



2024

ANNUAL REPORT

Saferoads Holdings Limited

ABN 81 116 668 538

Improving public safety

Saferoads is an ASX listed company specialising in the provision of innovative road safety solutions throughout Australia, New Zealand and North America. The company provides state government departments, local councils, road construction companies and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate for the public's safety.



Rubber Guard Barrier being deployed at a Bild Group site, Pakenham, Victoria.

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Financial Overview

MESSAGE FROM THE CHAIRMAN



David Ashmore
Chairman

Dear Shareholders,

Financial Overview

On behalf of the Board, I am disappointed to report an underlying EBITDA* decline of \$1.052 million to \$1.093 million after also adjusting for the \$1.167 million impairment charges and the \$325k additional WorkSafe fine. This reduction in underlying EBITDA* is largely due to product sales decreasing by \$2.958 million.

* a non-IFRS financial measure

After recognising another \$325,000 of fines relating to the November 2021 workplace fatality and asset impairment charges of \$1.167 million the Group reported a loss before tax of \$2.665 million for the year. We also recognised a tax expense of \$1.153 million relating to the derecognition of the deferred tax asset that predominantly related to accumulated tax losses.

In early 2024, the Group raised \$418,222 after costs from existing shareholders via a rights issue and commenced an ongoing operational restructure to reduce the ongoing cost base of the business.

The expansion of our equipment rental services fleet - *Road Safety Rental* – continued with revenue increasing by \$0.90 million. New assets of \$0.66 million were added to the rental fleet and a branch manager was appointed to the Queensland depot. This growth led to an increase in depreciation and amortisation charges of 12.3%.

Finance costs grew by 12.0%, despite reducing debt levels by \$0.25 million or 8.0%, due to the increased interest rate environment. Over 53% of our debt is fixed interest equipment finance loans and will not be impacted by further increases in interest rates.

The following table summarises the key metrics over the past three financial years:

	Year ending 30 June		
	2022 \$'000	2023 \$'000	2024 \$'000
Operating revenue	12,349	14,648	12,587
Profit/(Loss) after tax	64	(197)	(2,665)
Underlying EBITDA (non-IFRS financial measure)*	1,896	2,145	1,093
Operating cash flows	944	2,378	1,032
Gearing ** (net debt / net debt + equity)	29.6%	26.6%	38.1%

* Earnings before interest, tax, depreciation, amortisation and impairment charges excluding COVID-19 Government support and fines pertaining to the November 2021 workplace fatality

** Excluding right-of-use asset lease liabilities

Our gearing ratio increased to 38.1%, due to a reduced intangible asset base after the derecognition of deferred tax and other intangible assets. We continue to receive support from our primary financier, with the Commonwealth Bank approving an additional \$341,000 in asset finance facilities during the year to enable the modest expansion of our equipment rental services fleet.

Non-IFRS Financial Measures

The Group uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as “non-IFRS financial measures”. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and are not a substitute for those measures. Underlying statutory results and measures are intended to provide shareholders additional information to enhance their understanding of the performance of the Group.

A reconciliation between Profit/(Loss) after tax to the underlying EBITDA of the Group has been included in the table below.

	Year ending 30 June		
	2022 \$'000	2023 \$'000	2024 \$'000
Profit/(Loss) after tax	64	(197)	(3,818)
Finance costs	281	305	342
Income tax	-	-	1,153
Depreciation and amortisation	1,565	1,712	1,924
Impairment charges	-	-	1,167
Fines pertaining to workplace fatality	-	325	325
COVID-19 government support	(15)	-	-
Underlying EBITDA	1,896	2,145	1,093

Outlook

The outlook for the Group will be shaped by how well we adapt to the challenges of a very competitive market, particularly for our product sales. The future of the Group may also be significantly shaped by the implementation of the initiatives to be considered following the strategic review being undertaken. We continue to enjoy the support of our bankers.

The strategic review that commenced in July 2024 has clearly identified that the *Road Safety Rental* business represents a valuable business asset. We have very limited capacity to further invest in new fleet assets to continue its strong growth to satisfy the demand in the market. With the recent strong business sales activity in the Australian rental industry, we are now formally exploring the potential for interest to purchase the *Road Safety Rental* business to recapitalise the Group.

Other factors that support the business prospects for the Group include the following:

- Positive revenue trend growth of the *Road Safety Rental* business.
- Ongoing focus on reducing fixed operating costs.
- The prospects of additional significant orders from the North American distributor of our HV2 temporary barrier system, after agreement for the exclusive distribution of this product in the USA, Canada, and Mexico was reached in April 2024. A strong industry showing of this product was completed at the American Traffic Safety Services Association Convention & Traffic Expo in February 2024 and the distributor is receiving a pleasing level of industry interest.

Acknowledgments

I would like to acknowledge and thank our staff and management team for their ongoing commitment to the business.

I also sincerely thank all our shareholders for their continued support, and particularly those shareholders who strongly supported the February 2024 capital raise. Our primary focus continues to be the improvement of the financial performance and sustainability of our Company, and we believe we have the right strategies going forward to achieve this.

Finally, I wish to acknowledge the extensive work of my fellow directors and their diligent and collaborative efforts and ongoing contribution over the past year.



David Ashmore

Chairman of the Board

29 September 2024



Operations and Activities Review

MESSAGE FROM THE MANAGING DIRECTOR



Darren Hotchkin
Managing Director

Dear Shareholders,

This year has been one of the most challenging in recent memory for *Saferoads*, with significant obstacles impacting our financial performance. We have experienced a loss of \$2.6 million, driven by a combination of a weakening market and increased competition, particularly in our product sales segment. I want to provide a candid overview of our situation, our responses to these challenges, and our plans moving forward.

Financial Performance & Market Challenges

The competitive environment has intensified, particularly within our product sales sector. This has led to a marked decline of 26.3% in Australian product sales compared to the previous year. Despite strong interest in our HV2 Barrier, especially in North America, our international product sales have also faced difficulties. Our recent exclusive distribution agreement with TraFFix Devices, which saw the HV2 Barrier officially launched in the U.S. at the ATTSA conference in February, is a strategic step that we anticipate will drive growth. However, the expected revenue impact has not yet materialised.

Road Safety Rental

Amid the broader difficulties, our *Road Safety Rental* division has shown resilience and achieved an 18% increase in sales from the previous year. This performance underscores the division's ability to thrive even in a competitive market. We are focused on expanding our New South Wales and Queensland branches to match the scale of our successful Victorian branch. Our goal is to leverage our niche market expertise to offer specialised service that larger competitors are less equipped to provide.



Blade Solar Light deployed at a Fulton Hogan site, Carrajung, Victoria.

Strategic Review & Looking Ahead

This year has also involved navigating significant issues, including finalising the WorkSafe charges related to the 2021 fatality and managing working capital through ongoing negotiations with bankers and suppliers. To address these challenges and optimise shareholder value, we have initiated a thorough strategic review of our assets and operations. This review will guide us in developing and implementing the most effective strategies for the current market environment.

In Summary

While this year has been difficult, we are taking proactive measures to address these issues. Our focus on strategic realignment, cost management, and leveraging our recent innovations will be critical in overcoming these hurdles and positioning *Saferoads* for future success.

I want to extend my thanks to our employees, partners, and shareholders for your support during these tough times. Together, we are committed to navigating these challenges and working towards a more promising future.

Thank you for your continued partnership.

Darren Hotchkin
Managing Director
29 September 2024

Year in Review

MESSAGE FROM THE CHIEF OPERATING OFFICER



Trent Loveless
Chief Operating Officer

As we reflect on the past year, it is clear that we faced a challenging period. We began the year with optimism, driven by strong momentum in both our national product sales and *Road Safety Rental* divisions. While *Road Safety Rental* has improved its performance, the national product sales division encountered significant hurdles. Intense competition, rising costs, foreign exchange fluctuations, and various external pressures have led to a decline compared to the previous year.

Despite these difficulties, our *Road Safety Rental* division achieved a positive performance compared to the prior year, positioning us well for future growth, particularly across the eastern seaboard. We faced considerable challenges, including a major organisational restructuring aimed at improving efficiencies and reducing overheads. This included the integration of our sales and rental teams and a strategic push to expand our rental operations in Queensland. We have made headway in optimising product distribution, resulting in early successes across all three *Road Safety Rental* branches, including the developing Queensland branch, where we strategically relocated products to capture profitable opportunities, and a significant growing pipeline of work in the north!

Although our financial results fell short of expectations we have not been without our successes. We have achieved record utilisation of our concrete barrier fleet in Victoria, New South Wales, and Queensland. Additionally, we tackled complex installation projects with innovative solutions, such as *Saferoads* approved wedge systems for T-Lok and Ironman Hybrid barriers.



Rubber Guard Barrier on-site at a Bild Group project, Pakenham, Victoria.

Looking ahead, we are excited about new product launches that we anticipate will help us regain momentum. These include the Rubber Guard Barrier, the Blade Solar lighting product with its innovative base design, and enhancements to our Variable Message Sign portfolio. These innovations not only showcase our commitment to performance and safety but also strengthen our position for major projects with a competitive edge regarding sustainability.

Noteworthy projects this year included the deployment of the Rubber T-Lok Barrier on North East Link projects (VIC), the T-Lok Barrier for the Pakenham Roads Upgrade (VIC), the HV2 Barrier for the Coomera Connector Project (QLD), and the Ironman Hybrid Barrier for the Box Hill Project (NSW). Additionally, we supplied VMS Essentials to Transport for NSW and installed OmniStop Bollards on Yarra Boulevard in Kew, Melbourne.

As we move into FY25, we are focused on leveraging our upcoming projects and product innovations to deliver improved results across both our *Road Safety Rental* and national product sales divisions. We are confident that our strategic initiatives will pave the way for a stronger performance in the year ahead.

Trent Loveless
Chief Operating Officer
29th September 2024



Year in Review

RESEARCH & DEVELOPMENT

As we conclude FY23/24, our Research & Development team has made significant strides in advancing safety and performance across our product lines. Below highlights some of the key achievements and ongoing projects that have progressed throughout the year.



Permanent T-Lok

Saferoads has long been recognised for its temporary T-Lok concrete safety barrier. This year, we explored the potential of adapting the T-Lok connection for permanent median and verge barriers on freeways.

Testing and Evaluation

We conducted LS-Dyna tests to evaluate the connection's strength, based on VicRoads load requirements (SD3904). Two connection sets were designed and tested to meet TL-4 and TL-5 standards. A test rig was built, and Melbourne Testing Services (MTS) conducted the load tests.

Outcome

The TL-4 testing was successful, and has been approved by VicRoads Department of Transport. The TL-5 test reached 97.5% of the required load, and therefore is planned to be strengthened and re-tested in FY24/25. We will continue to pursue this product in the coming year and are optimistic about the potential approval and deployment of the T-Lok connection for permanent applications.





Rapid Stop Barrier

(Product previously named OmniStop Portable)

Our crash testing program for the Rapid Stop Emergency Access Gate and single standard unit has been a major focus. Two live crash tests were conducted at Lardner Park.

Crash Test December 13, 2023

A crash test was conducted on a single standard Rapid Stop segment, which is equipped with two bollards and totals three metres in length. Similar to the earlier test, this evaluation was designed to confirm the units ability to stop the MASH 2,270kg pickup and validate the simulation accuracy.

1 Unit

Installed length of barriers: 3m (1 x 3m segments)

2270kg 4x4 Dual Cab Pickup, 59km/h, 90°

PAS Rating: N1G – 48

Deflection: 15.7m





Crash Test October 18, 2023

The team tested an emergency access gate assembly, featuring three units with a combined length of nine metres. This test was crucial as previous evaluations were based solely on LS-Dyna simulations. The real-world test aimed to verify the strength of critical components, the dynamics of impact, and the gate systems effectiveness in stopping the MASH compliant 2,270kg pickup. The results helped validate our simulation data and ensure the system's performance under actual crash conditions.

3 Units with Gate

Installed length of barriers: 9m (3 x 3m segments)

2270kg 4x4 Dual Cab Pickup, 52km/h, 90°

PAS Rating: N1G – 48

Deflection: 8.4m





HV2 Barrier

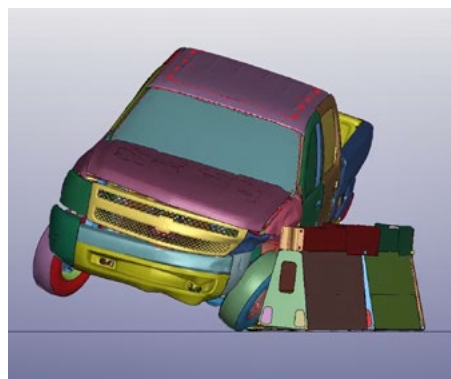
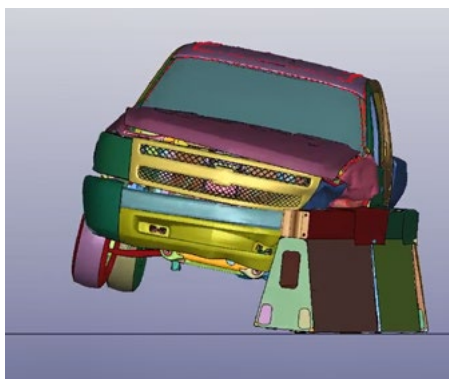
Significant advancements were made in validating the HV2 Barrier simulations post real-world crash testing.

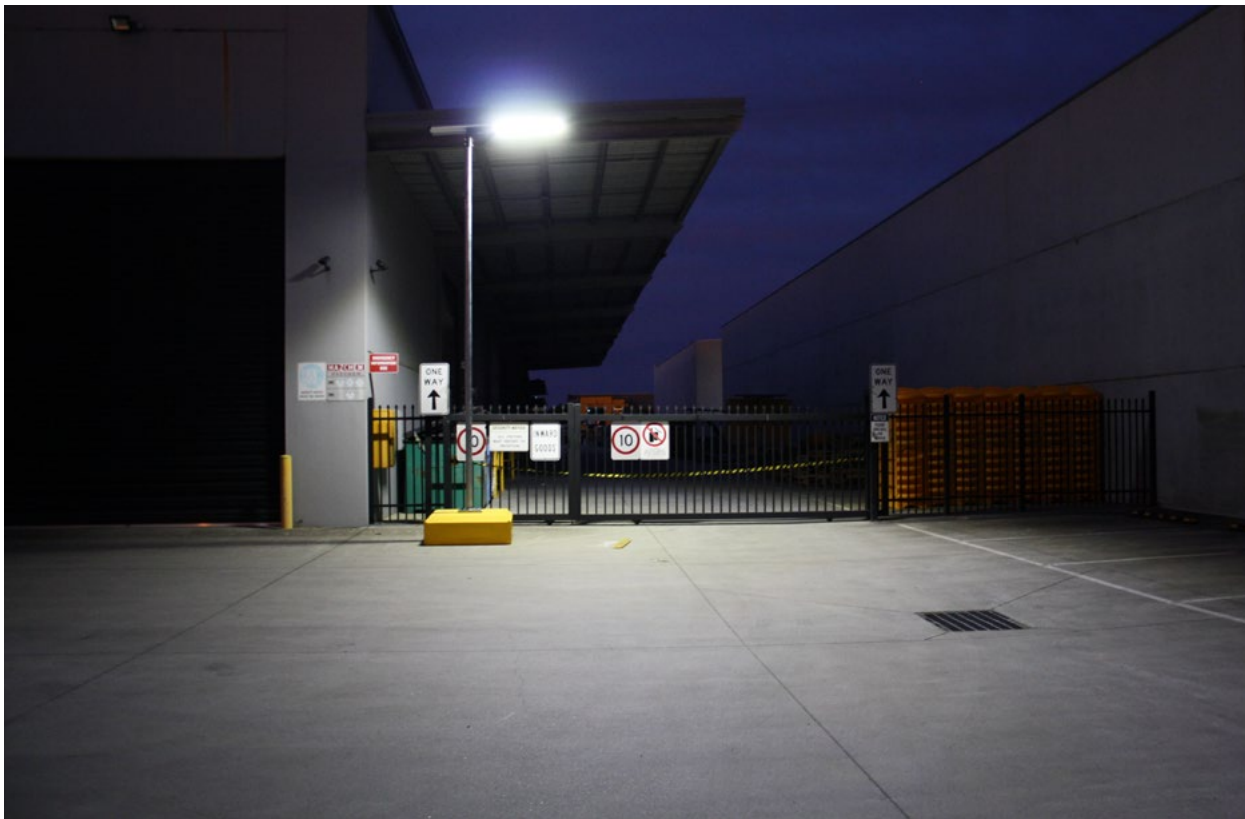
Simulation

Once our initial simulations were modified to align with actual crash test data, the validated model allowed us to explore the effects of lower impact speeds and angles on barrier deflection. The results provided insights into improving efficient use of the barrier on worksites.

Outcome

A deflection table could be created to help road safety auditors recommend lower deflection for low-risk worksites where the speed has been reduced lower than 100km/h, enabling contractors more space to carry out works.





Portable Solar Plastic Concrete Filled Base

We explored the development of a more durable and customisable base for our portable solar light units.

Prototype Development

We proposed using rotationally moulded plastic shell filled with concrete, to replace concrete only bases, cast in steel moulds. The rotationally moulded plastic design would allow for a much more resilient and aesthetically versatile product.

Outcome

The new plastic shell enables our customers to choose from a variety of colours and apply more detailed branding to bases, as well as providing an eco-friendly alternative due to the inclusion of recycled rubber.





Rubber Guard Barrier

Our research into incorporating recycled tyres into barrier construction saw progress through to product launch this year.

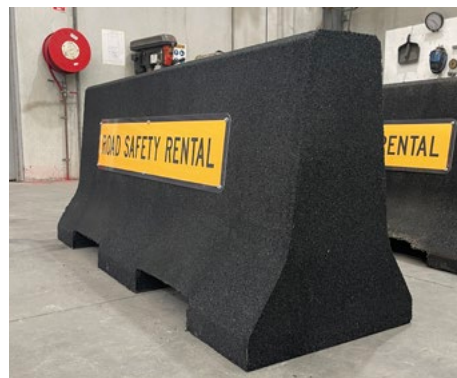
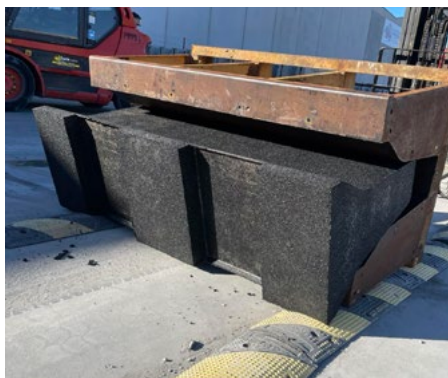
Initial Testing

We utilised our concrete T-Lok moulds to create rubber crumb barriers, testing different binder ratios and conducting durability tests. Preliminary findings suggested that a 15% binder and 85% rubber formulation offers a good balance of cost and durability.

Outcome

The manufacturing process of Rubber Guard removes tyres from landfill, reducing emissions, whilst also saving on water wastage and pollution caused by filling and draining waste water from plastic water filled barrier options.

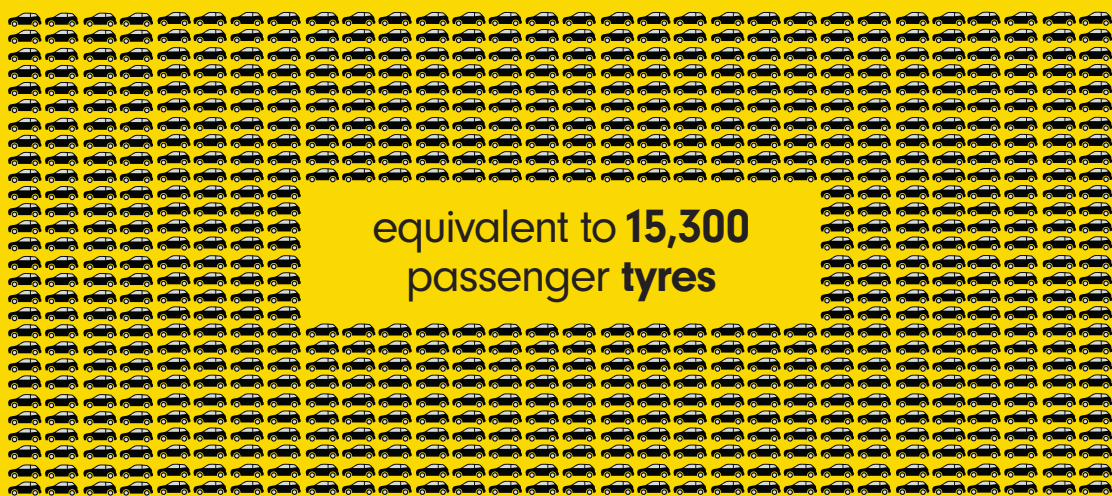
Each barrier weighs approximately 400kg, made up of 85% recycled rubber crumb and 15% binder, recycling 56 passenger tyres per barrier.



For every **500m** of Rubber Guard Barrier manufactured



92 tonnes of recycled tyres are used



equivalent to **15,300** passenger **tyres**

IN SUMMARY

FY23/24 has been a year of rigorous testing, innovative designs, and valuable learning. We remain committed to enhancing safety and performance across our product range, with several promising projects planned for further development in the coming year.



USA, Canada and Mexico

HV2 Barrier Distribution Agreement

Saferoads secured a major partnership with American company TrafFix Devices for exclusive distribution rights of HV2 Barrier in USA, Canada and Mexico.

Earlier this year, *Saferoads* announced a significant development: we have secured an exclusive distribution agreement with TrafFix Devices to supply the HV2 temporary barrier across North America, including the USA, Canada, and Mexico. TrafFix Devices, an esteemed American manufacturer of highway safety products, is also known for the SLED end treatment, which *Saferoads* distributes in Australia and incorporates into its *Road Safety Rental* fleets.

This strategic agreement was established during Managing Director Darren Hotchkin's visit to the United States in February 2024. During his trip, Mr. Hotchkin engaged with TrafFix Devices' management and sales teams and attended the 2024 American Traffic Safety Services Association Convention & Traffic Expo, where the HV2 Barrier was officially launched to the American market.

The road safety industry in the USA is significantly larger than in Australia due to its extensive road network and population size. The HV2 Barrier has received approval from the USA Federal Highway Administration, along with formal endorsements in 21 US states and Ontario, Canada. These approvals cover nearly 50% of the population in these regions, approximately 185 million people—seven times the size of the entire Australian market.

As the only unanchored temporary barrier to pass MASH TL-4 testing, the *Saferoads* HV2 Barrier sets a new benchmark in road safety, offering exceptional efficiencies in transportation, deployment, and retrieval.

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This is an exciting development for both companies and TrafFix Devices Inc. is thrilled to be the chosen distribution partner to promote the HV2 Barrier in North America.

We look forward to furthering our partnership with *Saferoads Pty Ltd*.





Waikato Expressway, New Zealand

HV2 Barrier

HV2 Barrier was deployed by CSP Pacific on Waikato Expressway, Ngāruawāhia, New Zealand. CSP Pacific, New Zealand's leading provider of civil road construction and road safety products, has been a key player in the industry for over four decades. Known for renting a high quality range of road safety solutions, CSP Pacific has supplied numerous projects across New Zealand and the South Pacific. Their commitment to offering customers the latest and most innovative products is illustrated by the inclusion of the *Saferoads* HV2 Barrier in their rental fleet.

Waikato Expressway project tier one contractors chose to rent the HV2 Barrier from CSP Pacific due to its superior protection, unrivalled flexibility, and the smallest TL-4 footprint of any unanchored barrier globally. The HV2 Barrier outperformed other options, with higher containment and lower deflection upon impact. Its innovative connector system and lightweight design enable faster deployment, a huge drawcard for CSP customers.

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The HV2 Barrier was chosen over other steel crash barriers because of its low deflection and the fact that it does not require anchoring or pinning to the road surface. It also has the best radius of all the steel barriers. Being unanchored, the deployment and retrieval of HV2 Barrier is a speedy process for CSP Pacific customers, which include many construction companies. This is due to the innovative connection system that allows the task to be completed even faster than other unanchored barriers. A CSP customer who has been installing barriers for 20 years commented that this is the best and quickest barrier he had ever used.



David Russell
National Hire Manager
CSP Pacific

“

Amazing product, CSP New Zealand did a great job when they brought these in and used them for the first time on the NX2 project. Easy is not just the word, but cost effective. With a good team and top notch barrier they are out in no time.



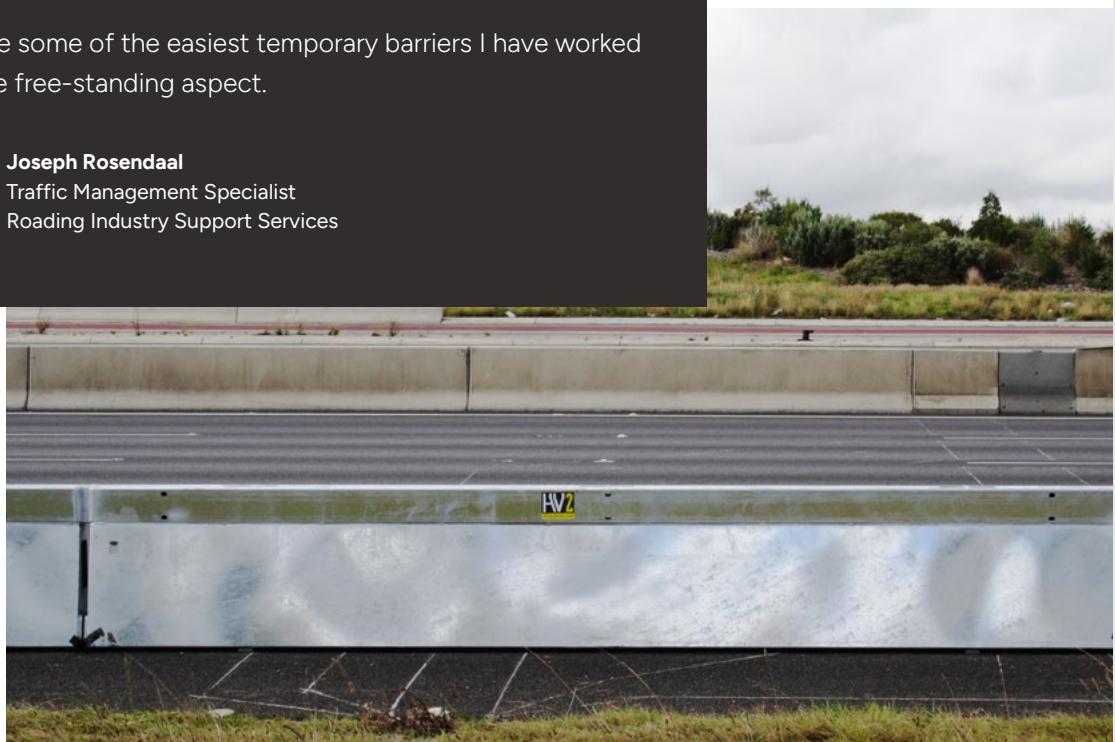
Roy McKinnon
Manager
Evolution Road Services

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These are some of the easiest temporary barriers I have worked with. Love the free-standing aspect.



Joseph Rosendaal
Traffic Management Specialist
Roading Industry Support Services





Auckland Airport, New Zealand

Blade Solar Light

Construction on Auckland Airport is progressing, with several significant projects underway across transport, terminals and airfields. These developments are designed to create a state-of-the-art airport that will accommodate future customer needs for decades to come.

The transformation is the most significant overhaul of Auckland Airport's international terminal transport system in nearly 50 years. The centrepiece of this upgrade will be a new Transport Hub, featuring a 320 metre covered area for public drop-off and pick-up, enhancing both arrival and departure experiences. Additionally, the new design will improve public transport connections.

During this major construction, a portable solar lighting solution was required to ensure safety and visibility for workers and commuters in the main car park. This lighting system was selected for its portability, ease of deployment, and excellent light distribution.

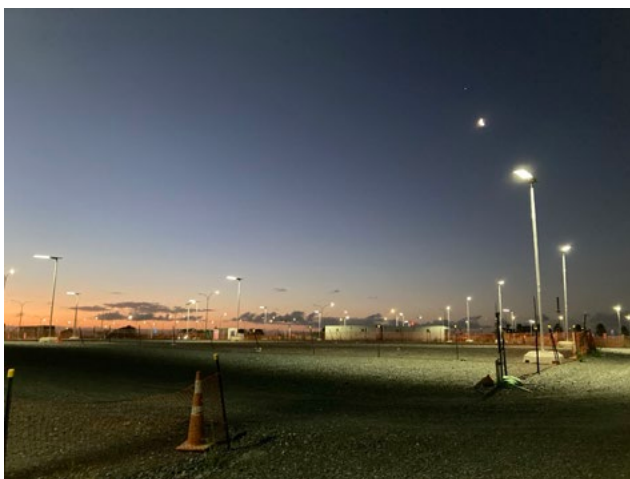


Our Solution

Saferoads Blade Solar Lights provided an effective temporary lighting solution for our customer, ensuring bright spread of light and consistent illumination throughout the night. These lights are not only portable, but also feature automatic on/off functionality. Additionally, the Solar Blade can be remotely controlled, allowing for easy adjustment between time-set and PIR (motion sensor) modes as needed.

Outcome

Saferoads Blade Solar Light was the perfect solution for Auckland Airport's workzone lighting requirements. Since their deployment, these solar lights have delivered exceptional performance, offering optimal illumination and enhanced security throughout the construction phase.



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I want to express my sincere gratitude to *Saferoads*, our solar light supplier, for their exceptional support and high-quality products. Recently, we utilised *Saferoads'* solar lights for our temporary contractors' carpark facility with great success. *Saferoads* not only provided competitively priced solutions but also offered friendly sales representatives with deep technical backgrounds, making the entire process seamless. Their unwavering support ensured the safety and convenience of our contractors throughout. I highly recommend *Saferoads* to anyone seeking reliable and efficient solar lighting solutions.



Taylor Kim
Infrastructure Project Manager
Auckland Airport

North East Link Project, Victoria's Big Build

Rubber T-Lok Barrier

As part of Victoria's Big Build, the 6.5km North East Link Tunnels from Watsonia to Bulleen will fix the missing link in the city's freeway network, take 15,000 trucks off local roads a day and reduce travel times by up to 35 minutes.

Victoria's Big Build is driving significant change in the reuse of waste material, through the Victorian governments ecologiQ program and the implementation of the Recycled First Policy. These programs see the integration of recycled content across Victoria's transport infrastructure projects, requiring bidders on transport projects to optimise their use of reused and recycled materials, and make use of greener materials.





Our Solution

Saferoads Rubber T-Lok Barrier is the first ever temporary crash barrier with a recycled element, leading the way with sustainability innovation in the road safety space. The Rubber T-Lok Barrier was the perfect solution to support the Victorian Government's Recycled First Policy, as the inclusion of crumbed rubber from recycled tyres reduces waste going to landfill and promotes the recirculation of materials. The recycled rubber crumb used in the T-Lok Barriers also results in better energy absorption and therefore increased barrier lifespan due to less cracking and breakages during transport and deployment. *Saferoads* Rubber T-Lok Barriers can be deployed with confidence, being independently crash tested to MASH TL-3, with ASBAP approval to 100km/h.

Outcome

In an Australian-first, *Saferoads* Rubber T-Lok Barriers are helping protect hundreds of workers building North East Link and saving tonnes of waste from going to landfill.

The Rubber T-Lok was deployed on the northbound carriage way of Bulleen Rd on one of the largest infrastructure projects in the southern hemisphere, the North East Link Tunnel. The barriers' delivery is thanks to tunnelling contractor Spark, which has installed more than 280 *Saferoads* Rubber T-Lok temporary barriers across the project. Keeping traffic moving during construction is a priority, and safety barriers between the road and site are crucial to keeping everyone safe. The Rubber T-Lok Barriers are also being used within construction sites to separate workers from heavy machinery and haul roads.

Almost 56 million used tyres are discarded nationally every year, but just 10% are recycled. For every 1km of Rubber T-Lok Barrier produced, 12 tonnes of recycled tyres are used - equivalent to 2000 tyres – supporting local jobs by building a sustainable and thriving circular economy.

North East Link is expected to open in 2028 and is jointly funded by the Australian and Victorian Governments.



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Saferoads Rubber T-Lok Barriers have performed well since their deployment on the North East Link Project. They are still new in appearance, with no visible signs of cracking or dilapidation. The barriers have provided us with a more sustainable product utilising recycled rubber for a temporary construction scope that has historically considered concrete or steel to be the only option. *Saferoads* expertise and support has been superb, ranging from technical queries on barrier impact loading, systems lengths and layouts, right through to transport and lifting techniques delivered with on-site guidance from their expert team.



Scott Davis
Traffic Manager
Spark, North East Link



Department of Transport, Yarra Boulevard VIC

OmniStop Super Duty Security Bollards

The Department of Transport (DoT) approached *Saferoads* to address a critical safety issue on Yarra Boulevard in Kew, Victoria. This stretch of road had a history of severe accidents due to its steep terrain and hazardous drop-off. To improve safety, it was essential to implement a roadside solution that would protect both pedestrians and vehicles. The chosen bollard needed to withstand impacts from a range of passenger vehicles and fit within specific site constraints.





Our Solution

Saferoads recommended the OmniStop Super Duty Bollards for this project. These bollards are crash-tested and engineered to stop vehicles weighing up to 2,270 kg, ensuring maximum protection. The compact design allowed for installation close to the roadside kerb without impeding pedestrian movement.

During the selection process, our engineering team reviewed risk assessments provided by DoT, considering the site's numerous constraints. Casey McMaster, Engineering Manager at *Saferoads*, explained, "The 1.8 metre deep foundations of the Super Duty Bollards were chosen as they presented a lower risk of damaging the nearly vertical, 100-year-old bluestone block retaining wall located less than two metres from the bollard array."

Outcome

The installation of OmniStop Super Duty Bollards has been highly successful. The bollards were delivered and installed efficiently, providing effective crash protection for both drivers and pedestrians. This solution met the project's unique requirements and significantly enhanced safety in this hazardous area, reflecting *Saferoads'* commitment to delivering high-quality, site-specific safety solutions.



“

Saferoads provided a great all-round product with installation support and design support. Modifications were required to be made on site to suit the tight fit and this was completed in a timely manner. *Saferoads* were of great assistance to repair damage to bollards prior to handover.



Cameron Beattie
Project Manager
Fulton Hogan



Biggera Waters, QLD

Separation Kerb

Ventia, a valued customer of *Saferoads*, required 300 metres of Separation Kerb for a project at Biggera Waters in Queensland. A length of this kerb needed to be installed over a bridge where traditional drilling methods were not feasible, as they could potentially damage the bridge surface. An alternative fastening method was necessary to ensure a secure installation without compromising the integrity of the bridge.



Our Solution

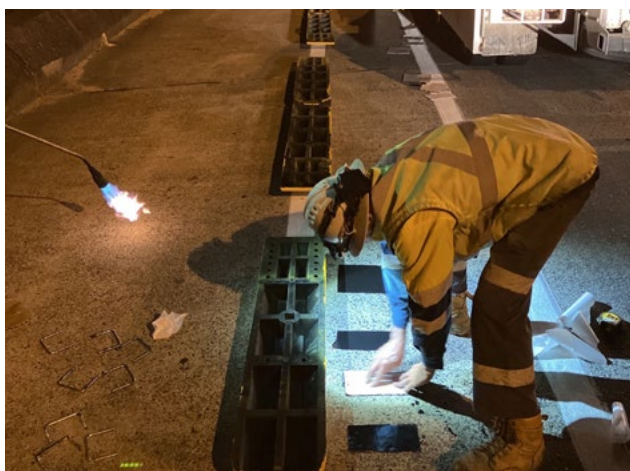
Saferoads proposed the use of butyl adhesive pads for the installation of the Separation Kerb. This solution was decided upon, following previous experience with similar projects, where rubber products had effectively been adhered to surfaces using butyl pads. These pads provided a fast, reliable method to attach the rubber base of the Separation Kerb to the concrete and asphalt bridge surfaces.

The butyl adhesive pads are permanently flexible, allowing the Separation Kerb to withstand impacts without detaching from the surface. Additionally, the flexible design of the Separation Kerb included short lengths (2.66 metres) of male and female sloped end pieces, which facilitated water drainage through the gaps between installed segments. This design feature not only ensured effective water management but also maintained cost-efficiency.

The Separation Kerb system can also be fitted with flexible delineation posts, allowing for adjustable placement to keep vehicles within their lanes, particularly in critical areas.

Outcome

Saferoads provided detailed specifications for the placement of the butyl pads and installation procedures, enabling Ventia to install the Separation Kerb successfully. Nearly a year later, this installation is recognised as a significant success, delineating lanes between cyclists and motorists and demonstrating the efficacy of the chosen solution.



“

The butyl pads and the Separation Kerbs are still intact, and there have been no damages or issues. We are impressed with the product.



Ritvej Machchhar
Site Engineer
Ventia



Pakenham Roads Upgrade, Victoria's Big Build

T-Lok Barrier

Road Safety Rental have played a significant role in the extensive works currently underway in Pakenham and surrounding areas. Part of Victoria's Big Build Project, the Pakenham Roads Upgrade aims to improve traffic flow through this rapidly growing corridor in Melbourne's southeastern suburbs.

The upgrade encompasses key roads including Healesville-Koo Wee Rup Road, Ballarto Road, Cardinia Road, Racecourse Road, McGregor Road, and Princess Highway East Pakenham. Additionally, the project addresses the rail corridor, seeing the removal of three heavily congested rail crossings in Pakenham and surrounding suburbs.





Our Solution

Road Safety Rental's Victorian team has deployed a substantial number of *Saferoads* T-Lok Barriers, SLED End Treatments, and anti-gawk screens throughout the road network. These barriers were strategically placed along the road and rail corridor, providing positive on-site protection for workers.

Outcome

Road Safety Rental's innovative product solutions are in high demand while the numerous upgrades, duplications and associated roadworks have been underway in Pakenham. As these projects near completion, the road network will be vastly improved across the entire area, allowing traffic within 5-10kms of Pakenham to flow more freely.



A major milestone during this project was the introduction *Saferoads'* T-Lok Steel Wedge, a unique invention which facilitates temporary traffic barrier deployments at a tight radius. This advancement improved efficiency for contractors with staged intersection deployment, and a significant advantage to worksite safety on intersections and roundabouts.

This deployment is the largest project ever delivered through the *Road Safety Rental* team and, collectively, these enhancements will alleviate congestion and improve pedestrian and cyclist activity, representing the most substantial infrastructure investment the area has ever seen.



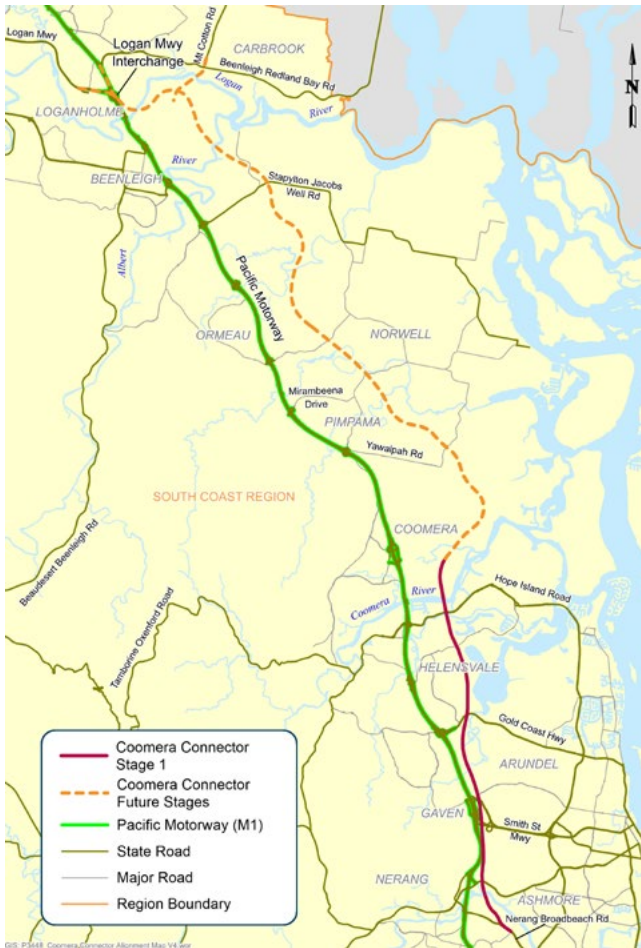


Coomera Connector Project, Gold Coast QLD

HV2 Barrier

The Coomera Connector is a future state-controlled transport corridor designed to run between Loganholme and Nerang, situated east of the Pacific Motorway (M1) and the heavy train line. This new road aims to alleviate congestion on the M1 and support the growing residential and business communities in the northern Gold Coast and neighbouring Logan areas.

In late 2023, during the early stages of traffic management and design for the Coomera Connector Project (central), Fulton Hogan Hull McIlwain Joint Venture (FHHMJV) sought a unique barrier solution. The project brief specified a requirement for a minimum TL-4 barrier system with low deflections and no pinning, which directed attention to *Saferoads* HV2 Barrier.



Our Solution

Upon engaging with the Coomera Connector project team, it became evident that the *Saferoads* HV2 Barrier was an excellent fit. The HV2 Barrier not only satisfied the brief's requirements but also offered additional benefits including a compact footprint, ease of deployment, and cost-effective transportation.

Detailed discussions with FHHMJV stakeholders helped refine the performance criteria for the barrier along the Gold Coast Hwy in Helensvale. To ensure the HV2 Barrier met these specific needs, *Saferoads* Engineering Manager, Casey McMaster, conducted simulations using LS-DYNA software. These simulations tested the barrier's performance with a 10-tonne truck impacting at 15 degrees and 70 km/h, showing a deflection of just under 1.1 metres.



Outcome

By mid-2024, nearly 500 metres of HV2 Barrier were successfully installed. The deployment, carried out during a 6 hour night shift, proceeded smoothly thanks to FHHMJV's excellent coordination and the tireless efforts of the traffic team, who ensured both efficient site access and effective safety measures.

The HV2 Barrier's successful integration into the Coomera Connector Project highlights its effectiveness in meeting stringent safety requirements and operational efficiency, contributing significantly to the projects progress and safety standards.

“We were very pleased at the speed and precision of the deployment and the efforts of the 3-person team to install with such efficiency, ease and expertise.



Arskcar Suurland
Site Superintendent
Fulton Hogan

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Saferoads Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Saferoads Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Ashmore	Non-Executive Chairman	Appointed 22 November 2012
Darren Hotchkin	Managing Director	Appointed 21 October 2005
Steven Difabrizio	Non-Executive Director	Appointed 7 September 2021

Director Profiles

David Ashmore (FCA GAICD F.FIN) Non-Executive Chairman

David Ashmore was appointed to the Board on 22 November 2012. He was appointed Chairman of the Board on 19 August 2013. He is Chairman of the Audit and Risk Committee and a member of the Remuneration/Nomination Committee. Following the resignation of our CFO/Company Secretary in July 2024 David has temporarily assisted with the finalisation of the year end financial reporting and company secretary duties.

David is a career Chartered Accountant with 40 years of professional public practice experience focused on audit, finance, due diligence, risk and governance advisory.

He is a Fellow of the Institute of Chartered Accountants in Australia, a Graduate member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australia.

David has not served as a Director of any other listed companies during the preceding three years.

Darren Hotchkin Managing Director

Darren Hotchkin was appointed to the Board on 21 October 2005 as Managing Director. On 7 February 2011 he stepped aside as Managing Director but remained on the Board as a Non-Executive Director. He was re-appointed as Managing Director on 10 April 2012.

Darren is the founder of *Saferoads*. He has a background in the automotive industry where he owned and operated several businesses. In 1992, he founded the company now trading as our wholly owned subsidiary, Saferoads Pty Ltd, to commercialise his invention of a rubber guidepost, manufactured from recycled car tyres.

As Managing Director, Darren's key contribution to the business is in the strategic development of the Company's product range and manufacturing processes as well as in business development. He continues to be active in research and development and in seeking to effectively expand the Company's product base through international research of products that have the potential to find a sustainable place in the Australian market. Darren is also an eagerly sought-after international expert speaker on road safety barriers, having presented at various International Road Federation conferences.

Darren has not served as a Director of any other listed companies during the preceding three years.

Steven Difabrizio (MBA) (BEng (Civ)) (MAICD)
Non-Executive Director

Steven Difabrizio was appointed to the Board on 7 September 2021. He is Chairman of the Remuneration/Nomination Committee and a member of the Audit and Risk Committee.

Mr. Difabrizio has over 20 years' experience in industrial rental businesses. Steven commenced his rental industry career in 1998 with Preston Hire. Preston Hire introduced a patented crane loading platform for high rise building construction to the rental market. The business grew to become an industry leader in Victoria and South Australia and in 2015 was sold into the National Preston Hire Group to consolidate the national brand.

Preston Hoists offered vertical hoist access rental solutions for multi-story construction projects. Preston Hoists became the largest supplier of these products in Victoria and South Australia and was subsequently purchased by Coates Hire in 2003.

Steven then turned his focus to another venture, Cassaform, a business that offered construction formwork and propping systems to the industrial building market, with both product sales and rental services. The business grew rapidly with a focus on the Victorian market and was sold in 2019 to an internal business partner.

Steven is a civil engineer, has completed a Masters of Business Administration and is currently a member of the Australian Institute of Company Directors.

Steven has not served as a Director of any other listed companies during the preceding three years.

Company Secretary

Aimee Taylor (BCom (Hons)) (GCert HR Mgt) – appointed 28 October 2020 and resigned 27 May 2024

Ms. Taylor joined *Saferoads* in November 2018 as the Group's Media, Communications & Human Resources Manager. She has completed a Bachelor of Media and Communications, majoring in Public Relations, and a Graduate Certificate of Human Resource Management at Deakin University.

Mr Mark Langham (BCom) (GradDipCA) – appointed 27 May 2024 and resigned 19 July 2024

Mr. Langham is a Chartered Accountant and joined *Saferoads* in March 2023 as the Group's Chief Financial Officer.

Mr David Ashmore (FCA GAICD F.FIN) – appointed 19 July 2024

Mr. Ashmore is a Chartered Accountant and Non-Executive Chairman of *Saferoads*. He was appointed as Company Secretary following the resignation of the Group's Chief Financial Officer and Company Secretary in July 2024.

Interest in Shares

As at the date of this report, Directors' interests in the shares of the Company are:

Name	Shares
David Ashmore	1,706,548
Darren Hotchkin	11,393,024
Steven Difabrizio	4,340,549

Dividends

No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

Principal Activities

The principal activity of the Group during the year continued to be the sale or rental of road safety products and solutions primarily to end users.

Products and services provided include flexible guideposts and signage; rubber-based traffic calming products including separation kerbing and wheel stops; variable messaging sign boards; permanent and temporary public solar lighting poles; permanent and temporary crash cushions including bollards and safety barriers.

In all its activities, the Group remains focused on providing innovative products and materials that protect the safety of all road users – motorists, road construction workers and pedestrians.

Operating and Financial Review

Revenue from product sales and services declined 14.1% to \$12,586,816 (2023: \$14,648,496). This decrease was driven by product sales falling 30.6% to \$6,709,456 (2023: \$9,667,448) due to fierce competition after multiple infrastructure projects were downsized or put on hold due to funding cuts. Revenue from rental and other services continued its strong growth trajectory increasing 18.0% to \$5,877,360 (2023: \$4,981,048).

This overall decline in revenue was the key driver behind underlying EBITDA declining 49.9% to \$1,075,778 (2023: \$2,145,281). The Group reported a loss after tax for the year of \$3,817,566 (2023: \$197,407) primarily attributable to the following factors:

- An additional fine of \$325,000 recognised for the 2021 workplace fatality.
- Non-cash impairment charges of \$1,167,120*
- Non-cash income tax expense of \$1,152,593 relating to the derecognition of deferred tax assets**
- The continued expansion of our equipment rental services fleet - *Road Safety Rental* – led to an increase in depreciation and amortisation charges of 12.3% to \$1,923,902 (2023: \$1,712,609).
- The unfavourable interest rate environment resulted in an 12.0% increase in finance charges to \$341,760 (2023: \$305,079).

* Management is required to assess the carrying value of non-financial assets including property, plant and equipment and intangible assets. The business took into consideration various factor including annual growth rates for sales, cost of sales, operating expenses and capital expenditure. Management decided to recognise a full impairment to the carrying values of Capitalised Product Development and Patents/Product Approval Costs of \$1,062,029 and Rental Equipment of \$105,091.

** The Group had previously recognised a Deferred Tax Asset of \$1,152,593 relating to a substantial portion of our carried forward tax losses. Management have now concluded that the timeframe and likelihood for the realisation of this asset is uncertain, and we have decided to derecognise this asset in full and it is included in the attached financial report as an Income Tax Expense. The carried forward tax losses remain available for offset against future taxable income.

Debt levels decreased by 8.0%, to \$2,913,230 (2023: \$3,165,863) largely driven by repayments of borrowings for asset finance. Over 53% of the Group's debt is fixed interest equipment finance loans, which won't be impacted by further interest rate increases.

The gearing ratio increased to 38.1% (2023: 26.6%) primarily due to a reduced asset base after the derecognition of deferred tax and other intangible assets. We continue to receive support from our primary financier, with the Commonwealth Bank approving an additional

\$0.34 million in asset finance facilities during the year to enable the expansion of our equipment rental services fleet.

In February 2024, the Group issued 6,243,622 new shares and raised \$437,054 from existing shareholders via a 1 for 6 non renounceable rights issue.

Outlook

The outlook for the Group will be shaped by how well we adapt to the challenges of a very competitive market, particularly for our product sales.

We continue to enjoy the support of our bankers.

The strategic review has clearly identified that the *Road Safety Rental* business represents a valuable business asset. We have very limited capacity to further invest in new fleet assets to continue its strong growth to satisfy the demand in the market. With the recent strong business sales activity in the Australian rental industry, we are now formally exploring the potential for interest to purchase the *Road Safety Rental* business to recapitalise the group. Refer Subsequent events comments below.

Other factors that support the business prospects for the Group include the following:

- Positive revenue trend growth of the *Road Safety Rental* business.
- Ongoing focus on reducing fixed operating costs.
- The prospects of additional significant orders from the North American distributor of our HV2 temporary barrier system, after agreement for the exclusive distribution of this product in the USA, Canada, and Mexico was reached in April 2024. A strong industry showing of this product was completed at the American Traffic Safety Services Association Convention & Traffic Expo in February 2024 and the distributor is receiving a pleasing level of industry interest.

Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Significant Events After Reporting Date

On 12 July 2024, the Group was advised that our proposed payment plan for the court ordered fines and costs relating to the WorkSafe case totalling \$654,369 was agreed to by Fines Victoria. The payment plan requires the Group to make monthly payments of \$10,000 that began on 1 August 2024 and continuing until all outstanding fines have been paid in full. No interest is payable. These fines and court costs have been presented as a current liability in the attached financial statements.

The Group continues to have the financial support of its bankers CBA. We applied for and have been granted a temporary extension of \$250,000 to our overdraft facility and we have also been granted a waiver to current and future breaches of our EBITDA covenant until 10 December 2024 being the expiry date of our term loan and the temporary overdraft facility.

A strategic review is underway to determine the options we have to maximise shareholder value in this very difficult period. An outcome of this review has been to appoint a capital markets specialist to undertake an expression of interest process to receive proposals from potential buyers of our *Road Safety Rental* division to capitalise of the value of this business.

There has been no other matter or circumstance which has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely Developments And Expected Results

Likely developments in the operations of the Group and the expected results of these operations have been set out in the Chairman's Overview and the Managing Director's Review of Operations and Activities.

Indemnification And Insurance Of Directors And Officers

The company has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification And Insurance Of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Environmental Regulation And Performance

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory. In respect of its own activities, the Group is not a major emitter of greenhouse gases and falls well below the reporting thresholds set by the National Greenhouse and Energy Reporting Act 2007.

Proceedings On Behalf Of The Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Options

At the date of this report, there were no un-issued shares of the Company under option.

Remuneration Report (AUDITED)

The Company's remuneration policy is to ensure that the level of remuneration paid to key personnel is market competitive and will help to attract and retain the skills and expertise required. To determine what is a competitive level of remuneration the Company refers to salary information provided by various professional organisations.

Key Management Personnel

Key Management Personnel ("KMP") is defined by AASB 124 - *Related Party Disclosures*. Only Directors and Executive Management that have the authority and responsibility for planning, directing, and controlling the activities of Saferoads, directly or indirectly and are responsible for the entity's governance are classified as KMP.

The key management personnel of the Group consisted of the following directors and executives during the year:

David Ashmore	Non-Executive Chairman
Darren Hotchkin	Managing Director
Steven Difabrizio	Non-Executive Director
Mark Langham	Chief Financial Officer (resigned 19 July 2024)
Trent Loveless	Chief Operating Officer

Remuneration Of Directors And Key Management Personnel

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive directors for 2023-24 was \$128,000. Their remuneration packages comprised only fixed directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at \$350,000 per annum and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

Mr Darren Hotchkin, Managing Director, received total remuneration of \$399,257, including statutory superannuation. In addition, Mr Hotchkin was eligible for a discretionary bonus based on the Company's financial performance exceeding the targeted profit for FY2024. This did not eventuate.

PERFORMANCE-BASED REMUNERATION

No performance-based remuneration (bonus incentives) was paid or payable to key management personnel, including the Managing Director, for the year (FY2023: NIL). The criteria for discretionary bonuses were the Company's financial performance exceeding the targeted profit for FY2024. This did not eventuate.

A summary of Company performance for the past five financial years is below.

	2024	2023	2022	2021	2020
EPS (cents)	(9.58)	(0.53)	0.17	1.44	1.43
Net profit/(loss) (\$)	(3,817,566)	(197,407)	64,289	535,173	521,029
Share price (\$)	\$0.05	\$0.13	\$0.14	\$0.21	\$0.20

Employment Contracts

Executive employment agreements have been entered into with the Managing Director, Chief Operating Officer and the Chief Financial Officer as disclosed. These agreements are of a standard form containing provisions of confidentiality and restraint of trade usually required in such agreements. Payments to be made on termination of an executive employment contract have been clearly detailed and are limited to payout of accrued leave entitlements and up to four months' salary as redundancy or termination pay.

Remuneration Of Directors And Key Management Personnel

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
30 June 2024	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	64,865	-	-	-	7,135	-	-	72,000	-
S. Difabrizio	56,000	-	-	-	-	-	-	56,000	-
Executive Director									
D Hotchkin	298,708	73,763	-	-	26,786	**46,018	-	445,275	-
Executive									
M Langham**	204,750	-	-	-	22,523	(12)	-	227,261	-
T Loveless*	212,940	14,228	-	-	23,423	4,439	-	255,030	-
Total	837,263	87,991	-	-	79,867	50,445	-	1,055,566	-

Mr. Langham resigned as Chief Financial Officer on 19 July 2024

* Mr. Langham and Mr Loveless voluntarily reduced their salary by 10% for the 3 months ended 31 March 2024

** The amount for Mr Hotchkin is for all his current pro-rata entitlement relating to multiple years of service

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
30 June 2023	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	65,158	-	-	-	6,842	-	-	72,000	-
S. Difabrizio	56,000	-	-	-	-	-	-	56,000	-
Executive Director									
D Hotchkin	300,815	31,123	-	-	23,185	-	-	355,123	-
Executive									
P Fearn [#]	138,666	-	-	15,734	14,560	-	-	168,960	-
M Langham [*]	56,539	-	-	-	5,936	12	-	62,487	-
T Loveless	218,400	-	-	-	22,932	5,708	-	247,040	-
Total	835,578	31,123	-	15,734	73,455	5,720	-	961,610	-

[#] Mr. Fearn resigned as Chief Financial Officer on 28 February 2023

^{*}Mr. Langham was appointed Chief Financial Officer on 27 March 2023

Shareholdings of Key Management Personnel

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2023	Acquired through On-Market trade	Acquired through Dividend Reinvestment Plan	Acquired through Rights Issue	Sold	Balance at 30 June 2024
Directors						
D Hotchkin	9,765,937	-	-	1,627,657	-	11,393,024
D Ashmore	1,462,755	-	-	243,793	-	1,706,548
S Difabrizio	4,340,549	-	-	-	-	4,340,549
Executive						
M Langham	-	-	-	-	-	-
T Loveless	-	-	-	-	-	-
Total	15,569,241	-	-	-	-	15,569,241

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Other Transactions With Key Management Personnel

During the financial year the Group purchased consumable manufacturing materials at normal commercial rates from an entity related to Mr D. Hotchkin. Mr D. Hotchkin is an unpaid director and shareholder of this entity. The total payments were \$39,842 (2023: \$46,033), with \$3,000 included in Trade payables at 30 June 2024 (2023: \$19,707).

During the financial year the Group purchased design and modelling services at normal commercial rates from an entity related to Mr D. Hotchkin. Mr D. Hotchkin is not a director or employee of this entity, and his interest is as a shareholder only. The total payments were \$171,020 (2023: \$147,158), with NIL in Trade payables at 30 June 2024 (2023: \$12,447).

During the financial year an entity related to Mr D. Hotchkin purchased goods at normal commercial rates for \$6,000 (2023: \$12,682), with NIL in Trade receivables at 30 June 2024 (2023: \$13,951).

End of audited Remuneration Report.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

Names	Directors		Audit & Risk		Remuneration/Nomination	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr D Ashmore	12	12	2	2	1	1
Mr D Hotchkin	12	12	2	2	1	1
Mr S Difabrizio	12	12	2	2	1	1

Non-Audit Services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 21 to the financial statements.

Rounding Of Amounts

Saferoads Holdings Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

Auditors' Independence Declaration

The attached independence declaration has been obtained from the Company's auditors, Grant Thornton.

Signed in accordance with a resolution of Directors.



David Ashmore
Director
29 September 2024

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration

To the Directors of Saferoads Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Saferoads Holdings Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2024

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Corporate Governance Statement

The Board of Directors of Saferoads Holdings Limited is responsible for the corporate governance of the Saferoads group. The Board has considered the ASX Corporate Governance Principles and Recommendations ("ASX Governance Principles") and reports on compliance with these Principles.

The Board's objective is to ensure investor confidence in the Company and its operations given its size, stage of development and complexity.

The Group's Corporate Governance Statement relative to the financial year ending 30 June 2024 was approved by the Board on 29 September 2023, a revised Corporate Governance Statement operative for the 2025 financial year was approved by the board on 9 September 2024. The Board advises that it complies with the ASX Corporate Governance Principles set out in the Company's Corporate Governance Statement, which is located on the Company's website (www.saferoads.com.au/investors/corporate-governance).





Saferoads Holdings Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	CONSOLIDATED	
		2024 \$	2023 \$
Revenue			
Revenue from product sales and services	4	12,586,816	14,648,496
Other income	4	143,172	232,598
Total revenue and other income		12,729,988	14,881,094
Raw material, finished goods and logistics		(5,534,574)	(7,128,972)
Employee benefits		(4,033,924)	(3,805,518)
Fines and penalties		(325,000)	(325,000)
Insurance		(242,261)	(215,988)
Motor vehicle costs		(209,113)	(170,987)
Occupancy costs		(70,062)	(66,240)
Professional fees		(277,787)	(218,708)
Travel and accommodation costs		(136,996)	(105,680)
IT & Communications costs		(151,155)	(132,258)
Warehouse costs		(275,286)	(272,214)
Marketing costs		(215,823)	(198,318)
Other expenses		(490,198)	(420,929)
Impairment of fixed assets		(105,091)	-
Impairment of intangible assets		(1,062,029)	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(399,311)	1,820,281
Depreciation and amortisation	4	(1,923,902)	(1,712,609)
Earnings before interest and tax (EBIT)		(2,323,213)	107,672
Finance costs	4	(341,760)	(305,079)
Profit/(loss) before income tax		(2,664,973)	(197,407)
Income tax benefit/(expense)	5	(1,152,593)	-
Net profit/(loss) for the period		(3,817,566)	(197,407)
Net profit/(loss) attributable to members of the parent		(3,817,566)	(197,407)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(3,817,566)	(197,407)
Total comprehensive income/(loss) attributable to members of the parent		(3,817,566)	(197,407)
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	(9.54)	(0.53)
- Diluted for profit/(loss) for the full year	6	(9.54)	(0.53)
Dividend paid per share (cents)	7	-	-

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Financial Position

AS AT 30 JUNE 2024

	Notes	CONSOLIDATED	
		2024 \$	2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	-	220,111
Trade and other receivables	9	1,631,611	1,498,671
Inventories	10	1,667,745	2,119,887
Prepayments		171,751	283,867
Total Current Assets		3,471,107	4,122,536
Non-current Assets			
Property, plant and equipment	11	8,144,215	8,456,959
Intangible assets	12	-	1,131,861
Deferred tax assets	5	-	1,152,593
Other non-current assets		135,254	159,501
Total Non-current Assets		8,279,469	10,900,914
TOTAL ASSETS		11,750,576	15,023,450
LIABILITIES			
Current Liabilities			
Bank overdraft	8	361,716	-
Trade and other payables	13	1,741,189	1,080,405
Contract liabilities		297,502	268,344
Interest-bearing loans and borrowings	14	2,414,881	3,054,459
Lease liabilities	15	760,265	614,796
Provisions	16	487,376	771,051
Total Current Liabilities		6,062,929	5,789,055
Non-current Liabilities			
Interest-bearing loans and borrowings	14	136,633	111,404
Lease liabilities	15	791,536	960,529
Provisions	16	18,131	21,771
Total Non-current Liabilities		946,300	1,093,704
TOTAL LIABILITIES		7,009,229	6,882,759
NET ASSETS		4,741,347	8,140,691
EQUITY			
Contributed equity	17	6,012,220	5,593,998
Retained earnings	17	(1,270,873)	2,546,693
TOTAL EQUITY		4,741,347	8,140,691

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Contributed Equity	Retained Earnings/ (Losses)	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 July 2022	5,593,998	2,744,100	8,338,098
Net profit/(loss) for the period	-	(197,407)	(197,407)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(197,407)	(197,407)
At 30 June 2023	5,593,998	2,546,693	8,140,691
At 1 July 2023	5,593,998	2,546,693	8,140,691
Net profit/(loss) for the period	-	(3,817,566)	(3,817,566)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(3,817,566)	(3,817,566)
Transactions with owners in their capacity as owners			
Contributions of equity, net of transaction costs	418,222	-	418,222
At 30 June 2024	6,012,220	(1,270,873)	4,741,347

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	CONSOLIDATED	
		2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		13,547,121	16,396,421
Payments to suppliers and employees		(12,515,562)	(14,018,813)
Net cash flows from operating activities	8	1,031,559	2,377,608
Cash flows from investing activities			
Proceeds from sale of non-trade inventory, plant and equipment		88,404	109,554
Purchase of plant and equipment		(700,887)	(788,204)
Product development costs	12	(230,672)	(294,776)
R&D tax rebate received		396,344	-
Net cash flows from investing activities		(446,811)	(973,426)
Cash flows from financing activities			
Proceeds from borrowings		596,208	761,464
Repayment of loans and borrowings		(1,210,557)	(1,104,688)
Repayment of lease liabilities		(630,053)	(542,645)
Proceeds from issue of shares	17	437,053	-
Share issue costs	17	(18,831)	-
Interest received	4	2,252	4
Interest paid		(342,646)	(302,431)
Net cash flows from financing activities		(1,166,574)	(1,188,296)
Net increase/(decrease) in cash and cash equivalents		(581,826)	215,886
Cash and cash equivalents at beginning of period		220,111	4,219
Effects of exchange rate changes on cash		(1)	6
Cash and cash equivalents at end of period	8	(361,716)	220,111

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

1. CORPORATE INFORMATION

Saferoads Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations of the authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on a historical cost basis.

Saferoads Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

(b) Statement of compliance

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and revised standards that are effective for these financial statements

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the Group.

The financial statements were authorised for issue by the Directors on 30 September 2024. The Directors have the power to amend and reissue the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the legal parent entity, Saferoads Holdings Limited and one wholly owned subsidiary ('the Group'). The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Saferoads Holdings Limited has control.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of monetary items are recognised directly in equity to the extent that the gain or loss is

directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value basis or prime cost method, over the estimated useful life, as denoted below:

- Property/leasehold improvements (prime cost - 10% to 50%)
- Plant and equipment (diminishing value and prime cost - 5% to 50%)
- Motor vehicles (diminishing value - 18% to 25%)
- Rental equipment (prime cost - 5% to 33%)

(f) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(g) Impairment of non-financial assets other than goodwill

The Group assesses whether there is any indication that an asset may be impaired when events or changes in circumstances indicate the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Intangible assets

Intangibles

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible.

The useful lives of these intangible assets are assessed to be either finite (between 1 to 10 years) or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income. Intangible assets, excluding product development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Capitalised Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred. Product development expenditure incurred on an individual project is carried forward when its future recoverability is probable. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project. The carrying value of each development project is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Any Research and Development tax rebates received or receivable are offset against the respective capitalised development costs to the extent to which they relate to the claim. Research and Development tax rebates are recognised when there is reasonable assurance that the entity will comply with the conditions and that the grants will be received.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale..

(j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(k) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

(i) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest expense is recognised as it accrues.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(m) Leases

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(p) Revenue

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all transactions, the total price for a contract is allocated amongst the various performance obligations based on their relative standalone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group's future obligation to transfer goods or services to a customer for which the Group has received consideration from the customer, that consideration is recognised as a contract liability, and reports these amounts as such in its statement of financial position, until such time as the performance obligations are satisfied. If the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sales of goods

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognise revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue from the sale of goods is recognised at the point in time when the performance obligation is satisfied and the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

The Group rents its equipment to customers and recognises revenue over time based on fixed daily rental rates. Revenue for these transactions is therefore recognised over time based on monthly billing in arrears for rental services provided. In this respect, the Group has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Group's performance completed to date. If a product is returned before month end, revenue is recognised when returned for the period it has been rented. Customers are charged a fee for the deployment to site and the demobilisation of the rental unit. Lease components are recognised separately from performance revenue.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

(q) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compare the amount are those that are enacted by the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward or unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and future unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made for those benefits.

(t) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(u) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Judgements

(i) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The provision for impairment of receivables is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

(ii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iii) Intangible assets - capitalised development costs

Development expenditure incurred on an individual project is carried forward when its future recoverability is probable. Determining whether the recognition requirements for the capitalisation of these development costs are met requires judgement. After capitalisation, management monitors whether there are any indicators that capitalised costs may be impaired.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

(iv) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

(v) Impairment of intangibles

At the end of each reporting period, the Group assesses whether there is any indication that an intangible asset may be impaired. The assessment will include the consideration of external and internal sources of information including whether the net assets of the Group exceed its market capitalisation at reporting date. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. The Group specifically considers the potential impairment of intangible assets, represented by:

- Capitalised development costs
- Right of use assets

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(vi) Going concern

The financial statements have been prepared on the basis that the Group is a going concern, which assumes that the Group will continue normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the Group incurred a net loss before tax of \$2,664,973 and had a net current assets deficit (current assets less current liabilities) of \$2,591,822.

The Group has a term loan of \$997,809, an overdraft of \$361,716 and asset finance loans of \$1,237,338 at balance date that are subject to terms contained in the facility agreements with our long term bankers. One of those terms is that all borrowings of the Group cannot exceed a 3.0 times multiple of the adjusted EBITDA. That measure was 3.05 times at 30 June 2024 (before impairment charges) which constitutes a breach of the facility agreement. Accordingly, and pursuant to accounting standards, all of the CBA debt has been classified as a current liability. The bank had the ability to call the facility but have not done so. Subsequent to balance date the Group applied for and have been granted a temporary extension of \$250,000 to our overdraft facility and we have also been granted a waiver for current and future breaches of our EBITDA covenant until 10 December being the expiry date of our Term Loan and the temporary overdraft facility.

The above factors create significant business uncertainty which creates a material uncertainty on going concern and whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Despite these business uncertainties, the directors are of the opinion the Group will continue as a going concern, taking into consideration various uncertain factors including:

- The Directors believe that if a buyer, at an appropriate price, can be secured for a trade sale of our *Road Safety Rental* business that would provide a substantial cash injection to recapitalise the Group. An information memorandum has been sent to interested parties in September 2024 and the directors are expecting indicative offers to follow in October 2024.
- The Directors also have the ability to undertake a capital raising to provide sufficient funds to repay the CBA term loan and finance the business in the future.
- Subsequent to balance date, the Group entered into a payment plan with Fines Victoria for court ordered fines and costs relating to the WorkSafe case totalling \$654,369. The payment plan requires the Group to make monthly payments of \$10,000 that began on 1 August 2024 and the Group will continue to comply with the terms of this payment plan until all outstanding fines have been paid in full; and
- A financial forecast for the 12-month period to 30 September 2025 supports the directors' assertions and has been prepared based on assumptions about certain economic, operating and trading performance achievements that are contingent on future events and actions yet to occur, and which may not necessarily occur. Whilst the directors believe the assumptions are best estimate assumptions based upon information available, the occurrence and timing of future events are not certain. The directors will continually monitor the operating performance against the budget and cash flow forecast;

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial statements do not include any adjustments relating to amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

(v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to costs capitalised are offset against the carrying value of those costs and any grant amount relating to costs expenses are recognised in the Statement of Profit or Loss.

Government grants relating to cash subsidies are recognised in the profit or loss as other income. Where the cost has previously been capitalised, the income is offset against the relevant asset.

3. SEGMENT INFORMATION

The Group's chief operating decision maker (Managing Director) reviews financial information on a consolidated basis and makes strategic decisions based on this consolidated information.

The Group operates predominantly in Australia.

During 2024, no single customer accounted for 10% or more of the Group's revenues (2023: \$1,559,930 or 10.6% from a single customer).

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

4. REVENUES AND EXPENSES

Specific Items

Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	CONSOLIDATED	
	2024	2023
	\$	\$
(i) Revenue		
Revenue from product sales - point in time	6,709,456	9,667,448
Revenue from provision of services - over time	5,877,360	4,981,048
	12,586,816	14,648,496
(ii) Other income		
Net gain/(loss) on sale of assets	(15,019)	(2,614)
Net profit/(loss) on termination of lease	-	14,756
Interest	2,252	4
R&D tax rebate	142,879	205,911
Net foreign exchange gains/(losses)	(16,759)	8,194
Other	29,819	6,347
	143,172	232,598
	12,729,988	14,881,094
(iii) Expenses		
Depreciation and amortisation		
- Property, plant & equipment	1,217,582	1,056,211
- Right-of-use assets	493,656	458,939
- Intangible assets	212,664	197,459
	1,923,902	1,712,609
Impairment of plant and equipment		
- Property, plant & equipment	105,091	-
- Intangible assets	1,062,029	-
	1,167,120	-
Finance costs		
- Bank borrowings	131,371	110,915
- Leasing arrangements	210,389	194,164
	341,760	305,079
Bad debts written off	13,839	-
Provision for expected credit losses	3,205	8,873

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

5. INCOME TAX	CONSOLIDATED	
	2024 \$	2023 \$
(a) Income tax (expense) / benefit		
Current income tax	-	-
Write off of Deferred Tax Asset	(1,152,593)	-
	(1,152,593)	-
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(2,664,973)	(197,407)
Tax at the statutory tax rate of 25.00% (Previous year 25.00%)	(666,243)	(49,352)
Tax effect amounts which are not (deductible) / taxable in calculating taxable income:		
Temporary differences	270,366	(11,216)
Non-deductible expenses - Worksafe Fine	81,274	81,275
Effect of R&D Rebate @ 43.5% of eligible expenses	76,779	56,839
R&D tax incentive income - non assessable	(35,719)	(51,478)
Recognition of prior year unbooked tax losses	-	(26,068)
Deferred Tax Asset on tax losses not brought to account current period	273,543	-
Prior year tax assets written off	1,152,593	-
	1,152,593	-
(b) Movement in deferred tax assets		
Opening balance	1,152,593	1,152,593
Transferred to profit and loss	(1,152,593)	-
	-	1,152,593
(c) Deferred income tax at 30 June relates to the following:		
Deferred tax assets attributable to unused tax losses carried forward	1,708,639	1,545,694
Net deferred tax assets/(liabilities) attributable to temporary differences	25,109	(245,256)
Tax Losses and Temporary Differences not brought to account	(1,733,748)	(147,845)
	-	1,152,593
(d) Deferred tax assets not brought to account at reporting date		
Operating losses	1,708,639	147,845
Temporary Differences	25,109	-
Capital losses	458,037	458,037

As at 30 June 2024, the Group has carry forward tax losses with a tax effect of \$1,708,639 measured at the corporate tax rate of 25%. No carry forward tax losses have been brought to account as a net deferred tax asset (2023: \$1,152,593).

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

	CONSOLIDATED	
	2024	2023
	\$	\$
Net profit/(loss) attributable to equity holders from continuing operations	(3,817,566)	(197,407)
Net profit/(loss) attributable to equity holders of the parent	(3,817,566)	(197,407)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	(3,817,566)	(197,407)
Weighted average number of ordinary shares for basic earnings per share	40,020,644	37,461,783
Adjusted weighted average number of ordinary shares for diluted earnings per share	40,020,644	37,461,783
	Cents	Cents
- Basic for profit/(loss) for the full year	(9.54)	(0.53)
- Diluted for profit/(loss) for the full year	(9.54)	(0.53)

For the purpose of calculating earnings and dividends per share, it is the ordinary shares of the legal parent that is used, being the proportionate weighting of the 43,705,405 (2022: 37,461,783) shares on issue.

7. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2024	2023
	\$	\$
Equity dividends on ordinary shares:		
Interim franked dividend paid for 2024: 0.0 cents (2023: 0.0 cents)	-	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2024: 0.0 cents (2023: 0.0 cents)	-	-
Franking Credit Balance:		
The amount of franking credits available for future reporting periods after the payment of income tax, adjustment for R&D grants receivable and the impact of dividends proposed.	2,858,447	3,316,423

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

8. NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2024 \$	2023 \$
Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank (overdraft) and on hand	(361,716)	220,111
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	(3,817,566)	(197,407)
Deferred Tax written off	1,152,593	-
Depreciation and amortisation	1,923,902	1,712,609
Impairment of fixed assets	105,091	-
Impairment of intangible assets	1,062,029	-
Net (profit)/loss on disposal of plant and equipment	15,019	2,614
Net (profit)/loss on termination of lease	-	(14,756)
Movement in slow moving stock provision	112,466	23,748
Movement in expected credit loss provision	3,205	8,873
Effects of exchange rate changes on cash	1	(6)
Interest received	(2,252)	(4)
Interest paid	342,646	302,431
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(444,649)	474,874
(Increase)/decrease in inventories	40,084	(45,349)
(Increase)/decrease in other assets	136,363	(90,443)
(Decrease)/increase in trade and other payables	660,784	(309,922)
(Decrease)/increase in contract liabilities	29,158	126,553
(Decrease)/increase in provisions	(287,315)	383,793
Net cash from operating activities	1,031,559	2,377,608

ASX Appendix 4C. Net Cash from Operating Activity. There are three items classified as Operating Activity in the ASX Appendix 4C lodged on 16 July 2024 that however are classified as follows in the Consolidated Statement of Cash Flows: Investing Activity includes the R&D grants received of \$396,344 and Financing Activity includes the \$630,053 Repayment of lease liabilities and Interest paid of \$342,646.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

9. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	2024 \$	2023 \$
Trade receivables	1,414,422	1,084,303
Other receivables	245,297	439,271
Less: Allowance for expected credit losses	(28,108)	(24,903)
	1,631,611	1,498,671
Ageing of trade receivables (net of allowance for expected credit losses)		
1 - 30 days	791,050	576,176
31 - 60 days	518,374	453,693
61 - 90 days	55,942	19,165
91 days and over	20,948	10,366
	1,386,314	1,059,400
Trade receivables are non-interest bearing.		
Movement in allowance for expected credit losses		
Balance at the beginning of financial year	24,903	16,030
Amounts written off	(13,839)	-
Additional allowance for expected credit losses recognised/(released)	17,044	8,873
	28,108	24,903

10. INVENTORIES

	CONSOLIDATED	
	2024 \$	2023 \$
Stock on hand	1,834,709	2,174,386
Less: Allowance for slow moving or obsolete stock	(166,964)	(54,499)
	1,667,745	2,119,887

During the year, the Group expensed \$112,466 for an additional provision against slow moving or obsolete inventories (2023: \$23,748).

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2024 \$	2023 \$
Property, plant & equipment at cost	16,274,117	14,905,113
Less accumulated depreciation	(8,024,811)	(6,448,154)
Less accumulated impairment	(105,091)	-
Total plant & equipment	8,144,215	8,456,959

Movements in Carrying Amounts	Property/ Leasehold improvements	Plant & equipment	Motor vehicles	Rental equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	1,102,160	598,992	255,028	6,344,415	8,300,595
Additions	419,748	277,930	57,909	728,772	1,484,359
Depreciation expense	(446,352)	(171,939)	(59,179)	(837,680)	(1,515,150)
Disposals	(145,012)	(238)	-	(111,930)	(257,180)
Assets transferred from inventories	-	-	-	444,335	444,335
Impairment	-	-	-	-	-
Carrying amount at 30 June 2023	930,544	704,745	253,758	6,567,912	8,456,959
Balance at 1 July 2023	930,544	704,745	253,758	6,567,912	8,456,959
Additions	631,304	81,991	263,657	330,463	1,307,415
Depreciation expense	(474,066)	(181,718)	(107,285)	(943,825)	(1,706,893)
Disposals	-	(844)	(48,861)	(94,466)	(144,171)
Assets transferred from inventories	6,742	-	-	333,598	340,341
Impairment	-	-	-	(105,091)	(105,091)
Carrying amount at 30 June 2024	1,094,524	604,175	361,270	6,088,591	8,148,560

Included in Property, plant and equipment are right-of-use assets as follows:

	Net carrying amount b/f	Additions	Disposals	Depreciation	Net carrying amount
2023	\$	\$	\$	\$	\$
Property	993,464	376,860	(145,012)	(400,269)	825,043
Equipment under finance lease	443,882	319,295	-	(58,669)	704,508
Total right-of-use assets	1,437,346	696,155	(145,012)	(458,938)	1,529,551

	Net carrying amount b/f	Additions	Disposals	Depreciation	Net carrying amount
2024	\$	\$	\$	\$	\$
Property	825,043	606,528	-	(405,230)	1,026,341
Equipment under finance lease	704,508	-	-	(88,426)	616,082
Total right-of-use assets	1,529,551	606,528	-	(493,656)	1,642,422

Refer to note 15 for further information on Right-of-use asset leases.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

12. INTANGIBLE ASSETS

	CONSOLIDATED	
	2024 \$	2023 \$
Product development costs	2,104,729	1,972,955
Less accumulated amortisation	(1,251,544)	(1,070,060)
Less accumulated impairment*	(853,185)	-
	-	902,895
Website development costs	56,427	56,427
Less accumulated amortisation	(56,427)	(56,427)
	-	-
Patents and product approvals	370,715	359,656
Less accumulated amortisation	(161,871)	(130,690)
Less accumulated impairment*	(208,844)	-
	-	228,966
	-	1,131,861

Movement in carrying amounts	Website development costs	Patents/Product approvals	Product development costs	Total
	\$	\$	\$	\$
Balance at 1 July 2022	408	257,294	957,993	1,215,695
Capitalisation of costs	-	5,789	288,987	294,776
R&D tax rebate allocation	-	-	(181,151)	(181,151)
Amortisation expense	(408)	(34,117)	(162,934)	(197,459)
Carrying amount at 30 June 2023	-	228,966	902,895	1,131,861
Balance at 1 July 2023	-	228,966	902,895	1,131,861
Capitalisation of costs	-	11,059	219,613	230,672
R&D tax rebate allocation	-	-	(87,839)	(87,839)
Amortisation expense	-	(31,181)	(181,484)	(212,665)
Impairment expense*	-	(208,844)	(853,185)	(1,062,029)
Carrying amount at 30 June 2024	-	-	-	-

Patents/product approvals predominantly relate to various applications for new products that have yet to be commercialised and once the related asset is in use the relevant patent/product approval will be amortised over its expected useful life. Product Development costs relate to the design and testing costs of the products we have. Those costs are amortised on a straight line basis over the expected useful lives of those products.

*At the reporting date impairment indicators were present and impairment testing was performed. In assessing the carrying value of the Intangible Assets, the Group took various factors into consideration and concluded that the intangible assets were impaired and therefore their carrying value was fully written down. For impairment testing purposes, the carrying amount of intangible assets are compared to the recoverable amount of the Group's single CGU. The recoverable amount of the CGU has been determined by a value in use calculation using a discounted cash flow model based on a 5 year projection period approved by management, together with a terminal value.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

13. TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2024	2023
	\$	\$
Trade payables	1,473,863	803,347
Accrued expenses	207,701	245,256
GST payable	59,625	31,802
	1,741,189	1,080,405

Payables are non-interest bearing and are normally settled between 30 and 60-day terms.

Current trade payables includes \$654,369 for court ordered fines and costs relating to the WorkSafe case. Subsequent to balance date, the Group entered into a payment plan with Fines Victoria requiring monthly payments of \$10,000 that began on 1 August 2024 and will continue until all outstanding fines have been paid in full.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

14. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2024 \$	2023 \$
Current		
Bank loans	997,809	1,179,263
Borrowings for asset finance	1,417,072	1,875,196
	2,414,881	3,054,459
Non-current		
Bank loans	-	-
Borrowings for asset finance	136,633	111,404
	136,633	111,404

Financing facilities available	CONSOLIDATED	
	2024 \$	2023 \$
At reporting date, the Group had the following financing facilities provided by the Commonwealth Bank available. As well as this facility the Group has a number of asset finance contracts with other lenders.		
Total facilities:		
- term loan	999,015	1,183,128
- asset finance contracts	2,000,000	2,000,000
- overdraft	500,000	500,000
- bank charge card	75,000	75,000
	3,574,015	3,758,128
Facilities used at reporting date		
- term loan	997,809	1,179,263
- asset finance contracts	1,237,338	1,642,939
- overdraft	361,716	-
- bank charge card	17,630	9,830
	2,614,493	2,832,032
Facilities unused at reporting date		
- term loan	1,206	3,865
- asset finance contracts	762,662	357,061
- overdraft	138,284	500,000
- bank charge card	57,370	65,170
	959,522	926,096

The bank facilities are secured by a registered charge over certain assets and undertakings, and also a registered charge over the assets and undertakings of Saferoads Holdings Ltd.

The term loan facility had a variable interest rate of 8.00% at 30 June 2024 (30 June 2023: 7.75%). The term loan facility matures on 10 December 2024.

The asset finance contracts comprise a series of individual contracts where the asset financed is the prime security.

The weighted average interest rate of borrowings for asset finance contracts was 6.30% at 30 June 2024 (30 June 2023: 5.52%).

The Group was in breach of its facility covenants with the Commonwealth Bank at 30 June 2024. As a consequence \$596,729 of the borrowings for asset finance contracts have been reclassified as current. Refer Subsequent Events Note 25.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

15. LEASE LIABILITIES

		CONSOLIDATED	
		2024	2023
		\$	\$
Current			
Right-of-use asset leases		760,265	614,796
		760,265	614,796
Non-current			
Right-of-use asset leases		791,536	960,529
		791,536	960,529

Hire purchase liabilities are secured by a charge over the related non-financial assets.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

		2024	2023
		\$	\$
Short-term leases		72,187	28,271
Leases of low value assets		6,210	7,926
		78,397	36,197

The Group leases its head office and warehouse facility and other warehouse sites with terms ranging from 3 years to 10 years.

There are no material make good obligations with leases, individually or in the aggregate.

The Group has leases for the main warehouse and related facilities, an office and production building, equipment rental assets, motor vehicles, production equipment and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

Refer to note 18 for further information on financial instruments.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

16. PROVISIONS

	CONSOLIDATED	
	2024 \$	2023 \$
Current		
Employee benefits	487,376	446,051
Workplace fatality	-	325,000
	487,376	771,051
Non-Current		
Employee benefits	18,131	21,771
	18,131	21,771

Movements in provisions

Movements in the employee benefits and workplace fatality provisions during the current financial year are set out below:

	2024 \$	2023 \$
Employee benefits		
Carrying amount at the start of the year	467,822	409,029
Additional provisions recognised	37,685	58,793
	505,507	467,822
Workplace fatality		
Carrying amount at the start of the year		
Provisions recognised	325,000	-
Amount taken up in creditors	-	325,000
	(325,000)	-
	-	325,000

Workplace Fatality Provision

On 24 May 2024, the Melbourne Magistrates' Court sentenced the Group to pay fines totalling \$650,000. The total of the fines exceeded the provision by \$325,000, with this variance recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The full \$650,000 is now recognised in these financial statements as a current liability - refer note 13.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

17. EQUITY

	CONSOLIDATED	
	2024	2023
	\$	\$
Contributed Equity		
Ordinary shares		
Balance at beginning of period	5,593,998	5,593,998
Issue of Shares under Rights Issue	437,053	-
Share Issue costs	(18,831)	-
Issued and fully paid	6,012,220	5,593,998
Movements in ordinary shares on issue (legal parent)	No. of shares	
Balance at beginning of the period	37,461,783	37,461,783
Issue of Shares under Rights Issue	6,243,622	-
At 30 June 2024	43,705,405	37,461,783

Ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company, and carry the rights to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

There is no current on-market buy-back of ordinary shares.

Retained Earnings

	CONSOLIDATED	
	2024	2023
	\$	\$
Movements in retained earnings are as follows:		
Balance at beginning of period	2,546,693	2,744,100
Net profit for the year	(3,817,566)	(197,407)
Less: Dividend paid (refer note 7)	-	-
Balance at 30 June 2024	(1,270,873)	2,546,693

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise a term loan, lease liabilities, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The totals for each category of financial instruments are as follows:

	CONSOLIDATED	
	2024 \$	2023 \$
Financial Assets		
- Cash and cash equivalents	-	220,111
- Trade and other receivables	1,631,611	1,498,671
Total Financial Assets	1,631,611	1,718,782
Financial Liabilities		
- Bank overdraft	361,716	-
- Financial liabilities at amortised cost	5,636,803	5,576,337
Total Financial Liabilities	5,998,519	5,576,337

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group also monitors the market price risk arising from all financial instruments.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group's exposure to interest rate risk, which is the risk that the Financial Instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing			
				Within 1 year	2 to 5 years	Later than 5 years	Total
2024	%	\$	\$	\$	\$	\$	\$
Financial Assets							
- Cash	N/A	-	-	-	-	-	-
- Receivables	N/A	1,631,611	-	-	-	-	1,631,611
Total Financial Assets		1,631,611	-	-	-	-	1,631,611
Financial Liabilities							
- Payables	N/A	1,533,488	-	-	-	-	1,533,488
- Bank overdraft	9.04%	-	361,716	-	-	-	361,716
- Bank loans	7.93%	-	997,809	-	-	-	997,809
- Asset finance borrowings	6.30%	-	-	1,417,072	136,633	-	1,553,705
- Lease liabilities	6.68%	-	-	760,265	791,536	-	1,551,801
Total Financial Liabilities		1,533,488	1,359,524	2,177,337	928,169	-	5,998,519

2023	%	\$	\$	\$	\$	\$	\$
Financial Assets							
- Cash	N/A	220,111	-	-	-	-	220,111
- Receivables	N/A	1,498,671	-	-	-	-	1,498,671
Total Financial Assets		1,718,782	-	-	-	-	1,718,782
Financial Liabilities							
- Payables	N/A	835,148	-	-	-	-	835,148
- Bank loans	6.53%	-	1,179,263	-	-	-	1,179,263
- Asset finance borrowings	5.52%	-	-	1,875,196	111,404	-	1,986,600
- Lease liabilities	5.33%	-	-	614,796	960,529	-	1,575,325
Total Financial Liabilities		835,148	1,179,263	2,489,992	1,071,933	-	5,576,336

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk

The Group trades only with recognised, credit worthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and pre-agreed credit limits.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is managed closely.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date recognised as financial assets is the carrying amount, net of the allowance for expected credit losses of \$28,108 at 30 June 2024 (2023: \$24,903), as disclosed in the statement of financial position and notes to the financial statements. The Group holds no collateral or security in relation to financial assets.

As at reporting date, the amount of financial assets past due, but not impaired, is \$76,890 (2023: \$29,531).

The Group does not have any material unmanaged credit risk to any single debtor or group of debtors under financial instruments entered into by the Group.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of current working capital, bank loans, and lease liabilities.

Maturity analysis of financial liabilities:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2024				
- Payables	1,533,488	-	-	1,533,488
- Bank overdraft	361,716	-	-	361,716
- Bank loans	997,809	-	-	997,809
- Borrowings for asset finance	1,417,072	136,633	-	1,553,705
- Lease liabilities	760,265	791,536	-	1,551,801
Total Financial Liabilities	5,070,350	928,169	-	5,998,519
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2023				
- Payables	835,148	-	-	835,148
- Bank loans	1,179,263	-	-	1,179,263
- Borrowings for asset finance	1,875,196	111,404	-	1,986,600
- Lease liabilities	614,796	960,529	-	1,575,325
Total Financial Liabilities	4,504,404	1,071,933	-	5,576,336

(d) Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

(e) Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates on borrowings and exchange rates on purchases. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables. The following sensitivities are based on market experience over the last 12 months.

	CONSOLIDATED	
	Profit/(loss)	Equity
Year Ended 30 June 2024	\$	\$
+/-2% in interest rates	+/-27,190	+/-27,190
+/-5c in AUD / USD	+/-129,479	+/-129,479
Year Ended 30 June 2023	\$	\$
+/-2% in interest rates	+/-23,585	+/-23,585
+/-5c in AUD / USD	+/-174,816	+/-174,816

19. SUBSIDIARIES

The consolidated financial statements include the financial statements of Saferoads Holdings Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	% equity interest	
		2024	2023
Saferoads Pty Ltd	Australia	100%	100%

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

20. RELATED PARTIES

Transactions with Key Management Personnel

During the financial year the Group purchased consumable manufacturing materials at normal commercial rates from an entity related to Mr D. Hotchkin. Mr D. Hotchkin is an unpaid director and shareholder of that entity. The total payments were \$39,842 (2023: \$46,033), with \$3,000 included in Trade payables at 30 June 2024 (2023: \$19,707).

During the financial year the Group purchased design and modelling services at normal commercial rates from an entity related to Mr D. Hotchkin. Mr D. Hotchkin is not a director or employee of that entity, and his interest is as a shareholder only. The total payments were \$171,020 (2023: \$147,158), with NIL in Trade payables at 30 June 2024 (2023: \$12,447).

During the financial year an entity related to Mr D. Hotchkin purchased goods at normal commercial rates for \$6,000 (2023: \$12,682), with NIL in Trade receivables at 30 June 2024 (2023: \$13,951).

21. AUDITORS' REMUNERATION

	2024	2023
	\$	\$
Amounts received or due and receivable by:		
- Grant Thornton, for the audit of the financial report	119,134	95,275
- Other services (R&D tax rebate): Grant Thornton	28,840	55,305

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

David Ashmore	Non-Executive Chairman
Darren Hotchkin	Managing Director
Steven Difabrizio	Non-Executive

(ii) Executives

Mark Langham	Chief Financial Officer (resigned 19 July 2024)
Trent Loveless	Chief Operating Officer

(b) Compensation of Key Management Personnel

Details of the nature and amount of each element of the remuneration of Key Management Personnel ("KMP") are disclosed in the Remuneration Report section of the Directors' Report.

	2024	2023
	\$	\$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	925,254	882,435
- Post-employment benefits	79,867	73,455
- Long-term employee benefits	50,445	5,720
	1,055,566	961,610

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

23. PARENT ENTITY DISCLOSURES

	2024 \$	2023 \$
Current assets	-	-
Total assets	4,741,347	5,600,022
Current liabilities	-	-
Total liabilities	-	-
Net assets	4,741,347	5,600,022
Issued capital	6,012,220	5,593,998
Retained earnings	(1,270,873)	6,024
Profit/(loss) of the parent entity	(1,276,897)	-
Total comprehensive income of the parent entity	(1,276,897)	-
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	500,781	576,051

24. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities as at 30 June 2024 (2023: NIL).

There are no contingent assets as at 30 June 2024 (2023: NIL).

25. SUBSEQUENT EVENTS

On 12 July 2024, the Group was advised that our proposed payment plan for the court ordered fines and costs relating to the WorkSafe case totalling \$654,369 was agreed to by Fines Victoria. The payment plan requires the Group to make monthly payments of \$10,000 beginning on 1 August 2024 and continuing until all outstanding fines have been paid in full. No interest is payable. These fines and court costs have been presented as a current liability in the financial statements. The costs of \$4,369 are recoverable from our insurers and will be received once our first payment under the repayment plan has been made.

The group continues to have the financial support of its bankers CBA. We applied for and have been granted a temporary extension of \$250,000 to our overdraft facility and we have also been granted a waiver for current and future breaches of our EBITDA covenant until 10 December 2024 being the expiry date of our Term Loan and the temporary overdraft extension.

A strategic review is underway to determine the options we have to maximise shareholder value in this very difficult period. An outcome of this review has been a decision to seek expressions of interest in *Road Safety Rental* division to capitalise on the value of this business. We have appointed a corporate finance specialist to manage the process with a formal Information Memorandum sent by them to interested parties in late September with responses expected in mid October.

There has been no other matter or circumstance which has arisen since 30 June 2024 that has significantly affected or may significantly affect the operations of the Group or the results of those operations or the state of affairs of the Group.

Entity Name	Entity Type	% Ownership Interest	Country of Incorporation	Australian or Foreign Tax Resident	Country of Residency for tax purposes
Saferoads Holdings Limited	Body Corporate	Not Applicable	Australia	Australian	Australia
Saferoads Pty Ltd	Body Corporate	100%	Australia	Australian	Australia

The Group does not have any interest in a Trust, a Partnership or a Joint Venture.

The Group has only one tax jurisdiction being Australia.

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2021 and includes information for each entity that was part of the group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Directors' Declaration

In the opinion of the Directors of Saferoads Holdings Limited and its controlled entities:

- (a) the financial statements and notes of the consolidated entity and the remuneration disclosures that are contained in the Remuneration Report that forms part of the Directors' Report are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended that date; and
 - ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as reported in Note 2.
- (d) The information in this consolidated entity disclosure statement is true and correct.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



David Ashmore
Director

30 September 2024

Grant Thornton Audit Pty Ltd

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Independent Auditor's Report

To the Members of Saferoads Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Saferoads Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss before tax of \$2,664,973 during the year ended 30 June 2024, and as of that date, the Group's current liabilities exceeded its current assets by \$2,591,822. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue from product sales and services – Note 4	
The total revenue from product sales and services earned by Saferoads Holdings Limited was \$12,586,816. The Group generates revenue from the sale of goods and rendering of services under individual agreements and contractual arrangements. Under AASB 15 <i>Revenue from Contracts with Customers</i> , revenue may be recognised at a point in time or over time as performance obligations are satisfied. This is a key audit matter due to the volume of associated transactions and the importance of revenue as a financial measure to the Group's stakeholders.	Our procedures included, amongst others: • Documenting the design and effectiveness of internal controls relating to revenue streams; • Assessing revenue recognition policies to ensure compliance with AASB 15; • Selecting and testing a sample of revenue recognised during the year to supporting documentation to verify occurrence; • Evaluating sales transactions around reporting date to assess whether revenue is recognised in the correct period; and • Assessing the appropriateness of related disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

- a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and
- b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 13 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Saferoads Holdings Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The logo for Grant Thornton, featuring the company name in a stylized, handwritten-style font.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'T S Jackman'.

T S Jackman
Partner – Audit & Assurance
Melbourne, 30 September 2024

ASX Additional Information

Top Holders Grouped Report

Saferoads Holdings Limited

Security Class: SRH - ORDINARY FULLY PAID SHARES

Top: 20

As at 30 September 2024

Position	Name	Holding	% IC
1	*Darren John Hotchkin & Jennifer Ann Hotchkin	11,393,594	26.07%
2	*CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	4,753,978	10.88%
3	*CIMTECK SUPER PTY LTD <CIMTECK SUPERANNUATION A/C>	4,340,549	9.93%
4	CARRIER INTERNATIONAL PTY LIMITED <SUPER FUND A/C>	2,099,620	4.80%
5	MR DUNCAN FRANCIS SMITH	1,862,885	4.26%
6	MR GLENN SCOTT WADSWORTH & MR RICKI MARK WADSWORTH	1,794,082	4.10%
7	MR DAVID ALBERT McCLURE ASHMORE & MRS NOLA JOY ASHMORE <DANJAY SUPERANNUATION A/C>	1,706,548	3.90%
8	MR PHILIP BOMFORD	1,369,291	3.13%
9	*Noel Thompson & Lorraine Thompson	1,115,272	2.55%
10	ROADWORX GROUP PTY LTD	1,009,319	2.31%
11	PARK ROAD SF PTY LTD <PARK ROAD SUPER FUND A/C>	873,416	2.00%
12	MAXLEK PTY LTD <JIMS AND JOELS SUPER FUND>	603,588	1.38%
13	MRS JANET GRIFFITHS	544,630	1.25%
14	ELFIC INDUSTRIES PTY LTD <ELFIC SUPER FUND A/C>	537,901	1.23%
15	LIVINGSTONE SERVICES PTY LTD <LIVINGSTONE SERVICES S/F A/C>	376,836	0.86%
16	Peter Frost	365,000	0.84%
17	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	348,946	0.80%
18	*Bruce Allan Head & Beth Alison Head	300,000	0.69%
19	EST Mr Graeme Forbes Robertson	296,746	0.68%
20	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	285,087	0.65%
TOTAL		35,977,288	82.32%
Total Issued Capital		43,705,405	100.00%

* Holding is aggregated over a shareholder group

Corporate Directory

Directors



David Ashmore
Non-Executive Chairman



Darren Hotchkin
Managing Director



Steven Difabrizio
Non-Executive Director

Company Secretary

David Ashmore

Bankers

Commonwealth Bank of Australia

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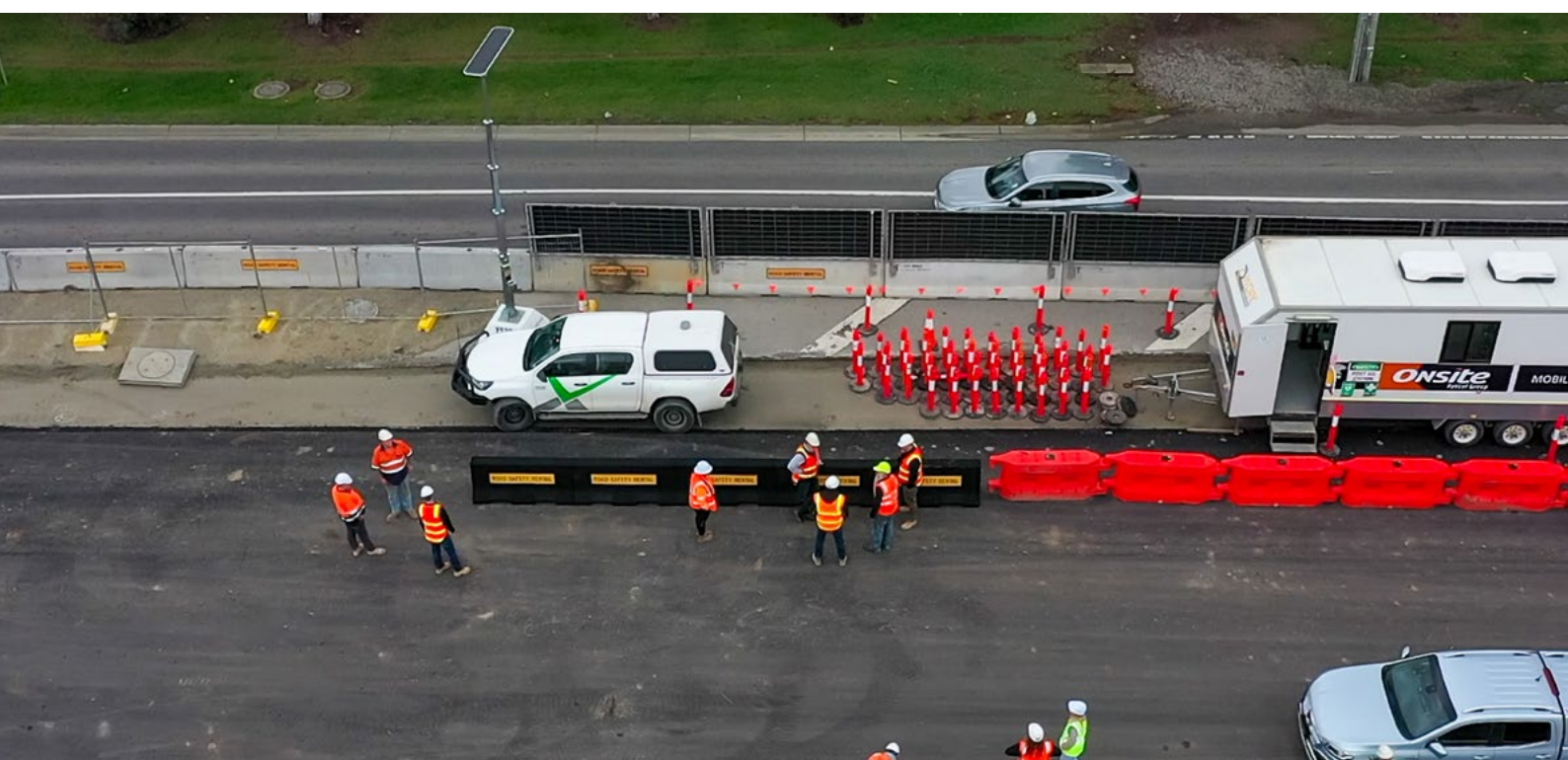
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