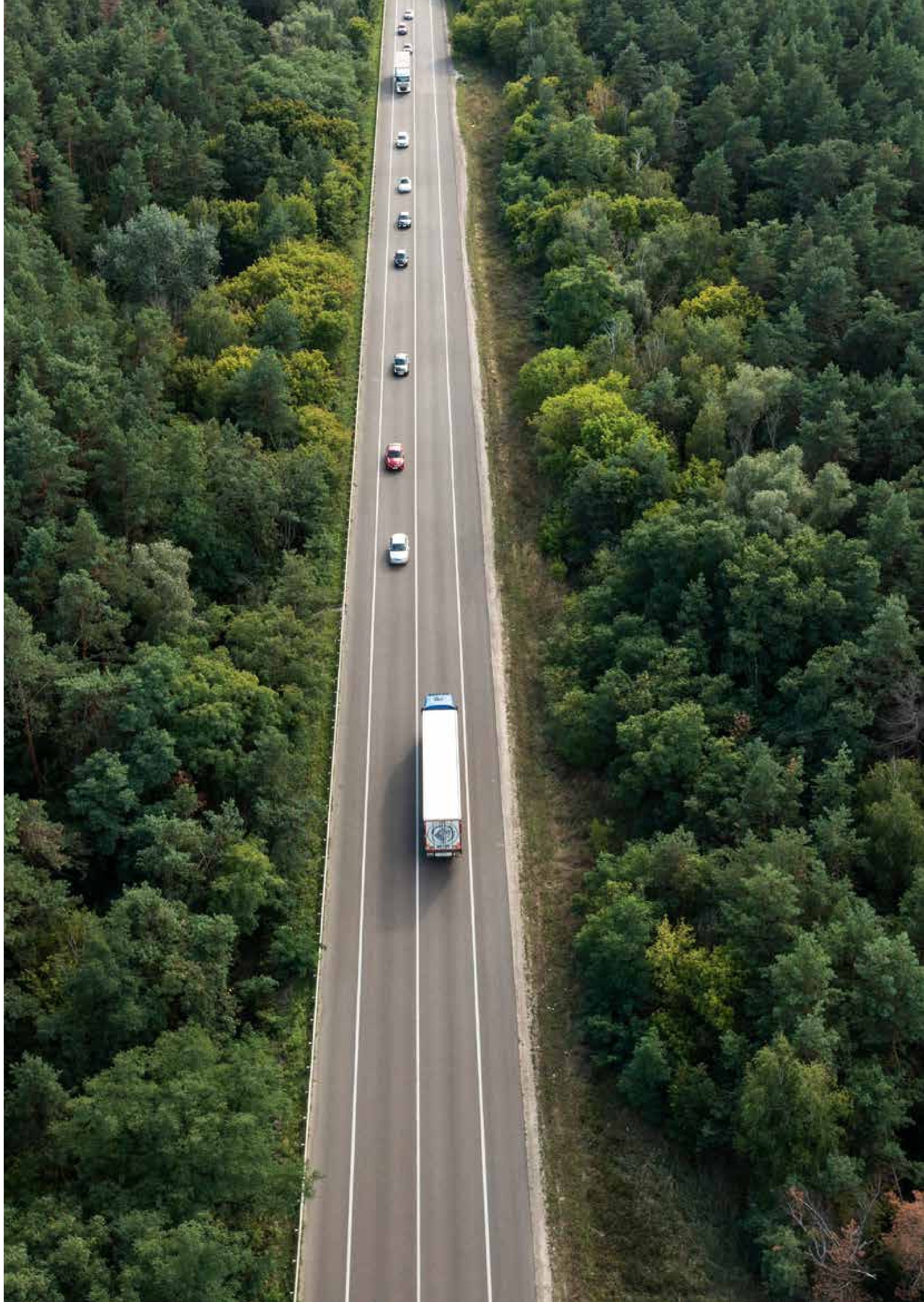
The STI program is designed to link specific annual performance targets with the opportunity to earn cash incentives based on a percentage of fixed base salary. It creates alignment between shareholder value creation and employee reward.

The STI plan is based on 6-month periods (commencing 1 April and 1 October each year), aligned to investor cycles and outcomes. The STI amount payable is based on group performance against shared team goals.

The FY22 remuneration review process resulted in the CEO earning a payment of $46,058 for the first half. The CFO earned a payment of $38,798. The payments were made in December 2021.

The CEO and CFO did not receive STI payments in the second half of the year as the financial and non-financial metrics for H2 FY22 have not been met.

Element	Details
Purpose	Rewards achievement of Board-set KPIs.
Target opportunity	32% of total fixed remuneration (TFR) for CEO. Up to 30% of TFR for CFO and senior executives.
Maximum opportunity	Up to 150% of target.
Performance period	6-month periods commencing 1 April and 1 October each year.
Financial objectives	40%: EROAD's performance against the metrics of EBITDA, the ratio of gross margin to sales and the ratio of working capital to sales.
Non-financial objectives	60%: Achievement of strategic program targets from the annual plan Performance under the CEO's objectives and key results for the year. Each objective has a specific target and stretch level of performance, as described under the "Short-term Incentives" section above.
Objectives set	Following completion of financial year budgets.
Performance evaluation	The CEO reviews executive performance and makes a payment recommendation to the RTNC. In relation to the CEO's performance, the RTNC makes a recommendation to the Board. H1 FY22 performance was reviewed and outcomes determined in November 2022. H2 FY22 outcomes have been determined in May 2022.
STI payment	Payment is made six monthly on determination of the STI payment by the RTNC for the CEO and by the CEO for the CFO and senior executives. Payments are subject to approval by the Board and at its sole discretion.



FINANCIAL AND NON-FINANCIAL OBJECTIVES

STI FINANCIAL COMPONENT AND STI NON-FINANCIAL COMPONENT

The outcomes for achievement of STI metrics for FY22 are as follows. At the May 2022 Board meeting, the Board determined that the financial and non-financial objectives for H2 FY22 have not been met, and as a result the Board decided that there would be no STI payout for the second half of FY22.

Final Calculation of STI Payout

	Metric	Achievement	Pay-out	Weighting	Total
H1 FY22	Financial*	79.3%	68.5%	40%	27.4%
	Non-financial- general**	71%	0% This metric requires a minimum performance achievement of 75% to pay out	30%	0%
	Non-financial completion of acquisition	100%	100%	30%	30%
	Total STI payout H1 FY22				57.4%
H2 FY22	Financial*	19%	0% This metric requires a minimum combined performance achievement of 75% to pay out	40%	0%
	Non-financial - general**	30%		60%	0%
	Total STI pay-out H2 FY22				0%

*Financial metric includes EBITDA, Customer Lifetime Value and Free cashflow performance measures.

**Non-financial metric includes strategic initiatives, future-focussed development and operational excellence performance measures.

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.

The Board retains discretion over the terms of a participant's participation in the plan (with the agreement of the participant) or to amend the plan rules or grant if it considers the interests of participants are not materially affected.

Element	Details
Purpose	To align long-term rewards with the creation of shareholder value; focus employees on the achievement of multi-year targets and deliverables; retain key talent; ensure consistent, sustained performance over the longer term; and maintain consistency between the Plan and the Company's planning horizon.
Vesting date	31 March 2022 for FY20 Performance Share Rights Plan.
Minimum opportunity	The minimum Units on Depot at the Vesting Date for the share rights to become eligible share rights is required to be 46,416.
Maximum opportunity	There is no maximum award. The formula for the calculation of the eligible share rights % where the Units on Depot exceeds 110,172 at the Vesting date is ((Units added – 110,173) x 2)/1000) + 100%.
Mechanism	Performance share rights (PSRs) issued for nil consideration to participants. PSRs convert to shares for nil consideration if targets are met. PSRs do not attract dividends or other distributions and cannot vote. On exercise, each PSR converts to one fully paid ordinary EROAD Limited share ranking equally with all other EROAD Limited ordinary shares.
Performance period	Three-year period commencing 1 April 2019.
Performance metric	Growth in EROAD's total contracted units (TCUs) between 1 April 2019 and 31 March 2022.
Metric achievement evaluation	Performance against objectives reviewed by KPMG under an agreed upon procedures basis.
Cessation of employment	Involuntary: Proportionate qualification. Board discretion may be exercised.
Rights issue, bonus issue, reconstruction, takeover	Entitlements will be adjusted so as not to prejudice participants' entitlements. The Board has broad discretion to determine the appropriate treatment of vested and unvested PSRs on a change of control.

LTI OUTCOMES FOR FY22

Growth in contracted units was above the scheme's targets at the expiry of the plan. The 100% threshold target of 206,563 units was exceeded by an additional 574 units. Vesting of 101% of the performance share rights to the participants was approved by the Board.

	CEO	CFO
Shares vested in FY22 for FY18 and FY19 plans	93,996	-
Shares to be vested in FY23 in total for PSR plan	121,200	100,145

FY18 AND 19 LTI PLANS

Prior to 30 September 2019, eligible employees who were invited to purchase EROAD shares under the EROAD LTI plan, participated in a way that was based on the purchase of the shares being funded by a loan granted to those employees by EROAD Limited. At the end of the vesting period the participants were paid a net cash bonus in relation to the shares that were to 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 were held in trust for the employees during a three-year restrictive period. Those employees who ceased to be an employee during the restrictive period had their shares repurchased at the original issue price. For the shares to vest, the Company's Total Shareholder Return (TSR) needed to exceed the median TSR of the group of companies comprising the NZX50 over a stated assessment period. A progressive vesting scale applied for performance between 50th and 75th percentiles, and 100% vesting applied if the company's performance was equal to or above the 75th percentile of the NZX50 group. The performance conditions were determined by the RTNC and approved by the board.

The assessment period for the FY18 and FY19 schemes ended on 1 April 2021.

CEO AND CFO REMUNERATION OUTCOMES

CEO REMUNERATION

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

	Fixed Remuneration	Performance Based Remuneration					Total
		STI*	Total Cash Remuneration	LTI**	LTI Plan Status	Total Remuneration	Total Remuneration Paid
FY18	$555,859	$116,760	$672,619	$150,000**	100% – vested in FY22	$822,619	$672,619
FY19	$567,120	-	$567,120	$90,739**	50% – vested in FY22, other 50% forfeited	$657,859.20	$567,120
FY20	$590,000	$96,288	$686,288	$351,480****	101% – vested in FY22	$1,037,768	$686,288
FY21	$603,043	$133,902	$736,945	-	same plan as above	$736,945	$736,945
FY22	$677,618	$115,819	$793,438	-	same plan as above	$793,438	$793,438

*Prior to FY20, performance under the STI plan was assessed following the end of each financial year and payment was based on the performance achieved. E.g. FY19 STI payment was based on performance in FY19 and was paid out in FY20. From FY20, performance under the STI plan is assessed on a 6-monthly basis and payment is based on the performance achieved. E.g. the FY21 STI payment was based on performance in H1 FY21 that was paid out in FY21, and on performance in H2 FY21 that was paid out in FY22.

**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. These plans vested in May 2021 and vested at 100% for the FY18 LTI Plan and 50% for the FY19 LTI Plan.

***Under the FY20 LTI plan, performance share rights to the value of $350,495.05 were granted to Mr Newman under a three-year plan in FY20. This plan vested in May 2022 at 101%.

CFO REMUNERATION

	Fixed Remuneration	Performance Based Remuneration				Total
	Total Cash Remuneration	STI	LTI Granted	LTI Vested	Total Remuneration	Total Remuneration Earned
FY21	$398,509	$78,618	-	FY20 plan vested May 2022**	$477,407	$477,407
FY22	$410,606	$410,606*	-		$477,487	$477,487

*Performance under the STI is assessed on a 6-monthly basis and payment is based on the performance achieved.There is no STI payment for H2 FY22 as the financial and non-financial metrics have not been met.

** As with the CEO, the CFO's FY20 LTI entitlement is a three year plan which vested in May 2022.

CEO AND CFO SHAREHOLDINGS

Ordinary shares	Balance at 1 April 2021	FY18 and FY19 LTI shares vested	LTI PSRs	SPP	Balance at 31 March 2022
Steven Newman (includes NMC Trustees Limited's relevant interest)	12,941,513	93,996*	121,2000 (less 47,268 shares deducted for PAYE liability)		13,680,870
Alex Ball	10,064		100,145 (less 39, 057 shares deducted for PAYE liability)	2,150	12,214

*The LTI shares were issued on 5 August 2021. Some 23,327 shares were forfeited.

DIRECTORS' REMUNERATION

The RTNC 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 provide advice in relation to remuneration for EROAD's directors.

When determining the fees for non-executive directors and Chairs of the Board and our committees, the Board considers the fee levels for comparable listed companies in New Zealand, Australia and United States. Shareholders approved an increase in the total director fee pool to $850,000 at EROAD's 2021 annual meeting. Under the company Remuneration Policy, no retirement payments are made to directors or executive employees for their service.

Annual fees payable for FY22 to non-executive directors are as follows:

Country of residence	Chair	Director*	Finance, Risk and Audit Committee Chair**	Remuneration, Talent and Nomination Committee Chair**
New Zealand (NZ$)	150,000	95,000	15,000	12,000
Australia (AU$)		95,000		
United States (US$)		96,000		

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

**EROAD does not pay committee members additional fees for their roles on such committees.

EROAD does not intend to increase the base fees for directors over the next two years without shareholder approval.

A special annual pool is reserved to provide flexibility for the remuneration of non-executive directors who assume additional responsibilities throughout the year, such as attending ad hoc Board committees or performing additional services for EROAD. This pool is capped at 10% of the total remuneration pool available for use for directors' fees. As the current total remuneration pool is $850,000, no more than $85,000 will be reserved for the special annual fee pool. No special fees were paid in FY22.

Non-executive directors received the following directors' fees from EROAD in the year ended 31 March 2022. All fees are in NZD unless otherwise indicated:

	Base fee	Fee for Finance, Risk and Audit Committee Chair	Fee for Remuneration, Nomination and Talent Committee Chair	Total remuneration received for FY22
Graham Stuart	$150,000 (Board Chairman)	-	-	$150,000
Barry Einsig	USD$96,000	-	-	USD $96,000
Anthony Gibson	$95,000	-	$12,000	$107,000
Susan Paterson	$95,000	$15,000	-	$110,000
Selwyn Pellett*	$67,275**	-	-	$67,275**

* Appointed 30 November 2021
** Selwyn Pellett is an executive director who received remuneration of $67,275 under his consultancy agreement.

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 and Selwyn Pellett, in their capacity as executive directors, do not receive remuneration as a director of EROAD.

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

EMPLOYEE REMUNERATION

EROAD and our subsidiaries have employees in New Zealand, the United States and Australia. Remuneration market levels differ between the three countries. The overseas remuneration amounts are converted into New Zealand dollars. Of the 222 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, 51 (23%) are employed by EROAD in the United States of America and 12 (5%) in Australia:

NZ$	Total	NZ$	Total
100,000 – 110,000	49	270,000-280,000	1
110,001 – 120,000	36	280,000-290,000	0
120,001 – 130,000	21	290,000-300,000	2
130,001 – 140,000	20	300,000-310,000	1
140,001 – 150,000	22	310,000-330,000	2
150,001 – 160,000	15	330,000-340,000	3
160,001 – 170,000	12	340,000-350,000	0
170,001 – 180,000	13	340,000-350,000	0
180,001 – 190,000	4	360,000-390,000	0
190,001 – 200,000	2	390,000-400,000	1
200,001 – 210,000	3	400,000-490,000	2
210,001 – 220,000	5	490,000-500,000	0
220,001 – 230,000	0	500,000-560,000	1
230,001 – 240,000	2	560,000-570,000	0
240,001 – 250,000	0	570,001-600,000	1
250,001 – 260,000	2		
260,001-270,000	2	TOTAL	222

REGULATORY DISCLOSURES

REGULATORY DISCLOSURES

DIRECTORS

The persons who held office as directors of EROAD Limited at any time during the year ended 31 March 2022, are as follows:

Graham Stuart	Chairman Non-Executive, Independent
Steven Newman	Chief Executive Officer, Executive Director
Anthony Gibson	Non-Executive, Independent
Susan Paterson	Non-Executive, Independent
Barry Einsig	Non-Executive, Independent
Selwyn Pellettt	Executive Director

SUBSIDIARY COMPANY DIRECTORS

The persons who held office as directors of subsidiary companies at 31 March 2022 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	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 2022 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
Director	H4G Limited
Consultant	FTP Solutions Pty Limited (Western Australia)

Anthony Gibson	
Chair	North Tugz Limited
Director and Shareholder	AMG Consulting Limited
Director	Marsden Maritime Holdings Limited

Steven Newman	
Director	NMC Trustees Limited

Susan Paterson	
Director	Arvida Group Limited
Director	Les Mills Holdings Limited
Director (Chair)	Steel & Tube Holdings Limited
Director (Chair)	Theta Systems Limited
Director	Reserve Bank of New Zealand
Director	Lodestone Energy

Barry Einsig	
Senior Manager	Econolite
Principal	CAVita LLC

Selwyn Pellett	
Director and shareholder	Storm Distribution Limited
Director and shareholder	Swaytech Limited
Shareholder	Contex Engineers Limited
Director and shareholder	Streamline Business NZ Limited
Director and shareholder	Streamline Business Group Limited
Director and shareholder	AIGA Limited
Shareholder	XSOL Limited
Director and shareholder	Reyburn Investments Limited
Director and shareholder	KTX Limited

The following details included in the Company's interests register as at 31 March 2021 have been removed as at 31 March 2022:

- Anthony Gibson is no longer the Chief Executive Officer of Ports of Auckland.
- Anthony Gibson is no longer a Director of Seafuels Limited, Waikato Freight Hub Limited, Nexus Logistics Limited and Conlixx Limited.
- Susan Paterson is no longer a Director of Goodman (NZ) Limited and associated entities, Electricity Authority, GMT Wholesale Bond Issue Limited and GMT Bond Issuer LTD.

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 2021 and 31 March 2022, 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) Acquired 93,996 ordinary shares for nil consideration on 5 July 2021.
- 2) Acquired 571,429 ordinary shares at $5.58 per share on 5 August 2021.

Susan Paterson

- 1) Acquired 3,741 ordinary shares at $5.58 per share on 5 August 2021.

Graham Stuart

- 1)Acquired 5,734 ordinary shares at $5.58 per share on 5 August 2021.
- 2) Acquired 11,446 ordinary shares at $4.90 per share on 15 December 2021.

Anthony Gibson

- 1) Acquired 35,843 ordinary shares at $5.58 per share on 5 August 2021

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 2022:

Name	Ordinary shares
Steven Newman (and NMC Trustees)	13,680,870
Graham Stuart	70,000
Anthony Gibson	616,662
Susan Paterson	16,561
Selwyn Pellett	1,835,806

ANNUAL SHAREHOLDERS' MEETING

EROAD's 2022 annual shareholders' meeting will be held at Eden Park on Thursday 28 July 2022.

SHAREHOLDER INFORMATION

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS

Holding Range	Number of holders	%	Number of ordinary shares	%
1 to 999	1,848	40.01	749,238	0.68
1,000 to 4,999	1,774	38.48	5,073,091	3.58
5,000 to 9,999	463	10.04	3,105,026	2.81
10,000 to 49,999	403	8.74	8,185,913	7.42
50,000 to 99,999	54	1.17	3,773,681	3.42
100,000 and over	68	1.48	90,578,207	82.09
Total	**4,610**	**100**	**110,338,787**	**100**

The details set out above were as at 31 March 2022.

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

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 2022, were as follows:

Substantial product holder	Date of Notice	Number of shares	% of shares on issue at 31 March 2022
NMC Trustees Limited*	05/08/2021	13,512,942	12.25
FNZ Custodians Limited		7,324,503	6.64
National Nominees Limited - NZCSD		7,145,858	6.48
Citicorp Nominees Pty Limited		6,815,912	6.18
HSBC Custody Nominees (Australia) Limited		6,680,372	6.05
National Nominees Limited**	18/03/2022	5,718,883	5.18

*On 05 July 2021, Steven Newman gave ongoing disclosure for the acquisition of 93,996 ordinary shares pursuant to EROAD's Long Term Incentive Plan. Legal title to the shares was transferred to Steven Newman by EROAD LTI Trustee Limited by an off-market transfer on 5 July 2021 for nil consideration. The remaining 23,327 shares held on trust by EROAD LTI Trustee Limited in which Steven Newman holds a beneficial interest in are forfeited under the terms of the plan.

On 5 August 2021, Steven Newman gave ongoing disclosure for the acquisition of 571,429 ordinary shares under the placement. On 15 July 2021, EROAD announced the completion of a conditional placement of fully paid ordinary shares in EROAD ("Placement Shares"), at an issue price of NZ$5.58 / A$5.25 per Placement Share, to partly fund the acquisition of 100% of Coretex Limited. The issuance of the Placement Shares was approved at a special meeting of EROAD shareholders on 30 July 2021. NMC Trustees Limited as trustee of the NMC Investment Trust subscribed for 571,429 Placement Shares. Such Placement Shares were allotted to NMC Trustees Limited as trustee of the NMC Investment Trust on the date of this notice.

**On 18 March 2022, National Nominees Limited ACF Australian Ethical Investment Limited gave ongoing disclosure for the acquisition of 1,239,458 ordinary shares.
On 24 December 2021, Commonwealth Bank of Australia gave ongoing disclosure for the acquisition of 1,211,213 ordinary shares.
On 7 December 2021, Mitsubishi UFJ Financial Group Inc., First Sentier Investors (Australia) IM Ltd, First Sentier Investors Realindex Pty Ltd gave ongoing disclosure for the acquisition of 855,172 ordinary shares.
On 3 December 2021, Colonial First State Investments Limited gave ongoing disclosure for the acquisition of 813,556.
On 3 December 2021, Jarden Securities Limited gave ongoing disclosure for ceasing to be a substantial product holder.
On 2 December 2021, Allianz SE as ultimate parent company gave ongoing disclosure for ceasing to be a substantial product holder.

The total number of ordinary shares (being the only class of quoted voting products) on issue in the Company as at 31 March 2022 was 110,338,787.

PRINCIPAL SHAREHOLDERS

The names and holdings of the twenty largest registered shareholders in the Company as at 31 March 2022 were:

Holder Name	Shares	%
NMC Trustees Limited	13,512,942	12.25
FNZ Custodians Limited	7,324,503	6.64
National Nominees Limited – NZCSD	7,145,858	6.48
Citicorp Nominees Pty Limited	6,815,912	6.18
HSBC Custody Nominees (Australia) Limited	6,680,372	6.05
National Nominees Limited	5,718,883	5.18
Accident Compensation Corporation - NZCSD	2,715,020	2.46
J E & A L Marris Trustees Limited	2,081,961	1.18
BNP Paribas Nominees (NZ) Limited – NZCSD	2,010,392	1.82
New Zealand Depository Nominee Limited	1,963,770	1.78
BNP Paribas Nominees (NZ) Limited – NZCSD	1,839,563	1.78
Selwyn Pellett & Tracey Herman	1,835,797	1.66
MOVAC Fund 4 Custodial limited	1,704,996	1.55
BNP Paribas Nominees (NZ) Limited – NZCSD	1,664,371	1.51
TEA Custodians (Milford) Limited	1,629,854	1.48
HSBC Nominees (New Zealand) Limited – NZCSD	1,545,511	1.40
Milford Private Equity II LP	1,509,518	1.37
BNP Paribas Noms Pty	1,399,148	1.27
Custodial Services Limited	1,317,599	1.19
Citibank Nominees (New Zealand) Limited - NZCSD	1,275,388	1.16

OTHER INFORMATION

NZX WAIVERS

In relation to the acquisition of Coretex Limited, EROAD was granted waivers in respect of NZX Listing Rules 4.2.2 and 4.19.1 on 14 July 2022. A copy of the waivers is available on EROAD's NZX Announcement page.

DISCIPLINARY ACTION TAKEN BY THE NZX

The NZX has not taken any disciplinary action against the Company during the year ended 31 March 2022.

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 2022 was $0.6m The amount of fees payable to KPMG for non-audit work during the year ended 31 March 2021 was $0.4m 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 does not make any political donations. We did make donations to WHO Foundation, Red Cross Ukraine and our subsidiaries made donations totalling $39,041 during the year ended 31 March 2022.

CREDIT RATING

EROAD does not currently have a credit rating.

DIRECTORY

REGISTERED OFFICE IN NEW ZEALAND

Level 3 260 Oteha Valley Road,
Albany, Auckland, New Zealand

REGISTERED OFFICE IN NORTH AMERICA

7618 SW Mohawk Street
Tualatin, OR 97062 USA

REGISTERED OFFICE IN AUSTRALIA

Level 36, Tower 2 Collins Square
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3008 Australia

INVESTOR RELATIONS AND SUSTAINABILITY ENQUIRES

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Email: investors@eroad.com
Telephone: 0800 437 623

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.

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BANKERS

Bank of New Zealand
China Construction Bank
National Australian Bank
Wells Fargo

GLOSSARY

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)
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.

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.

COSTS TO ACQUIRE CUSTOMERS (CAC)
A non-GAAP measure of costs to acquire customers. Total CAC represents all 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)
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 FY22 Financial Statements.

CY
12 months ended 31 December.

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

EBITDA MARGIN
A non-GAAP measure representing EBITDA divided by Revenue.

EHUBO, EHUBO2 and EHUBO 2.2
EROAD's first and second generation electronic distance recorder which replaces mechanical hubo-dometers. 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.

ENTERPRISE
A fleet of more than 500 vehicles in North America and more than 150 vehicles in Australia or New Zealand.

FREE CASH FLOW
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 the FY22 Financial Statements.

FY
Financial year ended 31 March.

H1
For the six months ended 30 September.

H2
For the six months ended 31 March.

MONTHLY SAAS AVERAGE REVENUE PER UNIT (ARPU)
A non-GAAP measure that is calculated by dividing the total SaaS revenue for the year reported in Note 2 of the FY22 Financial Statements, by the TCU balance at the end of each month during the year.

NORMALISED EBITDA
Excludes one-off items including transaction and integration costs ($7.6m), COVID-19 grant in H1 FY21 ($1.6m) and acquisition revenue ($1.3m).

NORMALISED EBITDA MARGIN
Excludes one-off items including transaction and integration costs ($7.6m), COVID-19 grant in H1 FY21 ($1.6m) and acquisition revenue ($1.3m).

NORMALISED REVENUE
excludes the one-off COVID-19 grant in H1 FY21.

ROAD USER CHARGES (RUC)
In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.

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.

SAAS REVENUE
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.

TOTAL CONTRACTED UNITS
Represents EROAD branded units subject to a customer contract both on Depot and pending instalment and Coretex branded units currently billed

UNIT
A communication device fitted in-cab or on a trailer. Where there is more than one unit fitted in-cab or on a trailer, it is counted as one unit (excluding Philips Connect).


To A4 BRIDGE
City
Western Suburbs
EASTERN SUBURBS
AIRPORT
EXIT ONLY
EXIT
HERE
80

EROAD