



THE RIGHT ROAD

EROAD INVESTMENT STATEMENT

INITIAL PUBLIC OFFERING
OF ORDINARY SHARES
IN EROAD LIMITED
DATED 18 JULY 2014

SOLE LEAD MANAGER



FIRST NZ CAPITAL

CO-MANAGER

DeutscheCRAIGS



IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

THE FINANCIAL MARKETS AUTHORITY REGULATES CONDUCT IN FINANCIAL MARKETS

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

FINANCIAL ADVISERS CAN HELP YOU MAKE INVESTMENT DECISIONS

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check —

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

IMPORTANT NOTICE

This document (Investment Statement) relates to the Offer of ordinary shares in EROAD Limited. EROAD and the Offeror are the issuers of the Shares for the purposes of the Securities Act and Securities Regulations.

This document is an investment statement for the purposes of the Securities Act and the Securities Regulations, and has been prepared as at, and is dated, 18 July 2014. It has been prepared in compliance with the Securities Act and Securities Regulations, as modified by the Securities Act (EROAD Limited) Exemption Notice 2014. There is a registered prospectus containing an offer of securities to which this Investment Statement relates.

No one is authorised by the Directors or the Issuers to give any information or make any representation in connection with this Offer which is not contained in this Investment Statement, the Prospectus or in other communications from the Directors. Any information or

representation not so contained may not be relied upon as having been authorised by the Directors or an Issuer.

If you have any questions about the Offer, you should consult your financial or legal adviser or an NZX Firm.

You should seek your own taxation advice on the implications of an investment in the Shares.

NO GUARANTEE

No person guarantees the Shares offered under this Investment Statement. No person warrants or guarantees the performance of the Shares or any return on any investments made pursuant to this Investment Statement.

SELLING RESTRICTIONS

The Offer is being made to eligible persons under the Preference Pool Offer, New Zealand resident clients of NZX Firms who receive a firm allocation of Shares and to selected NZX Firms and Institutional Investors in New Zealand, Australia and certain other jurisdictions. No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Investment Statement) in relation to the Shares to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with the Issuers, any person or entity subscribing for Shares in the Offer shall, by virtue of such subscription, be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Investment Statement, and is not acting for the account or benefit of a person within such jurisdiction. None of the Issuers, the Sole Lead Manager, the Registrar or any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

FORWARD LOOKING STATEMENTS

This Investment Statement contains certain statements that relate to the future including, in particular, the information set out in *Section 8: Overview of Financial Information*. Forward looking statements should be read together with the other information in this Investment Statement and in the Prospectus, including the risk factors in *Section 7: What are my Risks?* and the assumptions and sensitivity analysis set out in *Section 8.4: Prospective Financial Information* of the Prospectus. Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of EROAD and which may cause the actual results, performance or achievements of EROAD to differ materially from those expressed or implied by such statements.

Given these uncertainties, you are cautioned not to place undue reliance on any forward looking statements contained in this Investment Statement. Under no circumstances should you regard the inclusion of forward looking statements as a representation or warranty by the Issuers or their respective officers or directors or any other person referred to in this Investment Statement with respect to the achievement of the results set out in any such statement, or that the underlying assumptions used will in fact be realised.

DEFINITIONS

Capitalised terms used in this Investment Statement, including certain industry terms with which you may not be familiar, have the specific meaning given to them in the *Glossary*.

Unless otherwise indicated, \$ or NZ\$ refers to New Zealand Dollars and all references to time are to time in New Zealand.

EROAD Limited

Initial Public Offering



Final Price set at \$3.00 per Share

KEY OFFER STATISTICS

The following table highlights key Offer statistics based on the Final Price and based on EROAD undertaking a Share split so that it has 60 million Shares on issue.

NEW SHARES BEING OFFERED BY EROAD TO RAISE UP TO \$40 MILLION	13.3 MILLION
SHARES BEING OFFERED BY SELLING SHAREHOLDERS ¹	2.0 MILLION
TOTAL OFFER SIZE	\$46.1 MILLION
INDICATIVE MARKET CAPITALISATION	\$180.0 MILLION
PROSPECTIVE NET INTEREST BEARING UNRESTRICTED CASH ²	\$40.5 MILLION
INDICATIVE ENTERPRISE VALUE (EV)	\$139.5 MILLION

KEY INVESTMENT METRICS

	FY2015(P)	FY2016(P)
EV/REVENUE MULTIPLE	7.3x	4.1x
EV/EBIT BEFORE NON-OPERATING COSTS MULTIPLE	222.8x	21.9x
PRICE/EARNINGS RATIO	181.8x	32.7x

These Key Investment Metrics are based on the Final Price. EBIT before non-operating costs is a non-GAAP financial measure. You can find further information about EROAD's non-GAAP financial measures and the calculation of these metrics in *Section 2: Offer at a Glance* and *Section 8: Overview of Financial Information* of the Investment Statement and in *Section 2: Offer at a Glance* and *Section 8: Financial Information* of the Prospectus.

The Directors do not anticipate the payment of dividends during the PFI period as the Directors expect that surplus funds will be retained in order to capitalise on immediate and future market growth opportunities.

KEY DATES

PREFERENCE POOL OFFER CLOSES (5.00pm)	6 August 2014
BROKER FIRM OFFER CLOSES (5.00pm)	12 August 2014
EXPECTED COMMENCEMENT OF TRADING ON NZX MAIN BOARD ³	15 August 2014

These dates are indicative only and may be amended. The Offer may also be withdrawn at EROAD's discretion at any time before the allotment of Shares.

¹ Selling shareholders have offered 445,000 existing Shares under the Offer, which will be increased in number following the Share split.

² Calculated as unrestricted cash of \$2.5 million less borrowings of \$3.1 million as at 31 March 2014, plus proceeds from Shares issued to staff, Directors and close business associates prior to the Offer of \$1.65 million, plus the expected net proceeds of the Offer of \$39.4 million.

³ Application has been made to NZX to list EROAD Limited, and to quote the Shares, on the NZX Main Board. All of NZX's requirements relating to the application for listing and quotation that can be complied with on or before the date of this insert have been complied with. However, NZX accepts no responsibility for any statement in this insert. The NZX Main Board is a registered market operated by NZX, which is a registered exchange regulated under the Securities Markets Act 1988.

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IMPORTANT NOTICE

This document is an investment statement. The purpose of an investment statement is to:

- provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for securities; and
- bring to the attention of such a person the fact that other important information about the securities is available to that person in other documents.

For more information to assist you in deciding whether or not to purchase the Shares offered to you, you are recommended to read the Prospectus which has been prepared in respect of this Offer. The Prospectus, which includes the most recent financial statements of EROAD, can be obtained, free of charge by downloading it from:

- www.eroadshares.co.nz; or
- by calling the Registrar on **(09) 488 8777** and requesting a copy be sent to you; or
- from the Companies Office website at www.business.govt.nz/companies.

1.0

LETTER FROM THE CHAIRMAN

18 July 2014

Dear Investor,

On behalf of the board of directors, I invite you to consider becoming a Shareholder in EROAD.

EROAD is an exciting high growth company that has established an industry-leading position in the provision of electronic road charging and compliance services to the heavy transport industry.

In 2009, EROAD created in New Zealand the world's first network-wide GPS/cellular-based road user charging system. EROAD has a highly-scalable technology platform and robust business model, now supported by a further international reference site in the United States.

EROAD's business is underpinned by its strong vision and core values of innovation and integrity. Through its disruptive technology platform EROAD has successfully modernised outdated and inefficient regulatory and compliance systems in the heavy transport industry, in the process creating value for its customers, for regulators and agencies, and for the wider community. The compelling return on investment experienced by our customers has led to customer retention rates in excess of 99%.

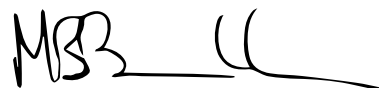
EROAD is in a strong position. We have undertaken a large R&D programme, obtained supporting regulatory approvals and successfully commercialised our technology solution. In the year to 31 March 2014, EROAD was operating cash flow positive and profitable. EROAD's transition to a publicly-listed company represents the next step on its path to becoming a global technology leader.

We are confident of EROAD's ability to successfully execute its international expansion plans under the leadership of CEO Steven Newman and the executive management team, who bring with them a wealth of experience from the technology and transport sectors.

Please read and consider carefully the information presented in this Investment Statement and the Prospectus, including in particular the information in *Section 7: What are my Risks?*, before making an investment decision.

We commend the Offer to you, and should you decide to invest, welcome you as a Shareholder of EROAD.

Yours sincerely,



Michael Bushby
Chairman



KEY DATES

29

JULY 2014

Final Price
Announced

30

JULY 2014

Broker Firm Offer
and Preference
Pool Offer opens

6

AUGUST 2014

Preference Pool
Offer closes
(5.00pm)

12

AUGUST 2014

Broker Firm Offer
closes (5.00pm)

15

AUGUST 2014

Expected dispatch
of holding
statements
and any refund
payments (if
required)

15

AUGUST 2014

Allotment Date

15

AUGUST 2014

Expected
commencement
of trading on the
NZX Main Board

These dates are indicative only and may be amended. The Offer may also be withdrawn at EROAD's discretion at any time before the allotment of Shares.



2.0

OFFER AT A GLANCE

This is an initial public offering of ordinary shares in EROAD. EROAD is a leading transport technology and services company. You can find more information about EROAD in *Section 6: About EROAD*.

The Offer comprises the Broker Firm Offer, the Preference Pool Offer and the Institutional Offer. There is no general public offer. Therefore, if you wish to subscribe for Shares, you must do so through an NZX Firm with a firm allocation or you must be eligible to participate in the Preference Pool Offer.

Under the Offer, EROAD will issue new Shares and certain existing Shareholders in EROAD will offer their Shares for sale through the Offeror.

The purpose of the Offer and intended use of proceeds is to:

- Achieve an NZX Main Board listing, which will increase transparency and credibility with stakeholders in markets, and enhance EROAD's profile with customers;
- Provide capital to accelerate EROAD's ability to identify and exploit new opportunities in accordance with its strategy set out in *Section 6.1: Strategy*;
- Repay the bank financing used by EROAD to fund rental Units, being approximately \$3 million; and
- Enable the Selling Shareholders to sell a portion of their Shares (comprising up to 5.1% of the Shares on issue at the date of this Investment Statement).

KEY OFFER STATISTICS

The following table highlights key Offer statistics based on the lower and upper values of the Indicative Price Range and based on EROAD undertaking a Share split once the Final Price is known so that it has 60 million Shares on issue.

INDICATIVE PRICE RANGE ¹	\$3.00 TO \$3.80 PER SHARE
NEW SHARES BEING OFFERED BY EROAD TO RAISE UP TO \$40 MILLION	10.5 MILLION TO 13.3 MILLION
SHARES BEING OFFERED BY SELLING SHAREHOLDERS ²	2.4 MILLION TO 2.5 MILLION
TOTAL NUMBER OF SHARES BEING OFFERED	13.0 MILLION TO 15.7 MILLION
INDICATIVE MARKET CAPITALISATION ³	\$180.0 MILLION TO \$228.0 MILLION
PROSPECTIVE NET INTEREST BEARING UNRESTRICTED CASH ⁴	\$40.5 MILLION
INDICATIVE ENTERPRISE VALUE (EV) ⁵	\$139.5 MILLION TO \$187.5 MILLION

¹ The Final Price may be within, above or below the Indicative Price Range.

² Selling Shareholders will offer up to 517,500 existing Shares under the Offer, which will be increased in number following the Share split to be undertaken once the Final Price is determined.

³ Based on the Indicative Price Range multiplied by 60 million Shares.

⁴ Calculated as unrestricted cash of \$2.5 million less borrowings of \$3.1 million as at 31 March 2014, plus proceeds from Shares issued to staff, Directors and close business associates prior to the Offer of \$1.65 million, plus the expected net proceeds of the Offer of \$39.4 million.

⁵ Calculated as indicative market capitalisation less prospective net interest bearing unrestricted cash.

KEY OPERATING METRICS

	HISTORICAL			PROSPECTIVE	
	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
UNITS ON DEPOT ⁶	3,412	7,452	13,453	24,706	44,057
RETENTION RATE ⁷	100.0%	99.5%	99.3%	98.2%	96.5%

SELECTED FINANCIAL INFORMATION

\$ MILLION	HISTORICAL			PROSPECTIVE	
	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
REVENUE	2.9	6.2	10.0	19.0	34.1
EBIT BEFORE NON-OPERATING COSTS	(0.7)	(0.3)	1.1	0.6	6.4
NET PROFIT	(0.8)	(0.3)	2.9	(1.0)	5.5
ADJUSTED NET PROFIT ⁸	(0.8)	(0.3)	2.9	1.0	5.5
ANNUALISED RECURRING REVENUE ⁹	4.1	6.7	11.5	19.1	30.7

EBIT before non-operating costs and Annualised Recurring Revenue are non-GAAP financial measures used by EROAD. You can find an explanation of trends in financial information and of EBIT before non-operating costs and Annualised Recurring Revenue, and why EROAD uses these non-GAAP measures of financial performance, in Section 8.2: Overview of Financial Information.

KEY INVESTMENT METRICS

	FY2015(P)	FY2016(P)
EV/REVENUE MULTIPLE ¹⁰	7.3x – 9.9x	4.1x – 5.5x
EV/EBIT BEFORE NON-OPERATING COSTS MULTIPLE ¹⁰	222.8x – 299.5x	21.9x – 29.4x
PRICE/EARNINGS RATIO ¹¹	181.8x – 230.3x	32.7x – 41.4x

These metrics are provided to help you assess the value of EROAD. Indicative market capitalisation, indicative enterprise value (EV), EV/Revenue multiple, EV/EBIT before non-operating costs multiple and Price/Earnings Ratio are shown based on the lower and upper values of the Indicative Price Range.

The Directors do not anticipate the payment of dividends during the PFI period as the Directors expect that surplus funds will be retained in order to capitalise on immediate and future market growth opportunities.

⁶ Units on Depot is the number of EROAD devices installed in vehicles and subject to a service contract with a customer.

⁷ Retention Rate is the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period.

⁸ Adjusted Net Profit represents Net Profit adjusted for one-off, non-operating listing costs of \$2.0 million in FY2015(P). No adjustment has been made to Net Profit in any other year.

⁹ Annualised Recurring Revenue multiplies Recurring Revenue recognised or expected to be recognised for the month of March in each financial year by 12.

¹⁰ EV divided by revenue or EBIT before non-operating costs. This is a valuation metric that enables comparison with other listed companies.

¹¹ Indicative market capitalisation divided by Adjusted Net Profit. This is a valuation metric that enables comparison with other listed companies.

3.0

EROAD AT A GLANCE



EROAD is a leading transport technology and services company. EROAD has created an electronic solution to manage and pay Road User Charges (RUC), support regulatory compliance and provide value-added commercial services to the heavy vehicle industry. EROAD generates Recurring Revenue from charging customers for its services and also receives revenue from hardware sales of Ehubos as well as other sources. You can find out more about how EROAD makes money in *Section 8.1: Introduction to EROAD's Financial Information*.

In 2009, EROAD implemented the world's first network-wide GPS/cellular-based road user charging system, which modernised the existing paper-based RUC regime in New Zealand. EROAD has become the largest electronic RUC agent in New Zealand, achieving an annualised RUC collection rate of over \$219 million.

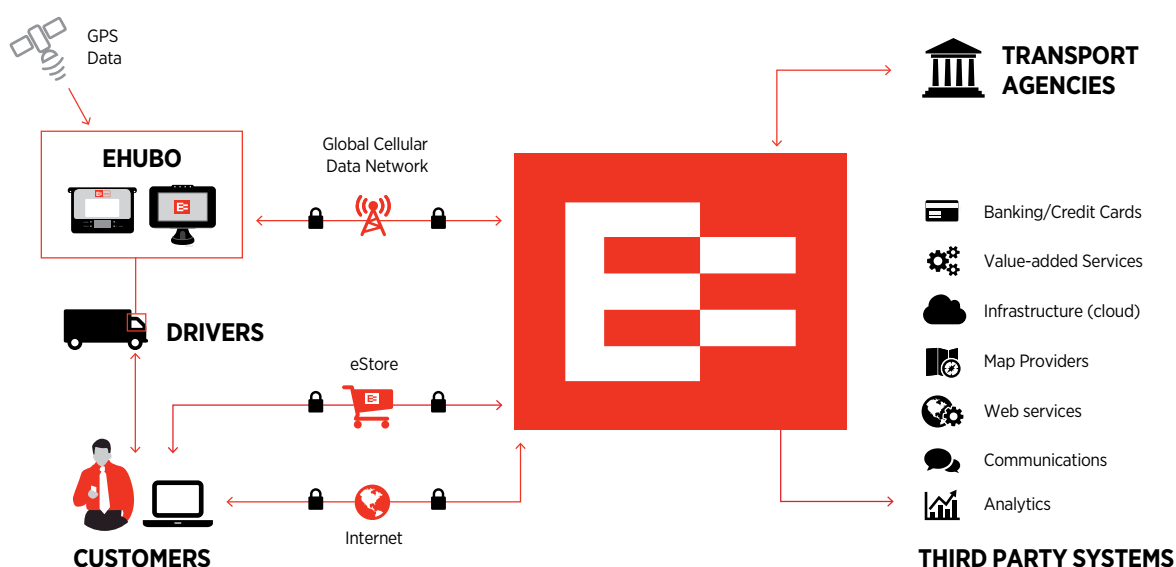
The EROAD system consists of a secure electronic distance recorder (Ehubo), combined with a bank-grade payment gateway and services portal. We undertake design and manufacture of our Ehubos, as well as software development, from our headquarters in Auckland. EROAD has created a cost effective and scalable solution based on cloud architecture, web processes and partnerships with global infrastructure providers.

EROAD is a vertically integrated technology company which allows the company to provide a better customer experience by integrating the complete user experience from hardware to software and services. This arrangement promotes strong customer relationships and ensures more stable revenues.

EROAD has grown rapidly and in 2012 was ranked 10th in the Deloitte Technology Fast 500 Asia Pacific program. In FY2014 EROAD's revenues reached \$10 million and EROAD became profitable for the first time. EROAD's financial performance is underpinned by its strong Recurring Revenues, reputation for quality service delivery and high customer retention rates.

EROAD's successful New Zealand reference site provided it with the opportunity to enter the international market. In April 2014 we commercially launched in Oregon, becoming the first approved electronic Weight-Mile Tax (WMT) service provider in North America. EROAD has also entered the Australian market with a commercial services offering, appealing to commercial transport fleets that require a highly available and secure platform.

The Offer will provide capital to support EROAD's strategy to identify and develop new markets and products. EROAD's vision is to become the international leader in the provision of road user charging and compliance services to the global heavy transport sector.



Customers – meet their RUC obligations and manage their fleet through Depot – saving time and money

Drivers – eliminate paperwork, ensure compliance and communicate with Depot

Transport Agencies – lower cost of collection and enjoy improved compliance by EROAD customers

4.0

INVESTMENT HIGHLIGHTS

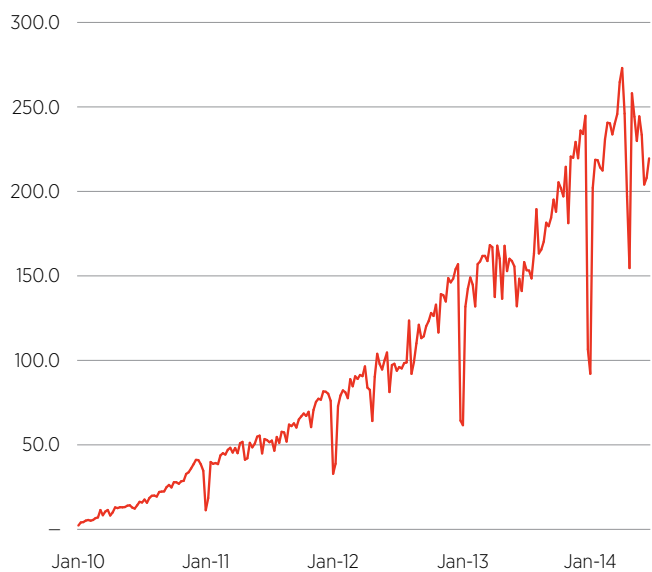


1

NEW ZEALAND INDUSTRY LEADER

- Established and strong business in New Zealand based on innovative product offering, reputation for service delivery, enthusiastic customer base and attractive brand
- Proven track record of significant growth in customer numbers and annual revenues
- Trusted party to industry and government as the largest electronic RUC agent in New Zealand collecting 22% of Heavy Vehicle RUC
- Our solution provides regulatory, compliance and commercial services on one secure platform to lower overall costs and improve our customers' return on investment
- Significant growth potential exists in the New Zealand market from increased customer uptake and new service offerings

ANNUALISED RUC COLLECTION RATE (\$ MILLION)¹²



Note: variations reflect industry seasonality and public holidays.

¹² Calculated as EROAD's weekly RUC collections multiplied by 52.

OREGON ► NORTHWEST ► NORTH AMERICA



EROAD'S OREGON BEACHHEAD PROVIDES THE LAUNCHING PAD FOR EXPANSION INTO NORTH AMERICA

2

SUBSTANTIAL OPPORTUNITIES IN NORTH AMERICA

- EROAD has established an American beachhead in Oregon, where 306,000 Heavy Vehicles are registered for WMT, six times the size of the comparable New Zealand RUC market. We expect our market share in Oregon for Heavy Vehicles to be 4.1% by 31 March 2016
- We are the only provider to meet the technical specification and approvals required to address the WMT opportunity
- Solution complexity, high security and performance requirements and agency approvals create considerable development risk and long lead times to market entry for potential competitors
- From Oregon there is a logical pathway to deliver services to meet wider North American compliance opportunities including International Fuel Tax Agreement (IFTA) and International Registration Plan (IRP) reporting and electronic logbooks (ELBs) – a combined addressable market in excess of 10 million vehicles



3

A SOLUTION TO GLOBAL ROAD FUNDING AND HEAVY VEHICLE COMPLIANCE ISSUES





- Rapidly rising freight volumes and widespread funding shortfalls have combined to create an international movement towards electronic road user charges to supplement or replace traditional fuel excise taxes
- EROAD's system enables and supports the modernisation of paper-based charging and compliance regimes
- Implementation of the EROAD system is cost effective and low risk for transport agencies seeking solutions, while cost savings and efficiency gains are enjoyed by customers
- With our established business in New Zealand, and expansion into North America, we are well positioned to pursue other international markets

4


ABILITY TO EXECUTE OUR GROWTH STRATEGY

- EROAD’s platform is internationally scalable, using cloud infrastructure, a global cellular data network and web-based applications
- We employ best in class R&D, security and quality management processes aligned with International Organization for Standardization (ISO) and other international standards
- Our team are experts in their field, experienced in technology, security, the transport industry and public policy engagement
- We have a highly qualified board of directors that has demonstrated an ability to lead and support a high growth company


2014  Finalist and Highly Commended for the Energy Efficiency Conservation Authority Transport Award


2013  Finalist, Cisco Emerging Company of the Year category, NZ Hi-Tech Awards

 Ranked 68th in Deloitte Technology Fast 500 Asia Pacific program

 Ranked New Zealand’s ninth fastest growing company in Deloitte Fast50

2012  Ranked 10th in Deloitte Technology Fast 500 Asia Pacific program

 Ranked fifth on the New Zealand Green 50 list

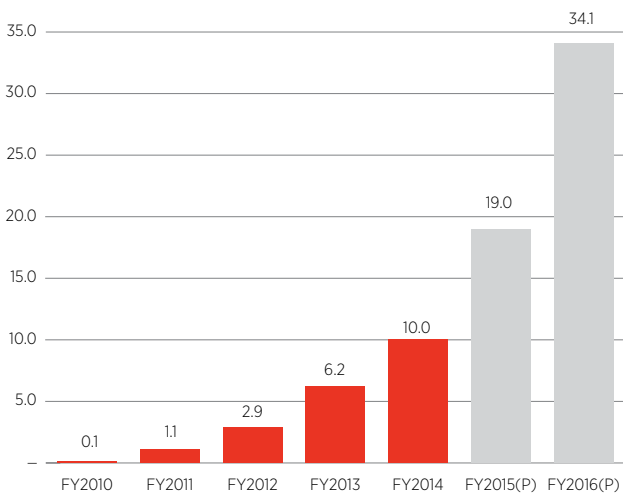
2010  Awarded Most Innovative Hardware Product, NZ Hi-Tech Awards
Awarded Most Innovative Service Product, NZ Hi-Tech Awards

5

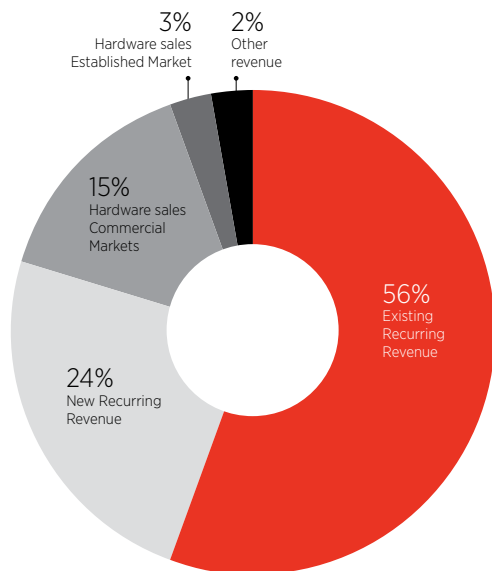
ATTRACTIVE BUSINESS MODEL

- Significant growth in customer numbers and revenue is forecast to continue
- A majority of revenue is stable, recurring and with attractive margins
- Our diversified client base helps insulate EROAD from earnings volatility stemming from sector instability and the wider business cycle
- Positive operating cash flows since FY2011
- Our provision of hardware, software, and services solutions in one complete package promotes customer retention through a better user experience

REVENUE (\$ MILLION)



REVENUE COMPOSITION FY2015(P)



EROAD'S INNOVATIVE
TECHNOLOGY PROVIDES
THE OPPORTUNITY TO
CREATE A NEW UTILITY
BUSINESS TO REVOLUTIONISE
THE PROVISION AND
MANAGEMENT OF ROADING
INFRASTRUCTURE

You can find out more about EROAD's business and the risks that could affect its performance in *Section 6: About EROAD* and *Section 7: What are my Risks?*

5.0

INDUSTRY OVERVIEW



EROAD provides an electronic system for managing and paying road user charges (RUC in New Zealand and WMT in Oregon). EROAD also provides a number of regulatory and commercial services to support driver compliance and fleet efficiency. New Zealand RUC and Oregon WMT are explained below together with an overview of key international trends in road funding and heavy vehicle compliance which are relevant to EROAD's business model and future expansion opportunities.

NEW ZEALAND RUC

RUC applies to all Heavy Vehicles and all other diesel vehicles. Approximately \$1.4 billion of RUC is collected annually, with \$950 million from 120,000 powered Heavy Vehicles and 35,000 unpowered Heavy Vehicles. The balance comes from 514,000 light diesel vehicles. RUC is charged based on the distance travelled, the class of vehicle and its weight.

RUC is a significant operating cost for Heavy Vehicles and generally is one of the largest costs for fleet operators. For example, a standard Class 14 truck towing a Class 43 trailer would typically incur around \$70,000 of RUC annually.¹³

RUC has traditionally been collected by 'bricks-and-mortar' agencies such as NZ Post, the Automobile Association and Vehicle Testing New Zealand. EROAD has been a pioneer in shaping New Zealand regulatory reform to allow for efficient and cost-effective electronic solutions for RUC collection.

OREGON WMT

Oregon was the first United States jurisdiction to implement a direct distance-based road user charging system using WMT. WMT applies to Heavy Vehicles that operate on public roads according to a combination of the number of axles and/or the combined weight of the vehicle and the number of miles driven. There are 306,000 Heavy Vehicles in Oregon registered for WMT.

Similar WMT regimes operate in the states of New York, Kentucky and New Mexico, with an estimated 500,000 vehicles registered for WMT in New York, and 50,000 in each of Kentucky and New Mexico.

KEY INDUSTRY TRENDS

GLOBAL FREIGHT TRANSPORT BY ROAD

Globally, freight transport by road is forecast to continue to increase significantly. In the United States, the world's largest commercial road transport market, the volume of road freight is expected to double between 2000 and 2035 from 11 to 22 billion tonnes per annum. European freight transport volumes are forecast to rise by 83% from 2005 to 2030. In New Zealand, tonnage of road freight is expected to double between 2005 and 2020 from 100 to 200 million tonnes per annum.

As increasing numbers of trucks move larger volumes of freight, significant pressure is put on existing transport infrastructure. Transport authorities are increasingly facing problems with funding the maintenance and expansion of road and highway infrastructure, as well as improving road safety and reducing environmental impacts.

TRADITIONAL ROAD FUNDING IN DECLINE

Fuel excise taxes and vehicle registration fees remain the most widespread means by which roads are funded. However, these traditional funding methods are being increasingly undermined by:

- Increasing vehicle fuel economy;
- Poor ability to link fuel use with road damage, congestion and environmental costs;
- Increased availability and adoption of electric, hybrid and gas powered vehicles;
- Policy targets to reduce dependence on fossil fuels;
- Revenue volatility from rapidly fluctuating oil prices; and
- Policy targets to promote sustainable transport.

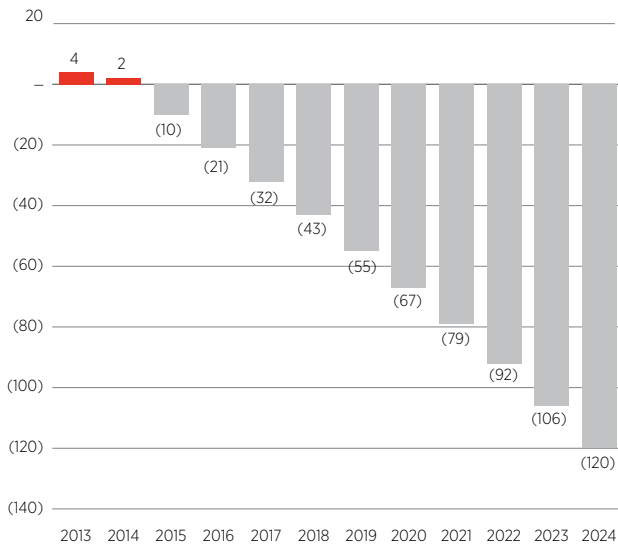
¹³ Further information about RUC is available in the NZTA RUC Handbook 2014.

5.0 INDUSTRY OVERVIEW

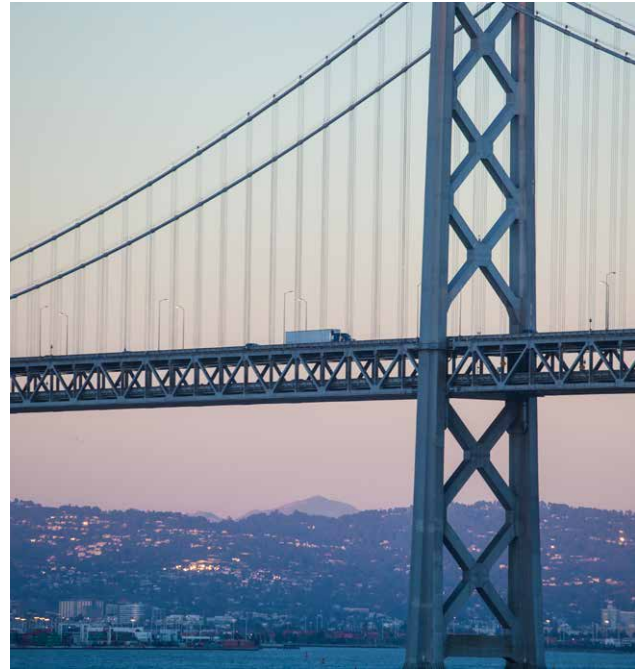
UNITED STATES INFRASTRUCTURE CHALLENGES

The condition of existing transportation infrastructure is continuing to deteriorate. Recent developments, such as the rapid increase in hydraulic fracking techniques employed in oil and gas production, are putting further significant pressure on roads. The United States faces a growing funding shortfall for surface transportation infrastructure. The United States Federal Congressional Budget Office found in its June 2014 report that the Highway Trust Fund¹⁴ could not support spending at the current rate because revenues from excise taxes are expected to grow very little. As indicated below, by 2024, cumulative shortfalls are estimated to total about \$120 billion. Since 2008, shortfalls totalling \$54 billion have been covered by top-ups to the fund from the United States federal government.

UNITED STATES HIGHWAY TRUST FUND FORECAST SHORTFALL (US\$ BILLION)



Source: Congressional Budget Office: The Status of the Highway Trust Fund and Options for Financing Highway Spending, June 2014.



GAO ADVOCATES ROAD USER CHARGING FOR THE UNITED STATES

A 2013 report by the United States Government Accountability Office (GAO) to the Congressional Subcommittee on Transportation, Housing and Urban Development recommended that the United States consider implementing a pilot programme to test the viability of road user fees for commercial trucks and electric vehicles.

The report noted that a federal pilot programme would provide the opportunity to assess balancing trucking industry concerns regarding administrative burden and compliance costs with the goal of ensuring that federal fees cover the costs of users' road use. The United States has no federal distance-based road user charging system, relying primarily on fuel taxes for its Highway Trust Fund, which have not increased since 1993.

New Zealand's electronic road user charging system was a focus of the report. The report found that New Zealand has demonstrated that variable rate, distance-based user fees for commercial trucks can generate substantial revenues linked to road damage costs.

¹⁴ The Highway Trust Fund is the primary source of federal funding for highways and other transport infrastructure in the United States.

5.0 INDUSTRY OVERVIEW

ALTERNATIVE METHODS OF VEHICLE CHARGING

Many jurisdictions have implemented road user charges and congestion based tolling for vehicles as a means of overcoming revenue shortfalls and improving community and environmental outcomes. Traditional tolling projects are also being supplemented by a move to distance-based road user charging for heavy vehicles.

A number of countries have implemented distance-based road user charging for commercial trucks, including Germany, Switzerland, Austria, the Czech Republic and Slovakia. In addition, an increasing number of countries (including France, Belgium, Poland, Russia, the Netherlands, Hungary, Sweden and Denmark) have undertaken planning and consultation for the possible introduction of electronic tolling schemes for heavy vehicles.

European tolling schemes typically employ a consortium of separate companies to undertake design, development, construction, systems integration, customer service, back office systems, hardware and roadside equipment, and enforcement systems. The consortia model is very high cost, requiring multiple companies to provide an integrated tolling solution. The primary product is the collection of tolls on behalf of the government agency in a single source and mandatory arrangement.

HEAVY VEHICLE COMPLIANCE

As communities continue to demand safer roads, regulatory authorities have responded by increasing oversight of the heavy vehicle industry, recognising that driver error, fatigue and speed are critical factors in most accidents. Enforcement is being transformed by the same advances in technology and management as general transport operations, using vehicle positioning systems, weigh-in-motion systems and on-board monitoring systems.

The global movement towards lower cost, transparent electronic compliance and record keeping has created significant opportunities to utilise innovative technological measures to improve commercial road transport safety and efficiency. Specific measures include:

- Electronic logbooks (ELBs) to support driver hours regulations;
- Use of information technology to support better driver behaviour; and
- Use of technology based accreditation and safety ratings schemes to encourage the application of safety management systems.

Similarly, governments, regulators and transport agencies are implementing significant programmes to modernise motor vehicle databases, with a view to lowering costs and better supporting service delivery and enforcement.



6.0

ABOUT EROAD



6.1 STRATEGY

EROAD's vision is to become the global leader in heavy vehicle road user charging, compliance and commercial services. EROAD has six strategies to achieve this vision:

1. Grow existing markets in New Zealand, Oregon and Australia;
2. Expand Oregon operations into the Northwest of the United States and wider North American market;
3. Identify, foster and develop new international opportunities;
4. Consider accelerating entry into new markets through acquisitions;
5. Further develop commercial services to support and accelerate core product offerings; and
6. Research and validate new product markets and supporting business models.

HOW WE IMPLEMENT OUR STRATEGY

There are five key stages of opportunity preceding our entry into a new jurisdictional market or provision of new services over the existing platform. Once an opportunity is validated, EROAD defines the market in three different stages. These are Development, then Commercial and then Established. New Zealand is an Established Market for EROAD. Oregon and Australia are Commercial Markets for EROAD. Further information about the characteristics of each market is set out in *Section 8.1: Introduction to EROAD's Financial Information*.

STAGE OF OPPORTUNITY



STAGE OF MARKET



THE EROAD ADVANTAGE

The compliance, tolling and commercial services industries are complex, requiring us to build and maintain relationships with a wide range of industry, agency and political stakeholders, as well as customers. EROAD enjoys a high international profile, and is seen as a credible and trusted expert in compliance, tolling, Ecommerce and security.

EROAD has built a strong brand based on quality design as well as customer endorsements, advertising and

alliances and partnerships. EROAD's trusted party status amongst regulators and customers is underpinned by the quality of our management, system performance and product and process security.

EROAD's web services platform achieves 99.9% availability. EROAD employs best-of-breed technology to protect its information systems, which are aligned with ISO and United States federal government standards.



6.2 HISTORY

2000 – 2007

- Economist Brian Michie founds EROAD
- R&D begins, led by CTO Bruce Wilson, on a solution that will modernise New Zealand's paper-based road-user charging system
- EROAD electronic distance recorder obtains New Zealand patent

2008

Field trials of Ehubo, EROAD's electronic distance recorder

2010

- NZTA and MOT approve Ehubo (for trucks) and Tubo (for trailers)
- EROAD wins Most Innovative Hardware Product and Most Innovative Service Product at the NZ Hi-Tech Awards
- EROAD solution ranks as top performer in Swedish electronic RUC trials



2007

- CEO Steven Newman joins the company and EROAD begins commercialising its vision to become a global GPS tolling provider
- Commercial Director Peter Batcheler joins the company

2009

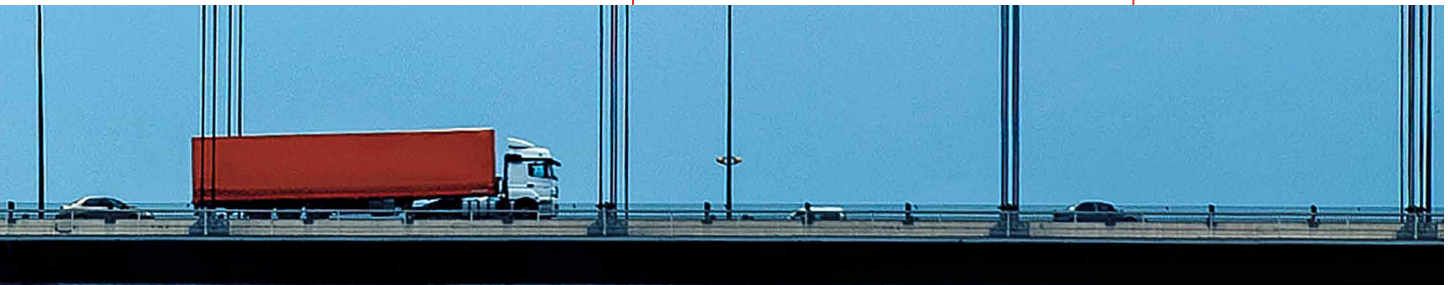
- EROAD launches a network-wide GPS/cellular-based road charging system – a world first
- EROAD implements the first electronic RUC service in New Zealand

2012

- EROAD releases EZfuel – a module that provides fleet and vehicle fuel consumption, exceptions, cost and emission-related information
- EROAD undertakes the first commercial pilot in the USA of a GPS/cellular-based road charging platform
- EROAD ranks 10th on Deloitte Technology Fast 500 Asia Pacific 2012
 - EROAD collects \$100 million of RUC

2014

- EROAD launches commercial service in Oregon
- EROAD opens office in Australia
- EROAD reaches profitability
- EROAD releases Electronic Logbook – a tool for managing hours of service, approved by the NZTA



2011

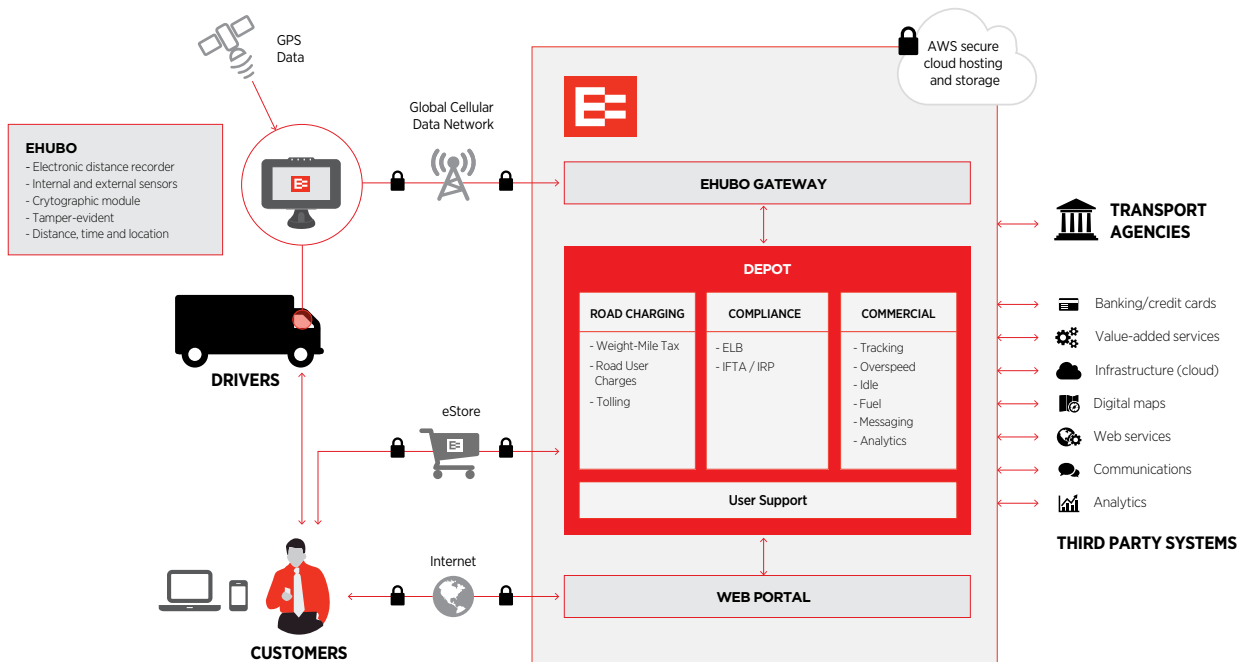
- EROAD releases Driver ID – a unit that automatically reads the barcode on a driver's licence and assigns that driver to a vehicle
- EROAD releases Elocate – a robust tracking device for light vehicles and assets
- EROAD releases Service Module – a tool for proactively managing the maintenance and repair of vehicle fleets
- EROAD implements the first mobile RUC application – for RUC management and purchase using any web-enabled mobile device

2013

- EROAD electronic weight-mile tax solution receives independent unqualified opinion from Oregon Secretary of State Audits Division
- EROAD is a finalist in the Cisco Emerging Company of the Year category, NZ Hi-Tech Awards
- EROAD ranks 9th on Deloitte Fast 50
- EROAD ranks 68th on Deloitte Technology Fast 500 Asia Pacific 2013
- EROAD reaches 100 employees

6.3 TECHNOLOGY PLATFORM

EROAD operates an end-to-end technology platform, which is designed to be highly scalable and capable of being deployed internationally, with minimal increase in fixed costs.



ELECTRONIC DISTANCE RECORDER (EHUBO)

A core element of EROAD's system is its electronic distance recorder, the Ehubo, which sits within the vehicle and records, stores and continuously transmits encrypted data via the cellular network. EROAD's Ehubo replaces traditional mechanical hubodometers, which are often inaccurate, and are prone to tampering, fraud and damage. The Ehubo captures distance, location, route and a variety of additional operational data from the vehicle. EROAD's Ehubo is specifically designed to be tamper-evident, operate at a wide range of temperatures and consume very little energy.

The Ehubo measures distance travelled with a high degree of accuracy, using a combination of internal and external sensors including the vehicle's odometer pulse, GPS satellites and accelerometers.

In addition to the Ehubo electronic distance recorder, EROAD manufactures a number of related hardware products, designed to common specifications:

TUBO An electronic distance recorder for Heavy Vehicle trailers (which comes with its own backup power supply)



EHUBOLITE An electronic distance recorder for RUC Class 1 vehicles (i.e. light diesel vehicles)

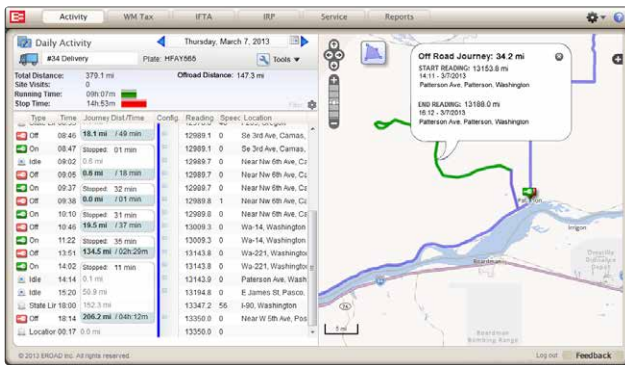
ELOCATE A robust vehicle tracking device for petrol vehicles

DRIVER ID An electronic driver ID reader using New Zealand Driver Licences or company ID cards

6.0 ABOUT EROAD

WEB SERVICES (DEPOT)

Vehicle information received from the Ehubo is processed by EROAD's application server and made available to users via a secure website, called Depot, from which the information can be viewed, saved and exported or downloaded. Depot provides customers with a user friendly application to pay and manage their RUC and engage with EROAD's additional fleet management and commercial services (discussed further in *Section 6.4: EROAD Services*).



PAYMENT GATEWAY

New Zealand customers can use EROAD's secure, bank-grade payment gateway to pay their RUC. In addition, the payment gateway supports customers' automatic payment of RUC using the AutoRUC service. This option is selected by most customers for its convenience, efficiency and certainty. In Oregon, EROAD will shortly implement a payment gateway to support customers' WMT payment obligations.

REGULATORY INTERFACE

In both New Zealand and Oregon, EROAD has met strict technical and security requirements to enable integration with the respective transport agencies. This enables EROAD to complete transactions on behalf of customers.

ESTORE

EROAD's eStore provides a convenient and low cost sales mechanism for customers and dealers to purchase Ehubos and sign up for subscription plans online. In the United States, all sales are conducted through the eStore. Over time, EROAD expects to move its New Zealand sales to the eStore.

SUPPORTING SCALABILITY OF OUR PLATFORM

Using the following providers, EROAD is able to support a significant increase in the number of Units on Depot.

Amazon Web Services (AWS)

The benefits of partnering with AWS include:

- AWS global infrastructure;
- 99.9% service availability;
- Low cost environments for staging and testing; and
- High security.

Vodafone Global Data Services Platform (GDSP)

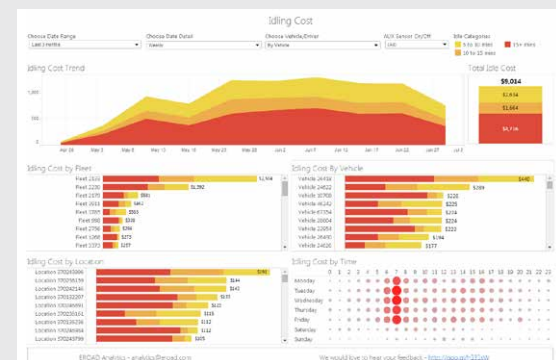
The GDSP platform enables EROAD to deploy its services over 500 mobile networks. EROAD uses an eSIM in Ehubos that can be activated anywhere in the world for a fixed data price, removing the need to establish additional data carrier relationships as EROAD expands into new markets.

Maps

HERE provides digital mapping and road data and is a global leader in the mapping and location intelligence business, supporting 196 countries. HERE maps can be found in four out of five in-car navigation systems in North America and Europe.

Data Visualisation

EROAD's analytics are built using best-of-breed Tableau Software for data visualisation. Tableau Software helps users to see and understand data and is used by more than 17,000 organisations globally.



DESIGN, PRODUCT DEVELOPMENT, MANUFACTURING AND OPERATIONS



A key to EROAD's success is its core competency and ongoing investment in design, product development, manufacturing and scalable operations to maintain its technical leadership and competitive commercial advantage.

EROAD designs its Ehubos and software at its Auckland headquarters. All R&D and product development is done in-house to support EROAD's integrated, end-to-end solution, as well as to remain cost competitive.

Hardware components for EROAD's Ehubos are sourced internationally and we use contract manufacturers to produce and populate circuit boards. Final assembly and testing of Ehubos takes place in EROAD's purpose-built facility in Auckland. EROAD uses an automated production test system to ensure Units meet strict quality standards prior to shipping.

EROAD uses best-in-class software to enable business scalability and support global operations, including finance and sales and customer relationship management support.



6.4 EROAD SERVICES

EROAD offers electronic road charging, compliance and commercial services in its key markets.

ELECTRONIC ROAD CHARGING SERVICES

In New Zealand:

- Accurately calculate RUC information;
- Track on-road and off-road locations against RUC licences to automatically generate off-road refund documentation;
- Allow operators to view the tax status of vehicles online using a secure internet connection;
- Support the purchase of RUC online through a secure payment gateway and NZTA interface;
- Allow automatic RUC purchasing when a licence nears expiry, through the AutoRUC feature; and
- Automatically send RUC licence information to the vehicle for display as an approved electronic licence.

In the United States:

- Accurately calculate Oregon WMT information;
- Track taxable, exempt and out-of-state miles;
- Allow operators to view the tax status of vehicles online using a secure internet connection;
- Generate vehicle trip records outlining: (i) the beginning and ending odometer and location readings; (ii) the vehicle configuration; (iii) the route travelled; and (iv) the taxable, exempt and out-of-state miles;

- Meet the record keeping requirements of the relevant Oregon Administrative Rules; and
- Support the payment of WMT online through a secure payment gateway and ODOT interface.

COMPLIANCE SERVICES

In New Zealand and the United States, EROAD offers further services to simplify record keeping for regulatory compliance. EROAD's compliance services reduce administration costs associated with complex manual and paper-based systems and support improved safety outcomes.

EROAD's compliance services:

- Support IFTA and IRP record keeping and reporting;
- Alert operators when a vehicle's warrant of fitness or registration requires renewal;
- Provide an electronic record of Hours of Service (work diary) via an ELB;
- Enable operators to create Virtual Speed Cameras to warn drivers when they enter an operator defined restricted speed zone; and
- Provide a record of which driver was recorded as driving a vehicle based on time and location.



6.0 ABOUT EROAD

COMMERCIAL SERVICES

In New Zealand, the United States and Australia, EROAD offers a range of value-added commercial services to improve fleet management and performance. These include:

- Advanced, secure fleet tracking;
- Vehicle event reporting, including ignition on/off, engine idling, and vehicle speed;
- A service module to support proactive management, maintenance and repair of vehicle fleets;
- A fuel management module (EZfuel);

- A driver and vehicle messaging service (EZmessage);
- An analytics product to help fleet owners get detailed insights into their fleets; and
- Supporting vehicle service and maintenance records.

EROAD's platform has been specifically designed to allow integration with third party providers to provide additional commercial services. As such, EROAD is able to align and partner with providers who operate in specialised areas, such as cold chain logistics and monitoring, workflow management and manifest services.



DRIVER
BEHAVIOUR



DRIVER
HOURS



MESSAGING



EHUBO® RUC
VEHICLE TRACKING



FUEL



COOL
CHAIN



TYRES



TRAILERS



VEHICLE
INSPECTION



VEHICLE
SERVICING



JOB SCHEDULING
AND TRACKING



INSURANCE



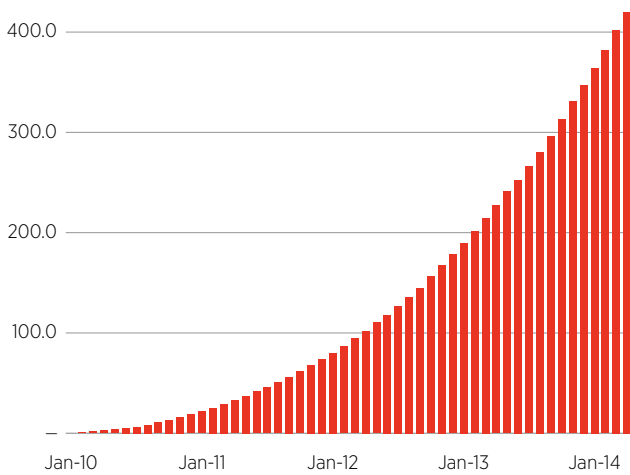
6.5 MARKETS AND OPPORTUNITIES

NEW ZEALAND

EROAD had Units in 12,941 vehicles as at 31 March 2014. There are an estimated 155,000 Heavy Vehicles in New Zealand. EROAD has achieved a significant share of total RUC collections at the expense of traditional agencies since 2010.

Today, EROAD collects 22% of all Heavy Vehicle RUC and is the largest electronic RUC agent, with an annual collection rate of over \$219 million. In addition to its core Heavy Vehicle offering, EROAD offers services for light vehicles to manage and purchase RUC online. There are an estimated 514,000 light diesel vehicles in New Zealand.

AGGREGATE RUC COLLECTED (\$ MILLION)



GROWTH PATH

Significant growth remains for EROAD to increase its market share in New Zealand. This growth will come from both new and existing customers. For example, EROAD has a number of customers with large fleets who are undertaking intra year programmes to outfit their entire fleet with EROAD Units. This pattern of adoption reflects the positive early experiences of existing customers and their capital replacement cycles.

EROAD also considers that ELBs present a significant further opportunity in New Zealand. EROAD's ELB has recently received approval from NZTA as an alternative means of recording driver hours of service. Other products, such as the EZfuel service, which allows operators to view and manage fuel consumption, help EROAD customers make savings and increase their return on investment.

Together with additional services, including data analytics and driver behaviour, EROAD's products are expected to deliver revenue and support the forecast growth in both customers and number of Units on Depot.



ELECTRONIC LOGBOOK

COMPETITIVE ANALYSIS

Solution complexity, high security and performance requirements, and agency approvals create considerable development risk and long lead times to market for potential competitors. EROAD's market leading position in New Zealand is underpinned by our:

- Advanced technology platform;
- Attractive sales proposition;
- Ability to meet demanding regulatory requirements; and
- Position as a trusted party to commercial operators and agencies.

In the New Zealand electronic RUC market, EROAD has only one competitor that arrived into the market three years after EROAD launched.

“THE EROAD SYSTEM IS A
COMPLETE PACKAGE FOR US.”

- MONDIALE FREIGHT SERVICES



6.0 ABOUT EROAD

CUSTOMERS

Our customers come first. An integral part of our business is the creation of long-lasting customer partnerships. Customer involvement is a key success factor in the development and extension of EROAD's products and services. EROAD has an industry reputation for providing products and services that work reliably and add value for customers, and as an innovator and thought leader.

In New Zealand, EROAD has a diversified base of more than 1,600 customers, including many leading heavy transport operators and owner-drivers.

We promote EROAD through customer case studies, word of mouth endorsements, as well as trade media focused on the heavy transport industry. In addition, EROAD staff regularly present at industry tradeshows and conferences. An important marketing tool is our 'RUC Star' campaign, which uses customer case studies and endorsements to showcase our products and services. To date, EROAD's headquarters have on display 88 customer RUC Stars.

MOVE LOGISTICS – BIG DATA RUC STAR

"Being able to track the location of our fleet and auto-purchase our RUC while we're out and about has been great. However, the biggest gain and ultimate goal for us is the data we are capturing.

Already, we have significantly reduced our truck idle times and speeding events and we are just scratching the surface. A lot of the data we capture will be used in our pending Driver Recognition Programme."

David Snell, IT Manager, MOVE Logistics

INTERGROUP – HIGH PRESSURE RUC STAR

"The main reason we switched to EROAD was to buy RUC and its AutoRUC has really helped with compliance and cash flow. We weren't expecting all the other benefits though, and the more we use the system, the more we get out of it.

We rely on the Service Module now to increase the frequency of our services and the fleet summary reports are increasingly invaluable as our fleet expands.

We are also looking forward to the future developments the EROAD team are working on and the cost and efficiency benefits they will surely bring us."

Sean Morgan, Fleet and Equipment Manager, Intergroup

MONDIALE – ALL EMBRACING RUC STAR

"EROAD's reporting has been very beneficial for us. It's a good behavioural feedback tool, helping our drivers to be even better operators. It's helped with speed awareness especially around reduced speed zones and it's cut idling time - with the aim of not only reducing unnecessary fuel burning but also engine wear and tear.

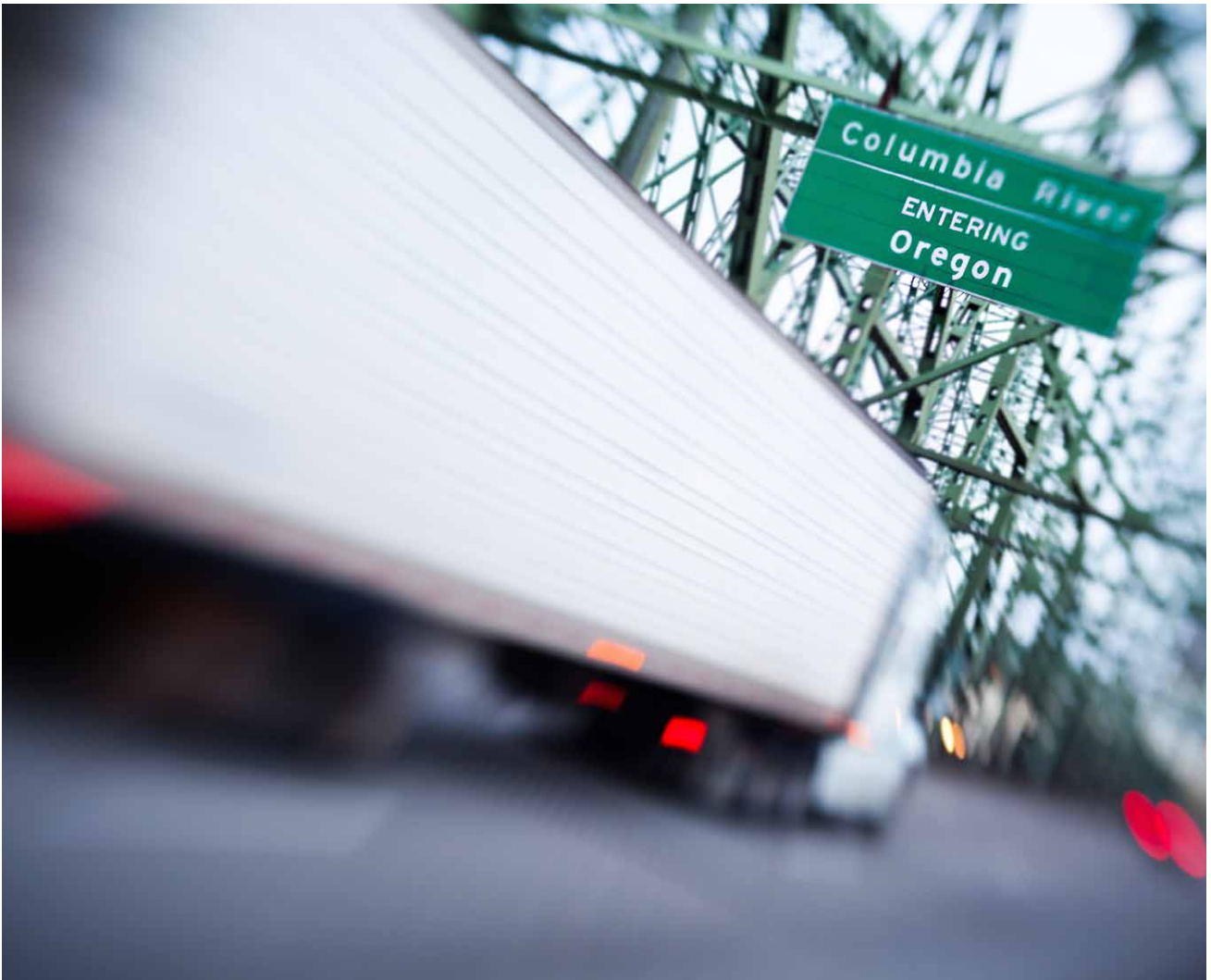
Off-road RUC claims are much simpler and more accurate than the manual process, as is buying RUC using the Auto RUC function.

We're also finding geofences valuable for managing truck time spent at different sites - assisting with planning and reducing potential wasted time on site due to factors like peak hour congestion.

It's not just one thing, though. The EROAD system is a complete package for us."

Robert Zijp, Transport Manager, Mondiale Freight Services

NORTH AMERICA



In 2011, ODOT invited EROAD to undertake a field pilot in association with the Oregon Trucking Associations (OTA) with a view to providing an electronic alternative to Oregon's existing paper based WMT regime for Heavy Vehicles. WMT regimes operate in the states of New York, Kentucky and New Mexico, with an estimated 500,000 vehicles registered for WMT in New York, and 50,000 in each of Kentucky and New Mexico.

Oregon was the logical North American opportunity for EROAD to pursue because:

- It is a significant transit state and a pioneer in transport innovation in the United States;

- It has 306,000 Heavy Vehicles registered for WMT. This is over six times the size of the comparable New Zealand market; and
- Its WMT regime is broadly similar to New Zealand's RUC regime.

Following the success of the pilot, EROAD launched its electronic WMT service in April 2014. The North American business is based on the new Gen II Ehubo, which is designed to support a wide range of regulatory and commercial services for the North American market.

6.0 ABOUT EROAD

OREGON SECRETARY OF STATE AUDIT

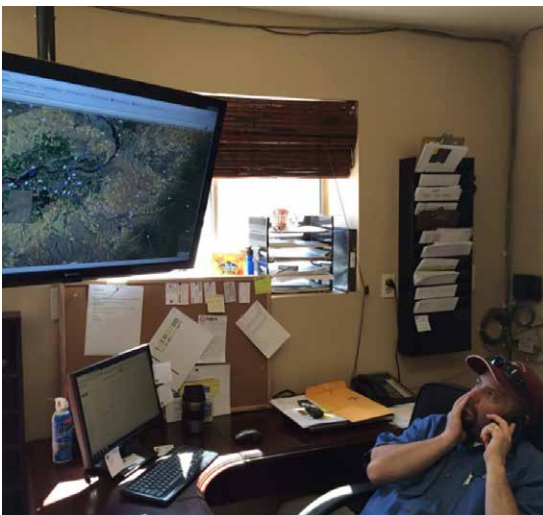
The EROAD solution received an independent unqualified opinion by the Oregon Secretary of State Audit Division. The purpose of the comprehensive performance audit was to provide motor carriers and ODOT with an independent assessment of the EROAD electronic WMT solution.

The audit concluded that the EROAD technology platform reduced the burden of record keeping by helping motor carriers prepare and submit WMT reports. The main findings were:

1. EROAD's electronic distance recorder and web-based services platform accurately and reliably captured and calculated Oregon WMT information from commercial motor carriers;
2. The system provided a secure and stable environment for transmitting, processing and storing motor carrier WMT information;
3. System-generated reports contained all required WMT data elements, sufficiently captured motor carrier operations and applied correct tax rates;
4. EROAD data, reports and records were more reliable and accurate than the paper-based records compiled and filed by carriers; and
5. An automated system for capturing and preparing WMT reports could simplify motor carrier report monitoring, reduce costs of manual data entry and decrease accidental non-compliance with the state's WMT requirements.

CUSTOMERS

A number of Oregon fleets associated with OTA have become early adopters of EROAD's WMT solution. As in New Zealand, EROAD is using customer endorsements and a marketing alliance with OTA to promote EROAD's WMT services.



GLOSTONE ALLIANCE

United States trucking solutions firm Glostone Trucking Solutions has become an EROAD dealer. Glostone is an Oregon-based business with trucking clients throughout North America that it assists with regulatory compliance, accounting and filing. Under the arrangement Glostone will market the EROAD solution to its existing customer base comprising more than 2,000 commercial carriers.

President of Glostone Trucking Solutions Dave Gray commented: "I am extremely impressed with the accuracy, reliability and ease of use of the EROAD in-cab technology system. We prepare road use taxes for hundreds of carriers and work with data generated from a number of other on-board systems. EROAD is the only system independently tested and approved by the State of Oregon for tracking distance and weight group configurations used in the payment of its Oregon WMT. I would recommend the EROAD WMT solution to any carrier requiring accurate distance data for tax reporting and record keeping as part of their in-cab technology solution."

GROWTH PATH

EROAD's successful launch of the first electronic WMT service in Oregon is the key milestone required to market the EROAD solution to the wider North American commercial transport market. EROAD's strategic plan is to expand into other WMT states and pursue wider opportunities to provide services supporting IFTA and IRP reporting together with ELBs. The Offer will provide capital to enable EROAD to pursue these opportunities. A decision to accelerate these market opportunities within the PFI period could add costs in advance of revenue.

COMPETITIVE ANALYSIS

There are currently no technology vendors who offer an electronic WMT solution in North America, giving EROAD a first mover advantage in Oregon. As in New Zealand, solution complexity, high security and performance requirements, and agency approvals create considerable development risk and long lead times to market for potential competitors.

The market for general commercial fleet tracking is serviced by a number of North American companies including OmniTRACS, Rand McNally, XRS Corp (Xata), PeopleNet, JJ Keller and Verizon Networkfleet. While there are a number of fleet management providers, EROAD believes it is well positioned to take advantage of the growing compliance and regulatory market in North America, on the basis that we:

- Are the only technology vendor with two international electronic road user charging reference sites;
- Have a hardware and system architecture which meets the highest performance, financial and evidential standards;
- Have achieved trusted party status on behalf of clients and regulators, including ODOT, the OTA and the Oregon Secretary of State;
- Meet United States Federal Information and Processing Standards and GAO audit and security guidelines;
- Are not burdened by a legacy technology platform;
- Provide an ELB application that has already been approved in New Zealand;
- Offer electronic distance recorders that support all commercial vehicle types and ages; and
- Have built a single platform to support WMT, IFTA, IRP, ELBs and commercial services.

INTERNATIONAL REGISTRATION PLAN (IRP)

Interstate fleet operators in North America are required to register under IRP and file annual returns in relation to distance and location. IRP returns are mandatory for an estimated 2.3 million vehicles. Like IFTA, the current reporting and filing process is paper based.

EROAD is well placed to provide the first automated electronic IRP service given its WMT approval and existing distance measurement and location tracking capability.

ELECTRONIC LOGBOOKS (ELBS)

Most countries (including New Zealand, the United States and Australia) regulate when and how long commercial motor vehicle operators may drive. Drivers generally need to keep a logbook to ensure compliance with regulations. Given the increased transparency, accountability and lower incidence of fraud and error associated with electronic systems, many countries are encouraging the adoption of ELB systems.

ELBs are scheduled to become mandatory throughout the United States in 2017. This represents an addressable market of 4.5 million heavy vehicles.

EROAD's secure technology platform, certified hardware and New Zealand approved ELB product means it is well placed to become a leading ELB provider in North America.

INTERNATIONAL FUEL TAX AGREEMENT (IFTA)

Interstate fleet operators in North America are required to file quarterly IFTA reports matching distance travelled with fuel purchased. IFTA returns are currently mandatory for an estimated 2.9 million vehicles. IFTA reporting requires accurate and auditable travel location and distance recording and a record of the location where fuel has been purchased.

EROAD's North American product suite includes electronic IFTA record keeping based upon its WMT approval and distance and location measurement capabilities.

AUSTRALIA

There are an estimated 700,000 Heavy Vehicles and 2.6 million light commercial vehicles in Australia. To date, EROAD has sold over 500 Units in Australia and has established a Melbourne based sales office. Sales have been driven by:

- Fleets requiring a highly available and secure fleet management system; and
- Support from trans-Tasman customers who have already realised the benefits of EROAD's value-added commercial services in New Zealand.

GROWTH PATH

EROAD's Australian business is well placed to take advantage of demand for secure fleet management systems, an appetite for progressive road funding models, including RUC for Heavy Vehicles, and anticipated regulatory changes. Australia is currently investigating the introduction of ELBs as a replacement for paper-based record keeping. EROAD is well placed to address the potential ELB market in Australia.

OTHER OPPORTUNITIES

EROAD has received requests for proposals from a number of countries in Europe, Asia, Africa and South America that are exploring network-wide electronic road tolling. A number of specific opportunities have been identified by EROAD and are currently being investigated.

ROAD CHARGING IN SWEDEN AND DENMARK

In 2010, EROAD participated in the Swedish ARENA research project to develop a future-oriented RUC system and create an international research test site to demonstrate transport technology solutions. The ARENA project involved research and an extensive field pilot to develop a heavy vehicle distance-based charging system with multiple service providers.

The EROAD solution was the top performer in both the field trials and a blind test track, achieving 99.6% worst-case charging accuracy. EROAD's solution bettered results achieved by all of the European technology companies participating in the pilot.

The Danish government undertook planning to introduce a Lorry Road Pricing scheme to ensure that trucks pay for their wear and tear on the Danish roads and their impact on the

environment. The scheme encompassed all heavy vehicles over 12 tonnes and would be levied on the basis of a price per km driven, depending on the vehicle's number of axles and taxation class. EROAD participated in the Danish selection process by invitation based on its performance in the 2010 Sweden electronic road charging pilot.

The Swedish and Danish heavy vehicle schemes are still under consideration. The ARENA pilot independently verified that EROAD's technology is fully interoperable and can be readily implemented in any jurisdiction.

EUROPEAN ELECTRONIC TOLLING SERVICES (EETS)

Under directive, the European Union is targeting interoperability of electronic toll systems. The directive sets out the technical requirements for carrying out electronic toll transactions and, in theory, will enable road users to easily pay tolls throughout the EU with one subscription contract with one service provider and a single electronic distance recorder. EROAD's research and discussions with European stakeholders and potential partners suggest that the EU directive will eventually lead to significant commercial opportunities for heavy vehicle tolling companies. The anticipated technical requirements are advantageous to EROAD's competitive position.

TRANSPORT STATISTICS

Widespread adoption of mobile and electronic distance recorders generates significant transport statistics that have the potential to substantially improve the management of transport networks and the planning and evaluation of proposed transportation investment projects.

EROAD has a number of clients who use our aggregated transport statistics in projects relating to congestion, road design and freight-related infrastructure. Consistent with best practice privacy standards, our aggregated transport statistics are anonymised to maintain customer confidentiality.

EROAD HAS
ESTABLISHED A STRONG
BOARD OF DIRECTORS
WITH THE BALANCE OF
SKILLS AND EXPERIENCE
TO BEST POSITION
EROAD TO REALISE ITS
SIGNIFICANT GROWTH
OPPORTUNITIES

6.6 BOARD AND EXECUTIVE MANAGEMENT TEAM

BOARD OF DIRECTORS



From left: Tony Gibson, Candace Kinser, Sean Keane, Steven Newman and Michael Bushby.

MICHAEL BUSHBY, CHAIRMAN

Michael is General Manager of the Leighton Contractors Infrastructure Services business. Leighton Contractors is the largest private motorway and tunnel operations and maintenance provider in Australia and undertakes road network management across Australia and in New Zealand. He was previously Chief Executive of the New South Wales Roads and Traffic Authority. Michael joined the EROAD board in May 2012 and was appointed chair shortly thereafter.

TONY GIBSON, INDEPENDENT DIRECTOR

Tony Gibson is the Chief Executive of Ports of Auckland and one of New Zealand's most experienced transport professionals, with 30 years in shipping and logistics. He has worked in various senior management roles in Africa, Asia and Europe. In 2008 the Minister of Transport appointed him to the Road User Review Group. Tony joined EROAD's board in October 2009.

SEAN KEANE, INDEPENDENT DIRECTOR

Sean is the founder and Managing Director of Triple T Consulting, a financial market commentary and advisory company. Sean's career spans 27 years in the financial markets, in a variety of senior roles in London, Wellington, Sydney, Singapore and Tokyo. Most recently he was Managing Director

of Interest Rate Trading and Funding for Credit Suisse. Sean is a non-executive Director of First NZ Capital. He was appointed to EROAD's board in February 2013.

CANDACE KINSER, INDEPENDENT DIRECTOR

Candace is an experienced director, CEO and technology entrepreneur. She has Masters level qualifications in international business and management. She is currently the CEO of the New Zealand Technology Industry Association (NZTech) and a director of McCashin's Brewery. She was Chief Executive of successful Kiwi scientific software company Biomatters through its start-up and development. Biomatters won the NZ Hi-Tech Emerging Company of the Year in 2012. Candace is an Advisory Board Member of the University of Waikato's Cyber Security Lab, and a New Zealand Chapter Director of the Cloud Security Alliance. Candace joined the board in May 2014.

STEVEN NEWMAN, EXECUTIVE DIRECTOR/CEO

Steven brings a wealth of experience to EROAD after a long and successful association with Navman, which he co-founded. In his roles as COO and CEO, Steven helped establish Navman as a leading international brand within the Marine Electronics, Fleet Tracking, Precision GPS Modules and Consumer Car Navigation sectors, with annual sales in excess of NZ\$500 million. Steven has been CEO and a member of the EROAD board since 2007.

EXECUTIVE MANAGEMENT TEAM



STEVEN NEWMAN
EXECUTIVE DIRECTOR/CEO

(See previous page)



BRIAN MICHIE
FOUNDER,
SENIOR VICE PRESIDENT

Brian has overall responsibility for strategy and international market development, communications and stakeholder relationships. Brian founded EROAD in 2000. He is an economist with extensive experience in the infrastructure, government and technology sectors.



PETER BATCHELER
COMMERCIAL DIRECTOR

Peter oversees EROAD's commercial activity, with particular focus on New Zealand and Australia. He was previously Managing Director of Steelbro and CEO of Gough Transport Group, New Zealand's leading supplier of parts and equipment to the heavy vehicle industry.



BRUCE WILSON
CHIEF TECHNOLOGY OFFICER

Bruce is responsible for technical leadership across product development at EROAD. Bruce provides technical guidance to the Engineering, Enterprise and Market Development teams to support EROAD's vision to become the global leader in electronic heavy vehicle charging and the provision of related services. Bruce has worked locally and internationally on many wireless embedded projects for companies such as Nokia and Navman.



MARK SIMPSON
FINANCE DIRECTOR

Mark is responsible for EROAD's financial management and legal affairs. His 25 years' experience as a finance professional includes roles as CFO and CEO of publicly listed organisations in New Zealand and consulting through KPMG.



JARRED CLAYTON
ENGINEERING MANAGER

Jarred oversees technical delivery to customers through his management of EROAD's engineering teams. Jarred has a wealth of experience from engineering in the telecommunications industry and consulting on architecture and agile development. He has a strong architectural background and is well versed in what it takes to build teams, solutions and processes to deliver a high quality, scalable, market leading Software as a Service solution.

A CFO is being sought and EROAD expects to conclude its appointment process shortly after the conclusion of the Offer.

EROAD'S EXECUTIVE MANAGEMENT TEAM HAS THE CAPABILITY TO MANAGE EXISTING GROWTH AND RESPOND TO FURTHER EXPANSION AS NECESSARY.



HAMISH SANSOM
PRODUCT AND
PORTFOLIO MANAGER

Hamish is responsible for EROAD's product portfolio and Professional Services team, which supports EROAD's large enterprise customers. Hamish joined EROAD after a 22 year career at Vodafone within its Engineering and Product Marketing divisions.



SARAH FARNILOE
OPERATIONS MANAGER

Sarah oversees EROAD's operational processes. She has extensive experience in quality assurance, operations management and business analysis. She has worked in a range of industries at companies including Fisher & Paykel Appliances, Navman, Fonterra and Villa Maria Estate.



CRAIG TURNER
PROGRAMME MANAGER

Craig is responsible for EROAD's Project Management Office (PMO) and leads the development of our project management practices. Craig has many years' experience, successfully delivering a broad range of complex programmes and projects as well as establishing PMOs and frameworks in a variety of technology and engineering organisations internationally.



REBECCA MCKASKELL
HUMAN RESOURCES MANAGER

Rebecca leads EROAD's recruitment and people support functions. She has a strong knowledge of the New Zealand and global recruitment markets based on extensive experience in both in-house recruitment and recruitment consultancy in New Zealand and the UK. Rebecca has previously worked with Fisher & Paykel Appliances, Fonterra, Telecom and BNZ.



ANDY THACKWRAY
STRATEGY AND MARKET
DEVELOPMENT MANAGER

Andy supports the identification and development of local and international business opportunities at EROAD, with a focus on the management of legal, commercial and stakeholder environments. Before joining EROAD he held a variety of senior roles at NZTA, including Tolling Manager and National Operations Manager for Road User Charges.



SARA GOESSI
COMMUNICATIONS MANAGER

Sara's background is in technology and business media. Before joining EROAD she worked in media relations for New Zealand high-tech companies and she has extensive experience as a technology journalist and editor.

7.0

WHAT ARE MY RISKS?



7.0 WHAT ARE MY RISKS?

Your Shares will be fully paid and you will not have liability to make any further payments for them. However, you may not be able to get back any or all of your investment and you may not receive the returns you expect. This could be because you are unable to sell your Shares for the price you paid for them (or at all) or because the dividends paid on your Shares are less than you expect.

The principal risks that may have an impact on EROAD's business or financial results, and which could reduce or eliminate the value of your Shares or the returns on them are set out below.

A full description of the risks that may have an impact on your investment is set out in *Section 7: What are my Risks?* of the Prospectus.

EXPANSION INTO NORTH AMERICA AND OTHER JURISDICTIONS

EROAD believes its expansion into Oregon, and into other jurisdictions, represents a significant risk to the business. EROAD began commercial operations in Oregon in April 2014 after a successful pilot period, and whilst initial indications have been positive, take-up of EROAD's products and services could be materially lower than we expect. Failure to achieve a meaningful market position in Oregon may also adversely affect EROAD's ability to successfully expand into other jurisdictions.

Key factors that may have an impact on the success of EROAD's expansion include:

- EROAD's ability to operate within different legal regulatory frameworks;
- EROAD's ability to form relationships with new regulatory agencies and bodies, especially since EROAD's business model (i.e. collecting WMT and/or RUC) depends on the existence of such relationships;
- The ease with which EROAD's technology platform can be adapted to meet differing regulatory demands and requirements;
- Level of customer interest and acceptance;
- The ability of EROAD to manage potentially significant costs associated with entering new jurisdictions and markets; and
- The competitive landscape of the new jurisdictions.

Operating in new markets also requires considerable management attention and financial investment. A lack of success in EROAD's international expansion efforts could adversely affect the overall business.

MANAGING RAPID GROWTH

Successfully managing the rapid growth that EROAD expects presents specific risks. These include:

- A major failure of EROAD's technology or systems resulting from an inability to operate on a significantly larger scale;
- Inability to maintain internal and administrative controls as EROAD expands; and

- A failure to attract the additional staff necessary to implement plans and develop the business, especially because many of the roles EROAD may require to be filled are highly specialised.

DETERIORATION OF COMPETITIVE POSITION

It is possible that EROAD will come under greater competitive pressure in the future due to changes in market conditions or as a result of the arrival of new competitors. Servicing the road transport industry may attract competition, possibly from major technology companies with greater resources. Potential competitors may operate from a lower cost base, offer lower prices, enjoy greater economies of scale or have distribution advantages. This could adversely affect EROAD's ability to expand, reduce demand for EROAD's products and constrain or reduce EROAD's market share.

OPERATING PERFORMANCE

EROAD operates within a strict regulatory framework, providing high-trust, critical services (including tax collection) on behalf of regulators and road charging agencies. An operational failure, including a disruption to EROAD's system or a failure of its technology, could have an adverse impact on EROAD's business. If authorities lose confidence in EROAD as a result of an operational failure or a technological defect or delay, there is a risk that EROAD will lose its 'trusted party status' and/or approval to operate. EROAD's ability to form trusting relationships with new authorities in markets in which it plans to operate may also be adversely affected as a result of such a failure.

LEGAL AND REGULATORY ENVIRONMENT

EROAD believes the legal and regulatory environment in which it currently operates (principally in New Zealand and Oregon) is stable. Nevertheless, an unfavourable regulatory change in any of the markets in which EROAD operates represents a risk to its business model. EROAD's technology platform has been specifically developed to meet the accuracy and security standards (which are currently very high) required to offer services such as tax collection. If authorities were to relax rules and standards around the collection of WMT or RUC, such that other companies without EROAD's product quality and intellectual property could implement a solution to do so, EROAD's position may be negatively affected. If authorities abandoned or significantly reduced WMT or RUC this would also have an adverse effect on EROAD. There is also a risk that the market for electronic road user charging may not develop as quickly or on the scale that EROAD has predicted, such that its proposed growth path is no longer feasible. Such risks may also arise in jurisdictions into which EROAD plans to expand.

EVOLUTION OF TECHNOLOGY

The market in which EROAD operates is characterised by rapidly evolving technology, due in part to the global movement towards electronic systems to handle the administrative aspects of the heavy transport industry. A failure to effectively implement or

7.0 WHAT ARE MY RISKS?

adapt to new technology could affect EROAD's position as a leader in the industry. EROAD must also constantly respond to the technological advances offered by its competitors. If new technology is developed by a third party that surpasses EROAD's solution, or if EROAD is unable to expand its technological capabilities and service offerings as rapidly as its competitors, EROAD's business could be adversely affected. Furthermore, while EROAD necessarily invests in R&D, there is a risk that such expenditure may not result in meaningful revenue or value creation, particularly if EROAD's technology does not align with changing regulatory requirements and standards.

RELIANCE ON INFORMATION TECHNOLOGY AND COMMUNICATIONS (ITC) SYSTEMS

EROAD's business relies to a large extent on ITC systems. In particular, EROAD's technology platform relies on GPS to accurately locate and record vehicle movements, cellular networks for Ehubos to communicate information to EROAD's Depot platform, the payment gateway, and the Internet and cloud services. A disruption to, or failure of, one or more of these systems could adversely affect EROAD and/or its customers.

KEY PERSONNEL

EROAD's success depends, in part, on its executive management team and other key personnel. The complex regulatory and technological environment in which EROAD operates means that loss of key personnel is a significant risk to the business. EROAD would face significant time and cost to replace specialist skills and knowledge, which could have an impact on the performance of the business. It is possible that labour market constraints, changes in immigration rules and policies, changes to education systems or employment laws in the markets in which EROAD operates, or other unforeseen factors affecting the recruitment of new staff, could constrain EROAD's ability to grow.

RELATIONSHIPS WITH SUPPLIERS, CONTRACTORS AND OTHER THIRD PARTIES

EROAD relies upon a number of third parties to deliver its products and services. These include suppliers of components that make up EROAD's Ehubos, alliance partners with whom it delivers integrated services, as well as network service and cloud infrastructure providers. If any of these third parties were to fail, or any key third party relationships were to cease, EROAD's ability to deliver its services or develop its business could be adversely affected.

CUSTOMER RETENTION

In New Zealand, other than those customers who purchase Ehubos outright, EROAD's customers sign rental and service plans, usually for 36 months. Currently, EROAD's re-sign rate for customers renewing existing agreements is 99%. In the United States, customers buy their Ehubos and their service contracts are on a month by month basis, so customers may choose to end their relationship with EROAD at any time. A change in market conditions, a loss of confidence among customers or a decline in

the performance of the business may result in a decline in EROAD's re-sign rate. In that case, EROAD's revenues may decline, materially affecting the financial performance of the business.

SECURITY, PRIVACY AND DATA MANAGEMENT

EROAD electronically receives, processes, stores and transmits data and sensitive information about its customers, including vehicle location data and bank account information. This data is necessarily transmitted to and used by EROAD's customers, as well as government agencies such as NZTA. A security breach, system defect or service disruption resulting in an inadvertent transmission of data represents a key risk to EROAD's business. In the context of the growing concern about the collection and use of private data, an actual or perceived mishandling of sensitive customer data could significantly damage EROAD's reputation, result in a loss of trust in EROAD and materially adversely affect the business.

INTELLECTUAL PROPERTY INFRINGEMENT

If a third party were to claim that EROAD has infringed its intellectual property, EROAD could incur substantial costs and the claim could divert resources from core business functions. EROAD could also be required to:

- Withdraw or redesign infringing products or services;
- Make potentially substantial payments for legal fees, costs or damages; or
- Obtain a license to sell or use the relevant technology.

Undertaking these actions could be costly, time-consuming and distracting to EROAD, having a material adverse effect on the business.

INTELLECTUAL PROPERTY PROTECTION

There is a risk that EROAD's intellectual property could be circumvented or infringed by third parties. For example:

- If another company were to develop a solution that, while similar, did not infringe EROAD's intellectual property, EROAD's competitive position may be harmed; or
- EROAD may be forced to enforce or defend its intellectual property rights (possibly through litigation) with no assurance of success. The enforcement costs may be high, EROAD may be unsuccessful or, even if EROAD were successful, the remedy may not be adequate compensation for the harm done to EROAD's business.

8.0

OVERVIEW OF FINANCIAL INFORMATION



8.0 OVERVIEW OF FINANCIAL INFORMATION

This section contains both historical financial information and prospective financial information for EROAD.

Included in this section are:

- 8.1** Introduction to EROAD's financial information;
- 8.2** Overview of financial information; and
- 8.3** Analysis of historical and forecast financial performance.

This section should be read in conjunction with the following sections of the Prospectus:

- *Section 8.4: Prospective Financial Information* (for the two years ending 31 March 2015 and 31 March 2016);
- *Appendix 1: Summary Historical Financial Information* (for the five years ending 31 March 2014); and
- *Appendix 2: Audited Financial Statements* (for the 12 months ending 31 March 2014).

EROAD has prepared prospective financial information for FY2015(P) and FY2016(P) in accordance with Financial Reporting Standard 42: Prospective Financial Statements for inclusion in the Prospectus. The PFI provided in this Investment Statement has been extracted from this information. The PFI is forward looking and based on certain assumptions, and therefore involves risks and uncertainties. Actual results could differ from those expressed or implied by such forward looking statements, with factors that could cause such differences including, but not limited to, those discussed in *Section 7: What are my Risks?* in this Investment Statement and the Prospectus. You should read the basis of preparation, assumptions and sensitivities relating to the PFI (as detailed in *Section 8.4: Prospective Financial Information* of the Prospectus) so that you fully understand the PFI.

The financial information is presented in New Zealand dollars and is rounded to the nearest thousand (unless stated otherwise), which may result in some discrepancies between the sum of components and totals within tables, and also in certain percentage calculations.

References to EROAD in this section refer to EROAD Limited and its wholly owned subsidiaries:

- EROAD (New Zealand) Limited;
- EROAD Financial Services Limited;
- EROAD Inc; and
- EROAD Australia Pty Limited.

If you do not understand the information in this section, we recommend you consult a financial adviser.

8.1 INTRODUCTION TO EROAD'S FINANCIAL INFORMATION

Certain information included in this section (including EBIT before non-operating costs and Annualised Recurring Revenue) is non-GAAP information. An explanation of the non-GAAP measures employed by EROAD is detailed in *Section 8.2: Overview of Financial Information*.

REVENUE SOURCES

EROAD derives its revenues from three sources.

RECURRING REVENUE

Recurring Revenue is generated from all customers through monthly charges for services and, in the case of New Zealand and Australia, rental of hardware. In New Zealand and Australia, the majority of EROAD's contracts have a 36 month term. By contrast, in Oregon, service contracts are on a month by month basis. In New Zealand EROAD also charges transaction fees each time a customer purchases RUC from NZTA through EROAD's platform.

HARDWARE SALES

Hardware sales revenue is generated from the sale of EROAD's Ehubos to customers.

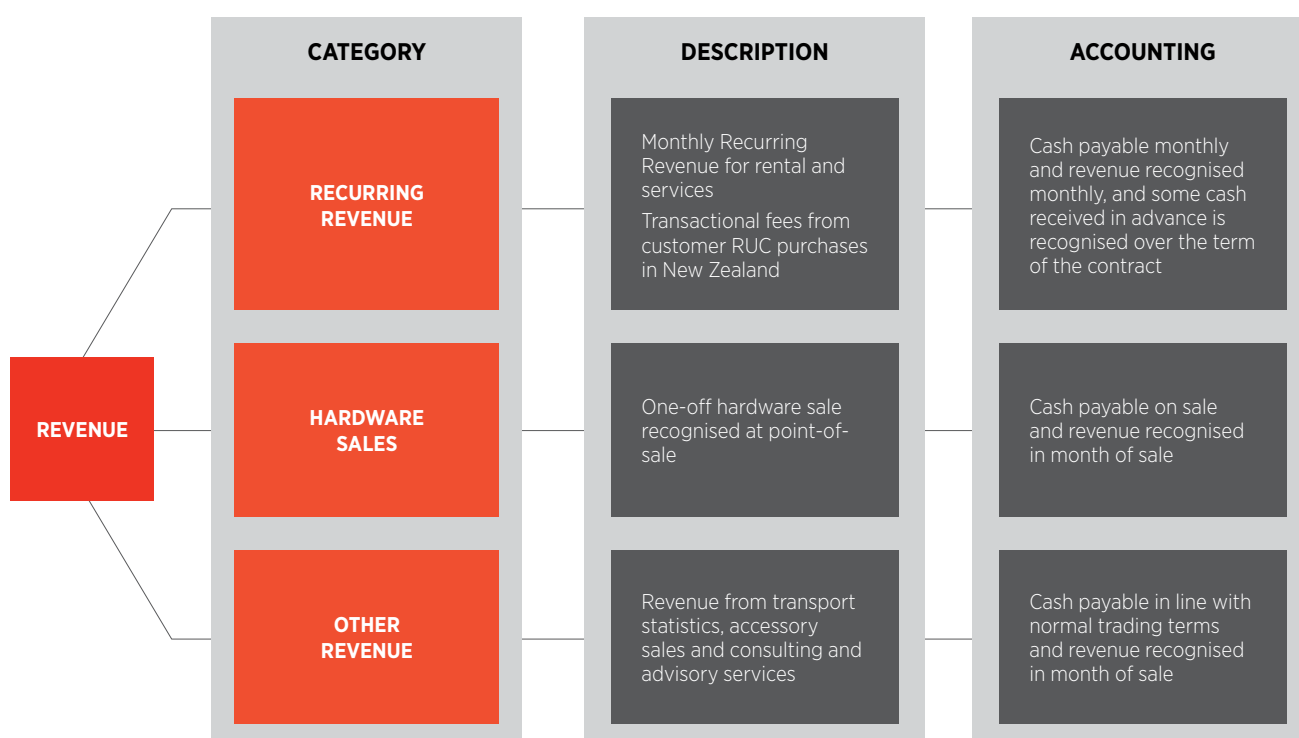
OTHER REVENUE

Other revenue is earned from three sources:

- *Transport Statistics*: EROAD provides aggregated transport statistics on both an ongoing contractual and one-off basis;
- *Accessory Sales*: EROAD provides a small range of accessories (such as 15-point automotive plugs) to its customers; and
- *Consulting and Advisory Services*: EROAD provides consulting and advisory services to the heavy transport industry and related agencies.

The revenue recognition associated with each source differs in some cases from the cash flows. Set out on the following page is a summary of the treatment of EROAD's various revenue sources.

REVENUE RECOGNITION



SEGMENTAL REPORTING

EROAD reports selected financial information on a segmental basis, depending on the stage of its development in each market:

- *Development Market:* the market opportunity has been validated;
- *Commercial Market:* the market has been entered and trading has commenced; and
- *Established Market:* a sustainable business has been established in the market.

Segments disclosed in this section of the Investment Statement reflect the management structure, reporting and monitoring of segments anticipated in the PFI period, which differ from the segments reported historically.

In the PFI period, EROAD classifies New Zealand as an Established Market, with Oregon and Australia classified as Commercial Markets having been recently entered. Using this segmental classification, the New Zealand market was classified as a Commercial Market for the first time in February 2010, and as an Established Market in 2012.

SEGMENTAL EBIT BEFORE NON-OPERATING COSTS (\$ THOUSAND)

	FY2015(P)	FY2016(P)
Development markets	(895)	(951)
Commercial markets	(900)	1,215
Established markets	2,421	6,115
EBIT before non-operating costs	626	6,379
Less non-operating costs	(2,010)	-
Earnings before interest and tax	(1,384)	6,379

Note: Non-operating costs are one-off costs of listing associated with the Offer.

8.0 OVERVIEW OF FINANCIAL INFORMATION

MAIN DRIVERS OF EROAD'S FINANCIAL PERFORMANCE

There are many factors that affect EROAD's financial performance. The following factors can have a significant impact on EROAD's financial performance, but do not represent an exhaustive list of all relevant factors. This section should be read in conjunction with *Section 7: What are my Risks?*

NEW CUSTOMERS AND CUSTOMER UPTAKE

EROAD's ability to attract new customers, and to encourage existing customers to retain and/or increase their uptake of EROAD's products and services, is a key revenue driver. Customer retention and new customer attraction is dependent on EROAD's continued ability to deliver a high quality service to both new and existing customers.

RECURRING REVENUE

EROAD's Recurring Revenue can be predicted with a high degree of certainty, given the long-term nature of many of EROAD's contracts and EROAD's historically high Retention Rate¹⁵ in excess of 99%. EROAD's high Retention Rate, long-term contracts and strong customer relationships provide good visibility and a high quality of revenue from existing customers. Of total revenue expected in FY2015(P), over 50% is Recurring Revenue from EROAD's existing base of installed Units as at 31 March 2014.

Recurring Revenue typically increases in line with increases in Units on Depot. While in Oregon customers are not required to enter into long-term contracts, EROAD expects Retention Rates similar to those experienced in New Zealand.

NEW MARKET IDENTIFICATION AND ESTABLISHMENT

EROAD's ability to successfully identify and establish new markets is a requirement for the continuation of its rapid growth in the longer term. These new market opportunities currently include IFTA, IRP and ELBs in North America as discussed earlier in this Investment Statement. Revenue associated with these new market opportunities has not been included within the PFI. A decision to accelerate these market opportunities within the PFI period would likely add sales and market development costs in advance of revenue.

STAFF COSTS

The delivery of EROAD's services requires personnel for business development, R&D, sales and ongoing customer support. Over 50% of EROAD's cash expenditure in the PFI period is on staff costs. EROAD has experienced very low staff turnover (5.6%), which is attributed to the dynamic and exciting work environment. This, combined with the depth of the executive

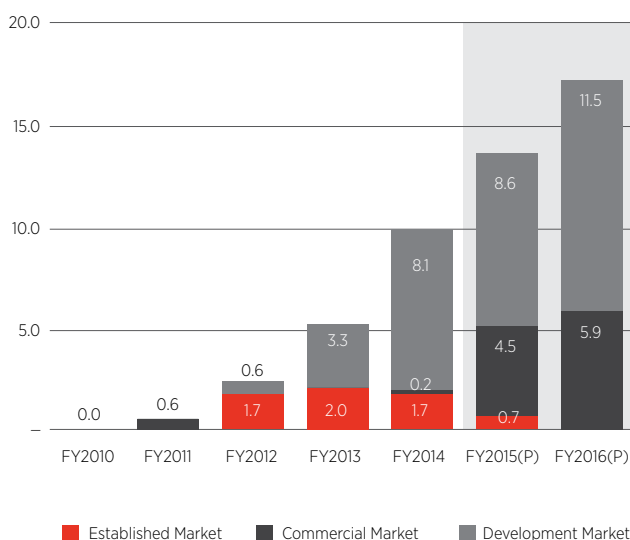
management team, provides EROAD with a relatively clear picture of the costs associated with its existing staff.

The cost of new staff to support R&D is forecast based on known requirements and planned new areas for expansion. All additional R&D planned to occur in the PFI period is expected to generate revenue beyond the PFI period. This is consistent with EROAD's historical experience, with R&D expenditure typically generating revenues beginning 2-3 years into the future.

R&D

R&D is a key capability of EROAD and essential to ensuring EROAD can capitalise on the opportunities available to the business. Development costs are capitalised until each development is deployed into the market. The graph below illustrates the value of EROAD's Capitalised Development Assets by market segment and illustrates the evolution of the markets through each stage. Once a market becomes a Commercial Market the Development Asset is amortised over the forecast future number of Units to which that Development relates.

CAPITALISED DEVELOPMENT ASSETS (\$ MILLION)



¹⁵ Retention Rate is the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period.

8.0 OVERVIEW OF FINANCIAL INFORMATION

8.2 OVERVIEW OF FINANCIAL INFORMATION

This section includes selected historical financial information and prospective financial information, operating metrics and a description of the non-GAAP financial information used in this Investment Statement. This is provided as an introductory overview.

There are two different types of financial information presented in this Investment Statement:

- **Statutory historical financial information** as reported in EROAD's audited financial statements; and
- **Statutory prospective financial information** which includes forecast financial performance presented under NZ GAAP.

OVERVIEW OF INCOME STATEMENT

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
Year ended 31 March	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	101	1,102	2,860	6,209	9,964	19,027	34,098
<i>Growth (annual)</i>		994.0%	159.5%	117.1%	60.5%	91.0%	79.2%
Expenses	(2,526)	(2,451)	(2,633)	(4,427)	(5,935)	(14,040)	(21,413)
Earnings before interest, taxation, depreciation, amortisation and non-operating costs	(2,425)	(1,349)	228	1,782	4,029	4,986	12,685
Depreciation	(79)	(332)	(766)	(1,684)	(2,320)	(2,784)	(3,024)
Amortisation	(21)	(78)	(193)	(353)	(648)	(1,576)	(3,282)
EBIT before non-operating costs	(2,526)	(1,760)	(731)	(255)	1,062	626	6,379
Non-operating costs	-	-	-	-	-	(2,010)	-
Earnings before interest and tax	(2,526)	(1,760)	(731)	(255)	1,062	(1,384)	6,379
Finance income	5	12	25	56	80	875	1,327
Finance expense	(159)	(96)	(45)	(98)	(122)	(111)	-
Net financing costs	(154)	(84)	(21)	(43)	(42)	764	1,327
Profit/(loss) before tax expense	(2,679)	(1,843)	(752)	(298)	1,020	(620)	7,706
Income tax benefit/(expense)	-	-	-	-	1,922	(400)	(2,200)
Profit/(loss) after tax for the year	(2,679)	(1,843)	(752)	(298)	2,942	(1,020)	5,506

Note: Expenses in FY2015(P) and FY2016(P) include ongoing costs of EROAD being listed of \$585,000 and \$541,000 respectively.

8.0 OVERVIEW OF FINANCIAL INFORMATION

EXPLANATIONS OF NON-GAAP FINANCIAL INFORMATION

EROAD's financial statements in *Appendix 2: Audited Financial Statements* of the Prospectus have been prepared in accordance with NZ GAAP and comply with NZ IFRS. The financial statements in FY2010, FY2011, FY2012, FY2013 and FY2014 have been audited.

In order to assist readers of EROAD's financial statements to better understand EROAD's financial performance, EROAD uses two non-GAAP financial measures, being:

- EBIT before non-operating costs; and
- Annualised Recurring Revenue.

Additionally EROAD uses two non-financial measures:

- Units on Depot; and
- Retention Rate.

Since these measures are not defined by NZ GAAP, NZ IFRS, or any other body of accounting standards, EROAD's calculation of these measures may differ from similarly titled measures presented by other companies. These measures are intended to supplement the NZ GAAP measures presented in EROAD's financial information, they should not be considered in isolation and are not substitutes for those measures.

EROAD's non-GAAP measures are defined as follows:

EBIT BEFORE NON-OPERATING COSTS

EBIT before non-operating costs is earnings before non-operating costs, interest and tax. EBIT before non-operating costs is a non-GAAP financial measure presented to enable potential investors to consider EROAD's historical and prospective profitability before non-operating costs. EBIT before non-operating costs is a non-GAAP profit measure that is equal to "profit before non-operating costs, financing and tax".

Non-operating costs for the purpose of this financial information are the \$2.0 million of expensed listing costs incurred in FY2015(P) in relation to the Offer.

ANNUALISED RECURRING REVENUE

Annualised Recurring Revenue is calculated by multiplying total monthly Recurring Revenue recognised or expected to be recognised in the month of March by 12. Recurring Revenue is defined to be the revenue EROAD expects to receive in future months from existing Units on Depot from monthly charging of services, monthly hardware rentals and current monthly rates of transaction fees.

It excludes all revenue from the outright sale of Ehubos and other non-recurring revenue. In New Zealand nearly all historical and prospective recurring monthly customer charges (except transactional fees) are subject to a 36 month contract. In Oregon, prospective recurring monthly charges are calculated on the

same basis, on the assumption that the customer contracts will continue to roll over month-on-month in line with the historical Retention Rate in New Zealand.

EROAD's non-financial measures are defined as follows:

UNITS ON DEPOT

Units on Depot is the number of EROAD devices installed in vehicles and subject to a service contract with a customer. EROAD management uses this measure to track growth and performance in each market EROAD enters.

RETENTION RATE

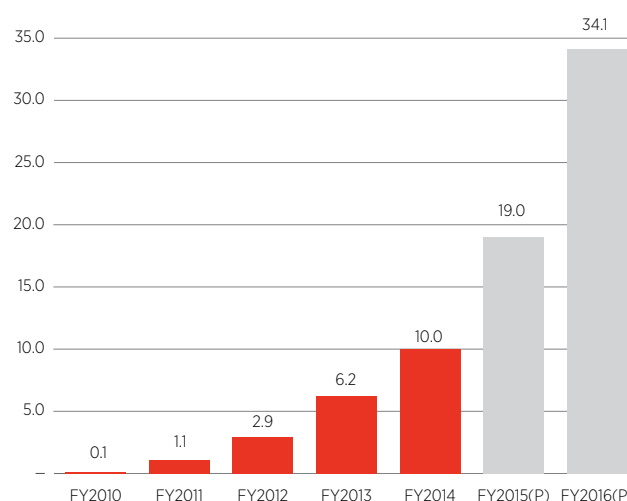
Retention Rate is the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period, where a Unit ceases to be on Depot if:

- The contract is terminated; and
- The Unit is returned to EROAD.

EXPLANATIONS OF TRENDS IN FINANCIAL PERFORMANCE

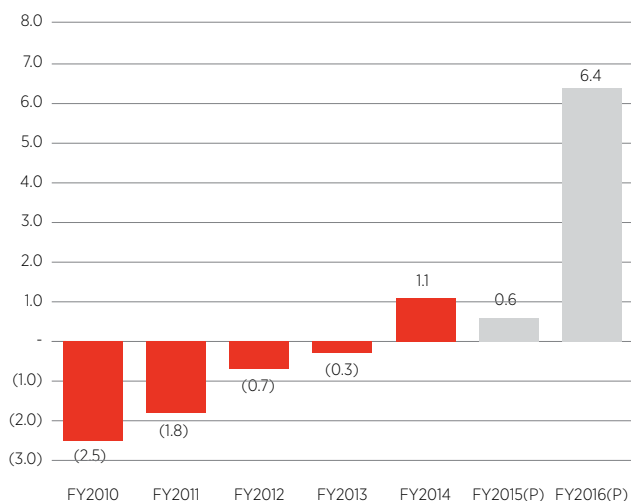
The figures below summarise the movements in revenue, EBIT before non-operating costs, Net Profit, Annualised Recurring Revenue, Units on Depot and Retention Rate for the seven years ending 31 March 2016.

REVENUE (\$ MILLION)



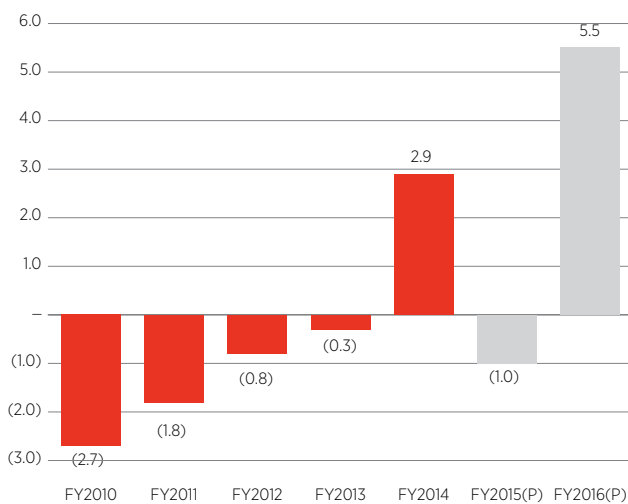
8.0 OVERVIEW OF FINANCIAL INFORMATION

EBIT BEFORE NON-OPERATING COSTS (\$ MILLION)



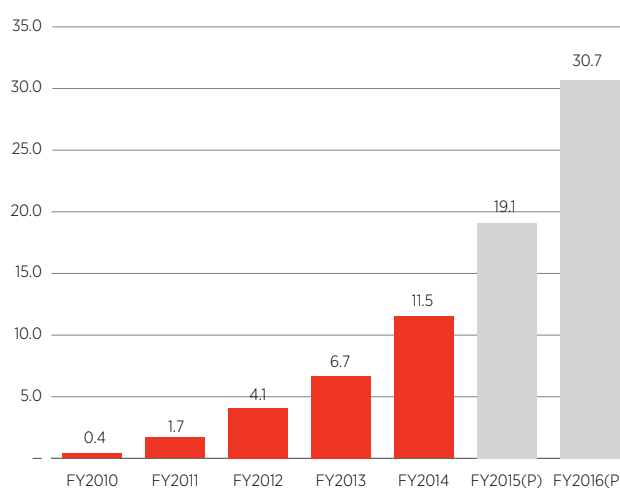
EBIT before non-operating costs in FY2015(P) and FY2016(P) includes additional ongoing costs of being listed of \$585,000 and \$541,000 respectively.

NET PROFIT (\$ MILLION)

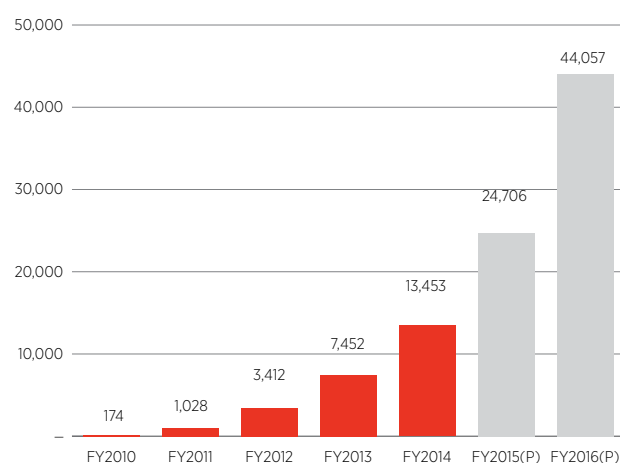


FY2015(P) Net Profit includes non-operating costs of \$2.0 million, and FY2015(P) and FY2016(P) Net Profit include additional ongoing costs of being listed of \$585,000 and \$541,000 respectively.

ANNUALISED RECURRING REVENUE (\$ MILLION)



UNITS ON DEPOT



RETENTION RATE¹⁶

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
Retention Rate	100.0%	100.0%	100.0%	99.5%	99.3%	98.2%	96.5%

¹⁶ As EROAD's New Zealand customers typically enter 36 month rental and service agreements, EROAD's first customer contracts were only able to be cancelled or renewed from FY2013, therefore the annual Retention Rate for FY2010 to FY2012 was 100%.

8.0 OVERVIEW OF FINANCIAL INFORMATION

8.3 ANALYSIS OF HISTORICAL AND FORECAST FINANCIAL PERFORMANCE

Set out below is an overview of EROAD's year-on-year financial performance from FY2010 to FY2016(P). A more detailed discussion of the assumptions underlying the PFI can be found in *Section 8.4: Prospective Financial Information* of the Prospectus.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
Revenue (\$'000)	101	1,102	2,860	6,209	9,964	19,027	34,098
EBIT before non-operating costs (\$'000)	(2,526)	(1,760)	(731)	(255)	1,062	626	6,379
Units on Depot - 31 March	174	1,028	3,412	7,452	13,453	24,706	44,057
Number of customers - 31 March	102	405	776	1,142	1,606	n/a	n/a
Average Units per customer - 31 March	1.7	2.5	4.4	6.5	8.1	n/a	n/a
Number of staff - 31 March	16	21	34	66	102	145	160
- <i>In Market Delivery</i>	4	6	13	23	35	48	63
- <i>Corporate</i>	4	6	9	14	26	27	27
- <i>R & D</i>	8	9	12	29	41	70	70
RUC/Tax Filed (\$ million)	2	27	64	118	191	n/a	n/a
Net cash inflow/(outflow) from operating activities (\$'000)	(1,278)	446	3,129	6,517	8,707	2,462	13,379

ANALYSIS BY YEAR

FY2010

In FY2010, EROAD recorded revenue of \$0.1 million reflecting twelve months of trading but with only the final month of the year occurring post NZTA approval.

Research activities undertaken during the year focused on:

- Unit reliability, functionality and accuracy;
- Regulatory compliance and approval for the product;
- Software functionality; and
- Infrastructural security and reliability.

EROAD's operating cash flows were negative due to the significant spend on research activities and limited sales. Prior to obtaining NZTA approval, all research costs were expensed. EROAD employed a total of 16 employees at the end of the financial year.

From February 2010, EROAD considered New Zealand a Commercial Market for segmentation purposes.

FY2011

In FY2011, the first full year of trading following NZTA approval, EROAD achieved revenues of \$1.1 million. While EROAD developed its brand, customers typically committed to only a small number of trial Units rather than fitting out their entire fleets. R&D activities (the Development Assets of which now meet the definition under NZ IFRS to be capitalised) focused on:

- Development of EROAD's core Depot platform; and
- Development of the Tubo electronic distance recorder for trailers.

Operating cash flows were positive for the first time. All rented Units were externally financed, with upfront and ongoing cash payments received by EROAD from the external financier over the rental term.

EROAD grew the number of Units on Depot from 174 to 1,028, achieving an annual growth rate of 491%. RUC collected in the year totalled \$27 million representing a growth rate of over 1,026%. By year end, EROAD employed a total of 21 employees.

8.0 OVERVIEW OF FINANCIAL INFORMATION

FY2012

In FY2012, EROAD grew revenue by 160% to \$2.9 million as its presence in the New Zealand market grew significantly. Average Units per customer increased significantly, rising from 2.5 at the beginning of the period to 4.4 by the end of the period.

Development activities for the year focused on creating a range of commercial services to complement EROAD's core electronic RUC offering, including:

- Fuel management;
- Elocate for petrol and asset tracking;
- EhuboLITE for light diesel vehicles;
- Driver ID;
- Vehicle service application; and
- Geofence functionality.

The costs associated with these developments were capitalised into Development Assets in the statement of financial position.

EROAD's operating cash flows were again positive as the majority of Unit rentals were externally financed. A small number of Unit rentals were self-financed for the first time. Self-financed Units were funded through both operating cash flows and an external bank facility.

During the year, Units on Depot grew from 1,028 to 3,412 Units (an annual growth rate of 231%), with EROAD securing its first large customer order of over 500 Units.

RUC collected during the year totalled \$64 million representing an annual growth rate of over 141%, while staff numbers increased by 13 to 34, in order to meet the sales demand in New Zealand, and to increase the R&D team to pursue opportunities in the new Development Markets of Australia and Oregon.

In FY2012 New Zealand became an Established Market for segmentation purposes.

FY2013

In FY2013 EROAD grew revenue by 117% to \$6.2 million, driven by larger fleet owners electing to convert from their existing fleet management providers to EROAD. Customers continued to increase the number of Units deployed in their fleets which, together with the capturing of larger fleets, increased the average Units per customer from 4.4 to 6.5.

Development activities for the year focused primarily on:

- The Gen II Ehubo;
- Features required to address the requirements of Oregon WMT;
- Cloud infrastructure and cloud based operational software;
- Tailored solutions to address vertical opportunities in the transport market; and
- Mobile applications.

EROAD's operating cash flows were positive \$6.5 million with these cash flows used to fund further investment in the manufacture of Units for rental, as well as capitalised development costs.

RUC collected in the year grew to \$118 million (a growth rate of 85%). Over the year EROAD nearly doubled the number of employees to 66 to meet the growing demand in New Zealand and to increase development of the Gen II product.

FY2014

In FY2014, EROAD grew revenue by 60% to \$10 million driven by continued conversion of larger fleet owners to EROAD. With over 13,000 Units on Depot delivering monthly Recurring Revenue, without a corresponding increase in costs, positive EBIT before non-operating costs from the New Zealand market was delivered for the first time.

In FY2014, EROAD also secured its 10,000th Unit on Depot and ended the year with over 1,600 customers. In the last quarter the Australian market became a Commercial Market for segmentation purposes with an existing EROAD New Zealand customer encouraging EROAD to supply their fleet in Australia.

Development activities undertaken in the year were primarily focused on developments for the Oregon and North American markets, including:

- Gen II Units;
- Functionality required to address the Oregon WMT opportunity;
- IFTA and IRP reporting functionality, for Oregon and North America;
- ELBs;
- Cloud infrastructure;
- Federal and State approvals; and
- Enablers for rapid scalability.

EROAD's operating cash flows grew to \$8.7 million. Again, all operating cash flows were used to fund investment in rented Units and capitalised development.

EROAD continued to deliver growth in the number of Units on Depot from 7,452 to 13,453 (with 512 of these Units being in Australia), achieving an overall annual growth rate of 80%. RUC collected in the year totalled \$191 million representing a growth rate of over 62%.

EROAD increased the number of employees by 36 to a total of 102 in the year in order to meet sales demand in New Zealand, establish an office in Oregon and pursue additional R&D needed to take advantage of the Oregon and wider North American opportunity.

8.0 OVERVIEW OF FINANCIAL INFORMATION

FY2015(P)

In FY2015(P), revenue is forecast to increase by 91% to \$19 million driven by continuing sales growth in New Zealand and early sales in the Commercial Markets of Australia and Oregon.

The New Zealand market is expected to remain an Established Market for EROAD, delivering growth of Units on Depot of 6,796 or 52%.

Development activities undertaken in the year will be primarily focused on North American-driven initiatives, including:

- Oregon WMT;
- IFTA and IRP reporting; and
- ELBs.

EROAD's operating cash flows are forecast to remain positive at \$2.5 million, although they are affected by the build in staff numbers in Oregon and non-operating costs related to the Offer.

A portion of the funds raised through the Offer will be used to repay the bank financing used by EROAD to fund rental Units.

Units are forecast to continue to grow with the number of Units on Depot increasing from 13,453 to 24,706 (an overall annual growth rate of 84%), with 1,500 Units of this growth occurring in Australia, 2,957 Units in Oregon, and 6,796 Units in New Zealand. At the end of FY2015(P) there are forecast to be 2,012 Units on Depot in Australia, 2,957 Units on Depot in Oregon and 19,737 Units on Depot in New Zealand.

Employee numbers are forecast to increase by 43 in FY2015(P), to meet the expected sales demand in Oregon in FY2016(P) and

to increase the size of the R&D team to exploit further North American opportunities.

As at 30 June 2014, there were 15,091 Units on Depot in New Zealand, 166 Units on Depot in Oregon and 528 Units on Depot in Australia. This is in line with the PFI.

FY2016(P)

In FY2016(P), revenue is forecast to increase by 79% to \$34.1 million driven by continuing sales growth in New Zealand and Australia together with significant growth in the Oregon market.

Units on Depot are forecast to increase from 24,706 to 44,057 (an overall annual growth rate of 78%). At the end of FY2016(P) there are forecast to be 4,512 Units on Depot in Australia, 12,440 Units on Depot in Oregon and 27,105 Units on Depot in New Zealand.

Oregon and Australia are forecast to remain Commercial Markets, with the Oregon market forecast to grow more rapidly than Australia.

Development activities forecast to be undertaken in FY2016(P) are primarily focused on future products and markets that are not assumed to generate revenues in the PFI period.

EROAD's operating cash flows are forecast to grow significantly to \$13.4 million, driven by Unit volumes and the benefits of scale. Investment in rented Units and capitalised development can be funded predominantly from operating cash flows.

In FY2016(P), EROAD expects to increase employee numbers by 15, driven by the need to meet the expected sales demand in Oregon.

OVERVIEW OF NET PROFIT

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015(P)	FY2016(P)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NET PROFIT	(2,679)	(1,843)	(752)	(298)	2,942	(1,020)	5,506

Intra year movements in Net Profit are influenced by EBIT before non-operating costs performance as discussed above, one-off items, as well as both interest and tax. A brief commentary on each year is set out below:

- The FY2010 Net Loss of \$2.7 million was affected by costs associated with R&D, prior to gaining approval from NZTA in February 2010. All R&D costs were required to be expensed prior to the approval date;
- The FY2011 Net Loss of \$1.8 million was affected by the cost of research and marketing activities required for commercialisation in New Zealand;
- In FY2012, the Net Loss reduced by 59% to \$0.8 million as EROAD gained a foothold in the New Zealand market. Additional costs were incurred as activity ramped up to take advantage of commercial opportunities;
- FY2013 saw the Net Loss reduce by 63% to \$0.3 million as profits generated in New Zealand partially offset investment in new Commercial Markets;
- FY2014 saw EROAD return a Net Profit of \$2.9 million, in part attributed to the treatment of Deferred Taxation and generating profit from the Established Market in New Zealand;
- In FY2015(P), EROAD is forecast to deliver a Net Loss of \$1.0 million. The Net Loss includes \$2.0 million of one-off non-operating listing costs and \$0.6 million in relation to ongoing listed company costs; and
- In FY2016(P), Net Profit is forecast to increase to \$5.5 million driven by growth in the Oregon market. The Net Profit includes \$0.5 million of ongoing listed company costs.

9.0

TERMS OF THE OFFER



9.0 TERMS OF THE OFFER

The Offer is an offer of ordinary shares in EROAD, comprising both existing Shares held by the Selling Shareholders which will be acquired by the Offeror and offered under the Offer and new Shares to be issued and offered by EROAD under the Offer.

The Shares will be offered at the Final Price to members of the public in New Zealand and to selected NZX Firms and Institutional Investors in New Zealand, Australia and certain other jurisdictions.

The Offer comprises the Broker Firm Offer, the Preference Pool Offer and the Institutional Offer. There is no general public offer under which you may subscribe for Shares. Therefore if you are not eligible to participate in the Preference Pool Offer and you wish to subscribe for Shares you must do so through an NZX Firm with an allocation of Shares.

SIZE OF THE OFFER

The Offer comprises:

- An offer by EROAD of up to \$40 million of new Shares (being between 10.5 million to 13.3 million Shares based on the Indicative Price Range); and
- An offer by the Offeror of 2.4 million to 2.5 million existing Shares to be acquired by the Offeror from the Selling Shareholders (following the share split described under the heading "Shareholding Structure" below based on the Indicative Price Range and based on the Selling Shareholders offering 517,500 Shares (prior to the Share split) under the Offer) which is 5.1% of the Shares on issue as at the date of this Investment Statement.

Based on there being \$40 million of new Shares issued and the Selling Shareholders selling down 517,500 Shares (prior to the Share split) at either end of the Indicative Price Range the expected gross proceeds from the Offer will be \$47.1 million to \$49.5 million.

The Selling Shareholders have offered to sell up to 517,500 Shares (prior to the Share split), however, Applications will be first applied to the offer of new Shares by EROAD and, prior to the bookbuild opening, the Selling Shareholders may agree with EROAD to offer a lesser number of Shares under the Offer.

HOW MUCH DO I PAY?

You will pay the Final Price per Share, determined following the bookbuild process described below. The Final Price is expected to be announced following the bookbuild on or about 29 July 2014 and will be available at www.eroadshares.co.nz.

As the Final Price will be known when you make your Application for Shares, you will be asked to apply for a number of Shares multiplied by the Final Price which will give a total Application amount.

You will not pay any brokerage, commission or stamp duty for the Shares you apply for in the Offer.

HOW IS PRICING OF THE SHARES FIXED?

The Final Price will be determined on or about 29 July 2014 following the conclusion of a bookbuild process managed by First NZ Capital. A bookbuild is the term used to refer to the process of collating demand for shares at various prices from institutional investors, including NZX Firms, who bid for shares. The information collated in the bookbuild is then used to assist with the determination of the pricing and allocation of shares. NZX Firms bid into the bookbuild in order to obtain a firm allocation which they can then offer to their New Zealand resident clients. The bookbuild is expected to take place on 28 and 29 July 2014 (unless EROAD alters the dates of the bookbuild).

The Final Price will be determined by EROAD in consultation with First NZ Capital and may be within, above or below the Indicative Price Range.

REFUNDS

If the Offer, or any part of it, does not proceed, all relevant Application amounts will be refunded (without interest) no later than five Business Days after the announcement of the decision to withdraw the Offer or any part of it.

Refunds will be paid in the manner in which you elect any future dividend payments to be made.

SHAREHOLDING STRUCTURE

EROAD Shares are currently owned by approximately 140 Shareholders. Steven Newman is the largest Shareholder with an indirect interest in 34.5% of the Shares, held by NMC Trustees Limited as trustee of the NMC Investment Trust.¹⁷

Following the determination of the Final Price, but before the allotment of Shares under the Offer, EROAD will undertake a share split of the 10,175,246 existing Shares on issue such that upon listing EROAD will have 60 million Shares on issue (subject to rounding only). The ratio of the Share split will depend on the Final Price, but based on the lower and upper values of the Indicative Price Range this will be between a 4.5771 to 4.8549 to 1 Share split.

¹⁷ Including any entitlement to Shares under the long-term incentive employee share scheme described in Section 6.6: Board, Executive Management Team and Corporate Governance of the Prospectus.

9.0 TERMS OF THE OFFER

INDICATIVE OWNERSHIP STRUCTURE

The ownership structure of EROAD prior to the Offer, and the indicative ownership structure upon completion of the Offer, is illustrated in the table below:

Shareholder	% of existing Shares owned ¹⁷	Maximum % of existing shareholding to be sold	% of Shares held following completion of the Offer ¹⁷
Steven Newman	34.5%	0.0%	26.7% to 28.3%
Other Directors	2.6%	0.0%	2.2% to 2.3%
Other EROAD executives, staff and associates	21.2%	23.9%	12.0% to 12.8%
Other existing EROAD Shareholders	41.7%	0.0%	33.0% to 35.0%
Applicants under the Offer	N/A	N/A	21.7% to 26.2%

SELLING SHAREHOLDERS

The Selling Shareholders have offered to sell up to 517,500 Shares (prior to the Share split) to the Offeror at the Final Price which will then be sold under the Offer. Prior to the bookbuild opening, the Selling Shareholders may agree with EROAD to offer a lesser number of Shares under the Offer. Applications will be first applied to the offer of new Shares by EROAD and accordingly the number of Shares sold by the Selling Shareholders will also depend on the level of demand for Shares under the Offer. Should there be insufficient demand for all of the Shares the Selling Shareholders have offered to sell, the Offeror will acquire Shares from the Selling Shareholders at the Final Price on a pro rata basis.

ESCROW ARRANGEMENTS

Each of the Directors, members of the executive management team and the staff and close business associates of EROAD who were issued Shares on 15 June 2014 (together, the Escrowed Shareholders) have entered into escrow arrangements with EROAD in respect of the following Shares (the Escrowed Shares):

- For each Escrowed Shareholder that is also a Selling Shareholder, the Shares held by that Escrowed Shareholder upon the listing of EROAD less any Shares offered for sale by the Escrowed Shareholder under the Offer;
- For each Escrowed Shareholder that acquired Shares on 15 June 2014 as a staff member or close business associate of EROAD, the Shares acquired by that Escrowed Shareholder on 15 June 2014; and

- For each other Escrowed Shareholder, the Shares held by that Escrowed Shareholder upon the listing of EROAD.

Under these arrangements, each Escrowed Shareholder has agreed not to sell or otherwise dispose of or do or omit to do anything which could have the effect of transferring effective ownership or control of any Escrowed Shares until the first Business Day after EROAD's preliminary announcement has been released to the market in respect of its financial results for the year ended 31 March 2016, subject to limited exceptions set out in the Prospectus.

BROKER FIRM OFFER

The Broker Firm Offer is open to New Zealand resident clients of NZX Firms who have received an allocation. You should contact your broker to determine whether they may allocate Shares to you under the Broker Firm Offer. There is no public pool under which you may subscribe for Shares.

You can apply in the Broker Firm Offer by completing the Application Form accompanying this Investment Statement in accordance with the instructions set out in *Section 11: How do I apply?*

Please contact your broker if you require further instructions.

Your NZX Firm will determine the number of Shares you may apply for. However, the minimum Application amount is 1,000 Shares.

PREFERENCE POOL OFFER

The Preference Pool Offer is open to existing EROAD Shareholders who wish to purchase more Shares and current EROAD employees and customers as at the Preference Pool Offer Opening Date and is expected to be \$5.0 million worth of Shares as determined by EROAD, representing 2.2% to 2.8% of the Shares on issue in EROAD following the Share split (based on the Indicative Price Range). You should contact EROAD to determine whether you are eligible to apply in the Preference Pool Offer.

You can apply in the Preference Pool Offer online at www.eroadshares.co.nz in accordance with the instructions sent to you and provided on the online Application Form. There is no paper based Application Form for you to apply on in the Preference Pool Offer.

You will need to enter your employee/customer/shareholder number as advised to you in the online Application Form.

The minimum Application amount is 500 Shares, and thereafter in multiples of 100.

There is no maximum Application amount but EROAD may limit the size of the Preference Pool Offer.

9.0 TERMS OF THE OFFER

INSTITUTIONAL OFFER

The Institutional Offer is made to selected NZX Firms and Institutional Investors in New Zealand, Australia and certain overseas jurisdictions who will participate through the bookbuild.

ALLOCATIONS, ALLOTMENTS AND LISTING

ALLOCATIONS

The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Preference Pool Offer will be determined by EROAD in consultation with First NZ Capital.

If the value of Applications received under the Preference Pool Offer is greater than the value of Shares available under the Preference Pool Offer (as determined by EROAD), Applications will be scaled back in such manner as EROAD may determine. Applicants in the Preference Pool Offer should contact the Registrar to find out if their Application was successful.

In the event that demand for Shares in the Preference Pool Offer does not meet the quantity reserved for Preference Pool Offer Applicants, the residual Shares may be reallocated at the discretion of EROAD to NZX Firms and Institutional Investors who bid for Shares in the bookbuild.

Allocations by NZX Firms to their New Zealand resident clients will be determined by those NZX Firms. It will be a matter for the NZX Firms to ensure that their New Zealand resident clients who have received an allocation from them receive their Shares.

Broker Firm Offer Applicants should contact the NZX Firm from whom they received their allocation to find out if their Application was successful.

ALLOTMENTS

Any New Zealand resident with a CSN will have their Shares allotted under their CSN, if the CSN was provided on the Application Form.

Broker Firm Offer Applicants who do not have a CSN will be allocated a CSN at the time of Application. The CSN will be advised at the time the allotment of Shares is confirmed and the associated Authorisation Code (FIN) will be sent as a separate communication on 13 August 2014. Preference Pool Offer Applicants who do not have a CSN will be advised of their CSN and FIN prior to the allotment of Shares.

Shares allocated under the Offer are expected to be allotted on 15 August 2014.

Holding statements are expected to be sent to all successful Applicants on 15 August 2014. No person accepts any liability should any person attempt to sell or otherwise deal with the Shares before a statement confirming allotment is received.

LISTING AND QUOTATION ON NZX

Application has been made to NZX for permission to list EROAD and to quote the Shares on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act 1988.

Initial quotation of the Shares on the NZX Main Board is expected to occur under the stock code 'ERD' on 15 August 2014.

WHAT YOU NEED TO DO TO SELL YOUR SHARES

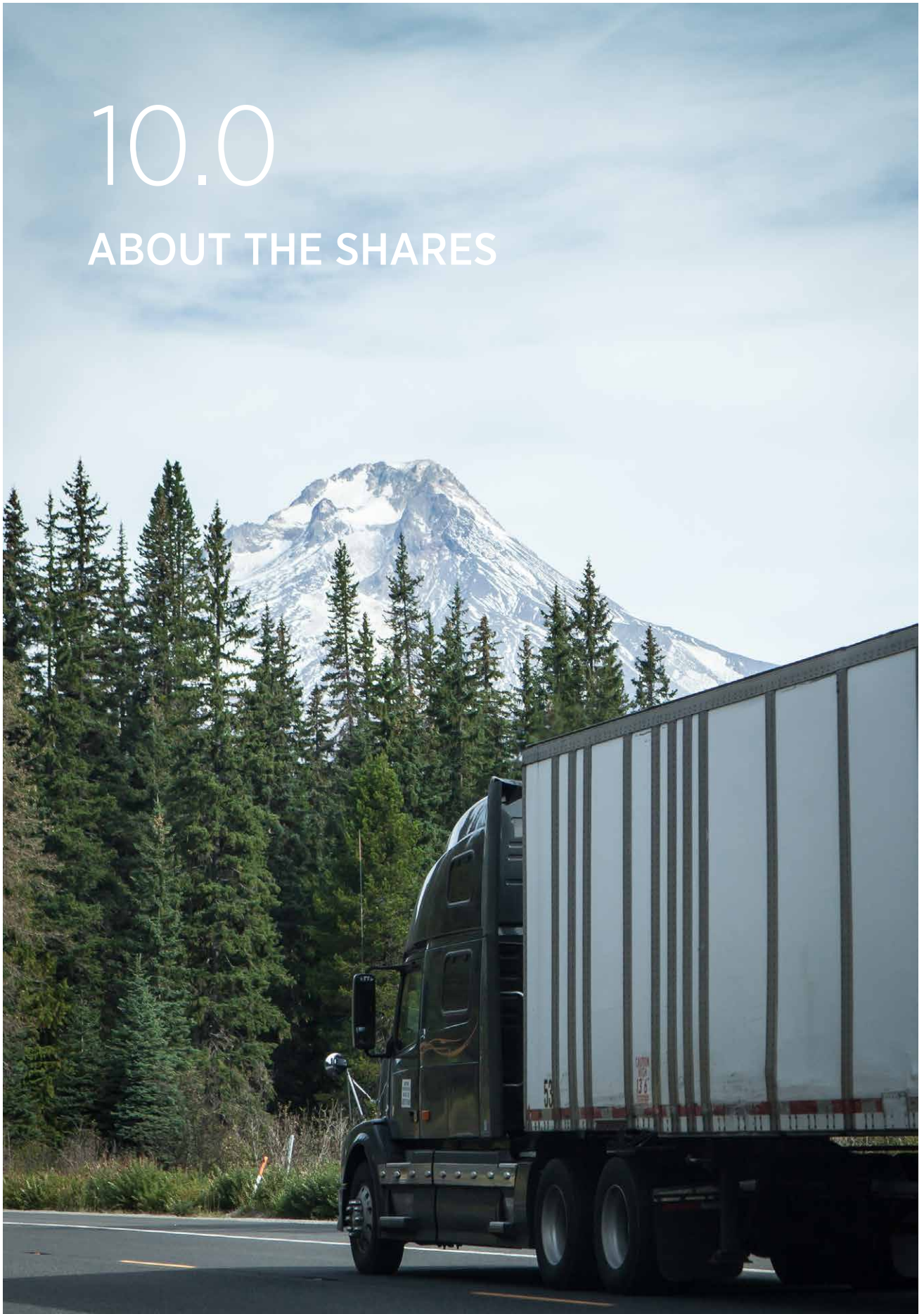
If you wish to sell your Shares on the NZX Main Board, after confirming your allocation, you must contact an NZX Firm and have a CSN and FIN. Opening a new broker account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:

- Be assigned one when you set up an account with an NZX Firm; or
- Receive one from the Registrar.

If you do not have a FIN, it is expected that you will be sent one as a separate communication by the Registrar. If you have a broker and have not received a FIN by the date you want to trade your Shares, your broker can obtain one, but may pass the cost for doing so on to you.

10.0

ABOUT THE SHARES



10.0 ABOUT THE SHARES

Each Share confers an equal right to share in dividends and other distributions authorised by the board of EROAD, and to cast a vote at meetings of Shareholders, in accordance with the Constitution.

Once the Shares are trading, further information about EROAD will be able to be obtained at www.nzx.com.

WHAT RETURNS WILL I GET?

Your returns on Shares may be:

- Dividends paid and other distributions which may be made in respect of your Shares; and
- Any gains you make if you sell or dispose of your Shares for a net price that is greater than the price you paid for them (although the market price of your Shares may also decline, making them worth less than you paid for them).

No amount of returns is promised in respect of the Shares. The key factors that will determine your returns (if any) are the market price for Shares and the board's decisions in relation to dividends or other distributions. The board's decisions in relation to the level of reserves and retentions may affect any dividends or distributions you receive from the Shares.

If you sell your Shares, you may be required to pay brokerage or other sale expenses. Tax will also affect your returns from the Shares. You should seek your own tax advice in relation to your Shares.

EROAD is legally liable to pay you any dividends or other distributions declared on your Shares.

If you sell any of your Shares, the purchaser of those Shares will be legally liable to pay you the sale price.

You may cash in your investment by selling your Shares. Any sale of Shares must be made in accordance with the requirements of the Constitution, the Listing Rules and any applicable laws.

DIVIDEND POLICY

The Directors intend that EROAD maintains a dividend paying policy. Dividend payments will be made as trading and investment conditions permit at the discretion of the board and subject to satisfaction of the solvency requirements of the Companies Act.

The Directors do not anticipate the payment of dividends during the PFI period as Directors expect that surplus funds will be retained in order to capitalise on immediate and future market growth opportunities.

CAN MY INVESTMENT BE ALTERED?

EROAD may only amend its Constitution (which sets out the rights attached to Shares) with approval by a special resolution of Shareholders. EROAD cannot take any action that affects the rights of any interest group of Shareholders without approval by a special resolution of that affected interest group.

A special resolution must be approved by at least 75% of the votes of those Shareholders entitled to vote and who actually vote on that resolution. Under certain circumstances, if your rights are affected by an action approved by a special resolution, you may require EROAD to purchase your Shares.

CONSEQUENCES OF INSOLVENCY

In the event of the insolvency of EROAD, you will not be liable to pay any money to any person. All creditors (secured and unsecured) of EROAD will rank ahead of your claim as a Shareholder, if the company is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution among all Shareholders who rank equally. Any distribution made on liquidation of EROAD may be less than the amount of your investment or you may not receive any amount.

10.0 ABOUT THE SHARES

LISTING RULE 7.1.15

The following persons have relevant interests in 5% or more of the Shares of EROAD as at the date of this Investment Statement:

RELEVANT INTEREST HOLDER	NO. OF SHARES (PRE SHARE SPLIT)	NATURE OF RELEVANT INTEREST(S)	CONSIDERATION AND OTHER TERMS OF ACQUISITION
NMC Trustees Limited	3,495,471	Registered holder and trustee of NMC Investment Trust with power to control dealings and voting of Shares	The Shares were acquired over a period of time since October 2007 through share issues and purchases for a net aggregate consideration of \$2,471,866
Steven Newman	3,506,651	Holder of 20% or more of the shares in NMC Trustees Limited and power to control dealings and voting of Shares held by NMC Trustees Limited Power to acquire 11,180 Shares held on his behalf pursuant to the long-term incentive employee share scheme	As for NMC Trustees Limited above The Shares were issued pursuant to the long-term incentive employee share scheme for aggregate consideration of \$141,762.40
Brian Edward Michie	729,314	Registered holder and beneficial owner of 719,661 Shares Power to acquire 9,653 Shares held on his behalf pursuant to the long-term incentive employee share scheme	The Shares were acquired over a period of time since October 2007 through share issues and purchases for a net aggregate consideration of \$1,000,745 The Shares were issued pursuant to the long-term incentive employee share scheme for aggregate consideration of \$122,400.40
SW Trust Services (Twelve) Limited	614,945	Registered holder and trustee of the PG & P Batcheler Family Trust with power to control dealings and voting of Shares	The Shares were acquired in March 2014 from Peter Batcheler for aggregate consideration of \$7,797,502.60
Peter Batcheler	622,130	Power to control dealings and voting of Shares held by SW Trust Services (Twelve) Limited Power to acquire 7,185 Shares held on his behalf pursuant to the long-term incentive employee share scheme	As for SW Trust Services (Twelve) Limited above The Shares were issued pursuant to the long-term incentive employee share scheme for aggregate consideration of \$91,105.80
David Jarrett as trustee of the Windspirit Trust	570,000	Registered holder and trustee of the Windspirit Trust with power to control dealings and voting of Shares	The Shares were acquired over a period of time since August 2008 through share issues and purchases for a net aggregate consideration of \$425,200

11.0

HOW DO I APPLY?

If you wish to apply in the Broker Firm Offer, complete the blank Application Form at the back of this Investment Statement in accordance with the instructions on the Application Form. If you wish to apply under the Preference Pool Offer, you should apply online at www.eroadshares.co.nz in accordance with the instructions sent to you and on the online Application Form.

If you wish to apply in the Broker Firm Offer, your Application Form should be returned to your NZX Firm to enable forwarding to the Registrar by 5.00pm on 12 August 2014. Alternatively, Applications can be lodged with EROAD, any NZX Firm, the Sole Lead Manager or any other channel approved by NZX so as to be received in time to enable forwarding to the Registrar by 5.00pm on 12 August 2014. Preference Pool Offer Applicants must apply for Shares in the Preference Pool Offer by 5.00pm on Wednesday 6 August 2014.

APPLICATION PAYMENT

Applications in the Broker Firm Offer must be accompanied by payment in full for the dollar amount of Shares applied for. Your payment must be made in accordance with the directions of the NZX Firm from whom you received an allocation.

Option 1: One-time Direct Debit

If you choose to make a one-time payment out of your bank account, the direct debit will be processed on the first Business Day after your Application Form is received by the Registrar or, if received on the day the Offer closes, the same Business Day.

One-time direct debits will only be processed from New Zealand registered banks. You must ensure that:

- The bank account details supplied are correct;
- There are sufficient funds in the specified bank account;
- You have the authority to operate the account solely/jointly; and
- The bank account you nominated is one which will allow the one-time direct debit to be made. For example, certain savings accounts may not allow money to be withdrawn in this manner. If you are uncertain you should contact your bank.

If the direct debit from your bank account is unsuccessful, your Application will be rejected. The terms and conditions for one-time direct debit can be obtained by calling (09) 488 8777 during the Offer period.

Option 2: Cheque

If you choose to pay by cheque your cheque should be made payable to "EROAD Share Offer", be crossed "Not Transferable" and not be post dated.

Your cheque will be banked on the Business Day it is received. If your cheque is post dated or dishonoured, your Application may be rejected.

Option 3: Other

If the NZX Firm from whom you received your allocation has given directions as to another method of payment, other than payment by cheque or direct debit, select this option. You should carefully follow those instructions or your Application may be rejected.

SUBMITTING YOUR APPLICATION

You will not be able to reverse or change your Application after it has been submitted. By submitting an Application you agree to purchase and subscribe for the number of Shares you specify in your Application Form on the terms and conditions set out in this Investment Statement, the Application Form and the Prospectus.

TREATMENT OF APPLICATION

If your Application is incomplete or otherwise invalid, for example if the Application Form is not completed correctly or the accompanying payment is for the wrong amount, the Issuers may still treat it as valid. The Issuers reserve the right to refuse any Application or to accept an Application in part only, without providing a reason.

The decision of the Issuers as to whether to treat your Application as valid, and any changes made by the Issuers to complete your Application, will be final. The decision on the number of Shares to be allocated to you will also be final. You will not be allocated more Shares than can be purchased with the payment you have made. If your Application is not accepted, or is accepted in part, you will receive a refund of the balance without interest within five Business Days after the Allotment Date. Refunds will be paid in the manner you elect any future dividend payments to be paid.

PRIVACY POLICY

If you apply for Shares, you will be asked to provide personal information to the Issuers, the Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application. Your personal information will be used for considering, processing and corresponding with you about your Application and in connection with your holding of Shares, including sending you information concerning EROAD, your Shares and other matters EROAD considers may be of interest to you by virtue of your holding of EROAD. To do these things, the Issuers or the

11.0 HOW DO I APPLY?

Registrar may disclose your personal information to each other, their respective related companies and agents, contractors or third party service providers to whom they outsource services such as mailing and registry functions. However, all of these parties will be bound by the same privacy policies as the Issuers and the Registrar.

In addition, if you elect to pay by one-time direct debit, the Registrar will communicate with your nominated bank (including providing your personal information) for the purposes of processing your payment.

Failure to provide the required personal information may mean that your Application Form is not able to be processed efficiently, if at all.

Where the Issuers and the Registrar hold personal information about you in such a way that it can be readily retrieved, you have a right to obtain from the Issuers and the Registrar confirmation of whether or not they hold such personal information, and to access and seek correction of that personal information under the Privacy Act 1993 by contacting the privacy officers of the Issuers and the Registrar at their respective addresses shown in the Directory. You can also access your information on the Registrar's website: www.investorcentre.com/nz (you will be required to enter your CSN and FIN).

GLOSSARY

Allotment Date	The date on which Shares are allotted to successful Applicants, which is expected to be 15 August 2014, unless varied by the Issuers
Amazon Web Services (AWS)	EROAD's global Software as a Service partner, Amazon Web Services offers a broad set of global computation, storage, database, analytics, application and deployment services
Annualised Recurring Revenue	Calculated by multiplying total monthly Recurring Revenue recognised or expected to be recognised in the month of March by 12
Applicant	Any person named as an applicant on an Application Form
Application	An application to subscribe for Shares offered pursuant to this Investment Statement and the Prospectus made on the Application Form and accompanied by the application amount
Application Form	An application form attached to, or accompanying, this Investment Statement
Auditor	KPMG
Broker Firm Offer	The offer of Shares under this Investment Statement and the Prospectus to New Zealand resident clients of NZX Firms who have received an allocation
Business Day	A day on which the NZX Main Board is open for trading
Companies Act	Companies Act 1993
Constitution	The constitution of EROAD, as amended from time to time
CSN	Common Shareholder Number
Depot	EROAD's web-based platform that allows customers to manage (and pay) their RUC and fleet management services
Director	A director of EROAD
EBIT before non-operating costs	Earnings before non-operating costs, interest and tax
Ehubo	EROAD's electronic distance recorder which replaces mechanical hubodometers. ® Ehubo is a trade mark registered in New Zealand
Electronic Logbook (ELB)	A substitute for a paper-based logbook, to ensure compliance with Hours of Service regulations. Hours of Service regulations place limits on when and how long commercial motor vehicle drivers may drive to ensure drivers have sufficient time to rest before getting behind the wheel
EROAD	EROAD Limited, and where the context permits, includes its subsidiaries. EROAD is a trade mark registered in New Zealand
EZfuel	EROAD's fuel module that allows operators to view and proactively manage fuel consumption across their vehicle and asset fleets. EZfuel combines fuel card transactions with vehicle and distance and location information generated by EROAD's Ehubos to measure fuel performance and identify trends and exceptions. ® EZfuel is a trade mark registered in New Zealand
EZmessage	EROAD's message module that enables operators to stay connected with their fleet using any smart phone or tablet device. EZmessage provides the functionality to send or receive messages from the office to field staff 24/7 with the same web portal used for managing vehicle and compliance obligations. ® EZmessage is a trade mark registered in New Zealand
Final Price	The price per Share at which the Shares will be allotted, expected to be determined on or about 29 July 2014
FY	Financial year. If followed by (P) this indicates prospective information

GLOSSARY

Global Positioning System (GPS)	Global positioning system refers to a constellation of satellites providing signals transmitting positioning and timing data
Government Accountability Office (GAO)	An independent, nonpartisan agency that works for Congress. GAO investigates how the federal government spends taxpayer dollars
Group	EROAD and each of its subsidiaries
Heavy Vehicle	A truck, or a truck and trailer, weighing over: <ul style="list-style-type: none">• 3.5 tonnes in New Zealand (required to pay RUC);• 12 tonnes in Oregon (required to pay WMT); or• 4.5 tonnes in Australia
Indicative Price Range	\$3.00 to \$3.80 per Share
Institutional Investors	Investors to whom the Sole Lead Manager determines an offer or invitation of securities may be made without the need for a lodged prospectus (or other formality, other than a formality with which the Issuers are willing to comply), including in New Zealand persons to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
Institutional Offer	The invitation to selected NZX Firms and Institutional Investors in New Zealand, Australia and certain other jurisdictions
International Fuel Tax Agreement (IFTA)	A cooperative agreement between all states (excluding Alaska and Hawaii) of the United States, and the Canadian provinces, designed to make it simpler for inter-jurisdictional carriers to report and pay fuel excise taxes, requiring only one fuel licence to operate across multiple jurisdictions
International Registration Plan (IRP)	An agreement between all states (excluding Alaska, Hawaii and Washington D.C.) of the United States, and the Canadian provinces, for the registration of inter-jurisdictional vehicles. Registration fees are paid to a fleet's base jurisdiction, which then distributes them to other jurisdictions based on the miles travelled in each member jurisdiction
Investment Statement	This document
Issuers	EROAD and the Offeror
Listing Rules	The listing rules applying to the NZX Main Board as amended from time to time
Ministry of Transport (MOT)	The New Zealand government's principal transport policy adviser to the Minister and Associate Minister of Transport
Net Profit	Net profit after tax
New Zealand Transport Agency (NZTA)	A government entity, whose role is to provide a link between government policy making and the operation of the sector. NZTA aims to achieve better use of existing transport capacity, more efficient freight and a resilient and secure transport network
NZ GAAP or GAAP	New Zealand Generally Accepted Accounting Practice
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZX	NZX Limited
NZX Firm	An entity designated as an NZX Firm under the Participant Rules of NZX

GLOSSARY

NZX Main Board	The main board equity security market, operated by NZX
Offer	The offer of Shares pursuant to this Investment Statement and the Prospectus
Offeror	EROAD Offeror Limited
Oregon Department of Transportation (ODOT)	A department of the state government of Oregon, responsible for managing the state's transportation systems
Oregon Trucking Associations (OTA)	Serves as a conduit between Oregon's trucking industry and the public, government and regulatory agencies and other groups
PFI	Prospective financial information for FY2015(P) and FY2016(P)
Preference Pool Offer	The Offer which is available only to eligible New Zealand resident EROAD employees, EROAD customers and existing EROAD Shareholders and which is expected to be \$5.0 million worth of Shares as determined by EROAD
Preference Pool Offer Opening Date	The first day on which Applications will be accepted under the Preference Pool Offer, being 30 July 2014, unless varied by the Issuers
Prospectus	The prospectus in respect of the Offer
Recurring Revenue	The revenue EROAD expects to receive in future months from existing Units on Depot from monthly charging of services, monthly hardware rentals and current monthly rates of transaction fees
Registrar	Computershare Investor Services Limited
Retention Rate	Retention Rate is the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period
Road User Charges (RUC)	In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source (i.e. diesel). 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
Securities Act	Securities Act 1978
Securities Regulations	Securities Regulations 2009
Selling Shareholders	Brian Michie, Peter Batcheler, Bruce Wilson and Jarred Clayton (or their nominee that holds Shares)
Share	A fully paid ordinary share in EROAD
Shareholder	A holder of one or more Shares in EROAD
Sole Lead Manager or First NZ Capital	First NZ Capital Securities Limited
Tubo	The trailer version of the Ehubo
Unit	An EROAD device
Units on Depot	The number of EROAD devices installed in vehicles and subject to a service contract with a customer
Weight-Mile Tax (WMT)	A mileage-based tax imposed on vehicles according to a combination of the number of axles and/or combined weight of the vehicle and the number of miles driven

D. FUTURE DIVIDEND PAYMENTS

You may receive dividends from EROAD in the future. **Choose ONE of the DIVIDEND PAYMENT options below. Please tick the box next to your selected option.**

- OPTION 1** Pay dividends directly into **my bank account**. The bank account provided must be with a New Zealand registered bank.
- Please pay dividends directly into the bank account provided above in B. APPLICATION PAYMENT.
 - Please pay dividends directly into the bank account provided below:

New Zealand dollar bank account details for payment of dividends.

Name of bank

Account holder name

Account details

Bank Branch No. Account No. Suffix

- OPTION 2** Pay dividends directly into **my Cash Management Account**:
- Name of NZX Firm where Cash Management Account is held:
- Cash Management Client Account number:

- OPTION 3** Pay dividend **by cheque**

E. ELECTRONIC COMMUNICATIONS

I agree to receive Shareholder Communications via email (optional):

Please enter your email address below if you wish to receive, where applicable, all Shareholder communications (including notification of the availability of annual reports and interim reports, transaction statements, payment advices, meeting documents and any other company related information) by email.

Email

F. IRD NUMBER

Applicant's IRD number (only one IRD number is required in respect of a joint Application): - -

If you are applying on behalf of a minor (under the age of 18) or a dependent, use their IRD number. If the Applicant is a trust, company, partnership or other entity, use that entity's IRD number. Multiple Applications containing the same IRD number may not be accepted, or may be scaled on a differential basis, at the Issuers' discretion. Resident withholding tax ("RWT") will be deducted from any dividends paid to the Shareholder (unless you provide a valid RWT exemption certificate).

- Exempt** – please tick this box if you hold a resident withholding tax ("RWT") exemption certificate from IRD and attach a copy of your RWT exemption certificate.
- Please tick this box if you are a **non-resident for New Zealand tax purposes** under the Income Tax Act 2007. You will be treated as a New Zealand tax resident unless this box has been ticked.

G. SIGNATURE

The Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document.

If the Applicant is a minor (under the age of 18) the parent or legal guardian should sign the Application Form on the Applicant's behalf.

If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities.

I/We hereby acknowledge that I/we have received the EROAD Investment Statement dated 18 July 2014. I/We apply for Shares as set out below subject to the terms and conditions of the Investment Statement and Prospectus. By lodging this Application Form, I consent to the use of my personal information in accordance with the Privacy Policy set out in Section 11: How Do I Apply? of the Investment Statement.

Your Application must be returned to your NZX Firm that notified you of your allocation in time for your Application to be forwarded to the Registrar by 5.00pm on 12 August 2014.

H. CERTIFICATE OF NON-REVOCAION OF POWER OF ATTORNEY

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)

I, (full name)
of (place and country of residence)
 (occupation), certify
That by deed dated (date of instrument creating the power of attorney)
 (full name of person/body corporate which granted the power of attorney)
of (place of residence of person/body corporate which granted the power of attorney)*
Appointed me (his/her/its) attorney

- That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- That I have not received notice of any event revoking the power of attorney.

Date / /

Signature of attorney

Signed at

I. CERTIFICATE OF NON-REVOCAION OF AGENT

(Complete this section if you are acting as agent on behalf of the Applicant on this Application Form)

I, (full name)
of (place and country of residence)
 (occupation), certify
That by the agency agreement dated (date of instrument creating the agency)
 (full name of person/body corporate which appointed you as agent)
of (place of residence of person/body corporate which appointed you as agent)*
appointed me (his/her/its) agent

- That I have executed the Application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- That I have not received any notice or information of the revocation of my appointment as agent.

Date / /

Signature of agent

Signed at

* If the Applicant is a body corporate, state the place of the registered office or the principal place of its business.



DIRECTORY

EROAD

EROAD Limited

260 Oteha Valley Road
Albany, Auckland 0632

REGISTRAR

**Computershare Investor
Services Limited**

Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

LEGAL ADVISERS TO EROAD

Chapman Tripp

Level 35, ANZ Centre
23-29 Albert Street, Auckland 1010

AUDITOR AND INVESTIGATING ACCOUNTANT

KPMG

KPMG Centre
18 Viaduct Harbour Avenue, Auckland 1010

SOLE LEAD MANAGER

First NZ Capital Securities Limited

Level 39, ANZ Centre
23-29 Albert Street, Auckland 1010

CO-MANAGER

Deutsche Craigs Limited

Level 36, Vero Centre
48 Shortland Street, Auckland 1010

