



Annual Report 2022



CELEBRATING
30 YEARS
IN ROAD
SAFETY

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.



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Chairman's Overview

Dear Shareholder,

Financial Overview

On behalf of the Board, I am pleased to report a profit after tax for the year of \$64k, a \$192k turnaround from the reported first half loss of \$128k.

This has been a particularly challenging 12 months with post-pandemic legacies including supply chain constraints and recruitment challenges still impacting most businesses, including our own. However, we continue to adapt our business model to remain nimble and have been able to secure and deliver orders.

Whilst our total revenue was down \$0.9 million, or 6.8% in FY2022, our underlying EBITDA improved by 12.9%, driven by sales mix, with a higher proportion of our revenue coming from higher yielding equipment rental services.

Our business model is becoming more capital intensive with the continued expansion of the equipment rental services fleet - **Road Safety Rental**, and that has driven an increase in depreciation and amortisation of 29%.

Debt levels increased by 6.6%, with an overall increase in interest cost of 8.1%. Over 62% of our debt is fixed interest equipment finance loans, which won't be impacted by the increasing interest rate environment.



David Ashmore, Chairman

The table below summarizes the key metrics over the past three financial years:

	Year ending 30 June		
	2020	2021	2022
	\$'000	\$'000	\$'000
Operating revenue	16,497	13,250	12,349
Underlying EBITDA*	1,596	1,679	1,896
Profit after tax	521	535	64
Operating cash flows	2,265	1,513	944
Gearing ** (net debt / net debt + equity)	19.7%	26.7%	31.8%

* Underlying EBITDA excludes COVID-19 Government support

** Excluding right-of-use asset lease liabilities

We continued our expansion of **Road Safety Rental** during the year, investing a further \$1.3 million in additional equipment rental services stock, including temporary barriers, solar powered Variable Message Sign (VMS) trailers, and portable solar lights. This was facilitated through additional borrowings of \$1.092 million in equipment finance during the year, with the balance funded through working capital, with \$0.944 million generated from operating cashflows during the year.

Our gearing ratio increased to 31.8%. We continue to receive support from our primary financier, Commonwealth Bank, who approved an additional \$0.5 million in asset finance facilities during the year to enable our equipment rental services growth.

Corporate Activities

In September last year we were pleased to announce the appointment of Steven Difabrizio to the Board. Steven has been influential in assisting the growth plans of **Road Safety Rental**, with his wealth of experience in the equipment rental services industry.

We have continued to work on the international business with further regulatory approvals in the USA for our HV2™ temporary barrier system, with a notable recent key approval from the state of California. We now have 20 state approvals in USA and one in Canada. In terms of market opportunity, these approvals to date now cover around 50% of the US population base, which is more than six times the Australian population. We have continued to work with our business partners in the US to instigate sales in this region and we have started the new financial year securing an order for our VMS trailers for New Zealand.

Outlook

We are budgeting for growth despite the continued post-pandemic pressures on supply chains and resourcing. We currently have a substantial volume of secured work in hand, underpinning the fact that government road infrastructure spending is at an all-time high.

Road Safety Rental expansion is still a large part of our strategy, and we will invest further in building our NSW branch, which was somewhat stalled mid-year by the COVID-19 pandemic. This branch has started the new financial year within budget, and we will continue to consolidate our more mature Victorian branch, leveraging our holistic service offering to our core tier 2 and tier 3 civil contractor customer base. The benefits of this strategy are well established, and it is worth reiterating that most of our equipment rental service assets originate from our own proprietary products, so our fleet investment cost is lower than most of our peers. There is no change to this strategy.

Our primary focus continues to be the improvement in the financial performance and sustainability of our company and we believe we have the right strategies going forward to achieve this.

Acknowledgments

I would like to acknowledge and thank our staff and management team for their ongoing commitment to the business. The fatal incident involving a third-party transport driver at our Victorian **Road Safety Rental** branch in late November last year significantly impacted our close-knit workforce, and it is a credit to all staff that they supported each other during this difficult time.

I also sincerely thank all our shareholders for their continued support. Finally, I wish to acknowledge my fellow directors and their diligent and collaborative efforts and ongoing contribution over the past year.



David Ashmore

Chairman of the Board

29 August 2022

Managing Director's Review of Operations and Activities

Performance During 2021 - 2022

I am pleased that, despite another challenging year, the company has reversed the first half loss and achieved underlying EBITDA growth of \$217k for FY2022. The company continues executing its strategic plan of maintaining domestic product sales and profits, resuming our international product sales growth post-pandemic and the significant expansion of our **Road Safety Rental** brand up the east coast of Australia.

Australian Product Sales

Whilst we incurred a decline in domestic product sales over the 12-month period, this has been attributed to a challenging post-pandemic external environment causing product component supply problems, international shipping delays and labour shortages. This has resulted in substantial deferred orders in hand carry over into FY2023 of around \$2.6 million. A highlight from the past year has been the two previously announced orders received from a large national rental company for our T-LOK™ concrete barriers, and we anticipate further orders from this customer over the coming years.

International Product Sales

International activity was almost non-existent due to the pandemic and restrictions on travel and challenging freight logistics. Looking ahead, the company expects this trend will reverse over the next financial year. We are seeing increased interest in the HV2™ Barrier in the USA and anticipate receiving the first orders for this product over the coming 12 months. Approvals have been secured in 20 US states and Ontario, Canada, and therefore we expect that HV2™ sales in these regions will finally come to fruition. In addition, our major New Zealand customer has confirmed an order for our variable message signs to start the new financial year.



Darren Hotchkin, Managing Director

Road Safety Rental

Our **Road Safety Rental** equipment rental services offering continues to grow, with improvements in both revenue and EBIT. This growth was achieved mostly in our Victorian branch. After a number of challenges faced in the process of opening our New South Wales operation (due to the pandemic and resulting lockdowns), we have now established this state branch for trading.

Our rental equipment asset pool has progressively grown now to around \$8.5 million (at original purchase value), with plans for continued fleet investment in both states over the coming years. Significant government road projects are scheduled over the next decade, and we are well positioned as a specialist solutions provider to benefit from this. **Road Safety Rental** is and will be our largest contributor to profit during the next five years.

We are seeking rapid growth of the NSW operation, to eventually match the scale of the Victorian branch. Extensive research has already been undertaken in the southern Queensland / northern NSW markets with the plan to open a branch in this area in the medium term.

Innovation Initiatives

Two major research and development projects have recently commenced. The Zone 4 project is a unique solar message sign and lighting system, and the first prototypes are looking very promising. A crash tested waterfilled barrier system is also currently in concept design phase.

With the commissioning of our test track in Gippsland, Victoria, which is the only road barrier crash testing facility in Australia, we are well positioned for both research and development projects and more extensive testing of existing barriers.

In Summary

In another challenging year we are pleased to have delivered underlying EBITDA growth as well as starting order pipeline for the new financial year of \$5.6 million and a decisive growth plan to deliver.

Finally, I would like to acknowledge the support of all the **Saferoads** team, who have delivered a solid turnaround in the second half of FY2022 and have adapted well to the challenges of operating in the current COVID-19 environment.



Darren Hotchkin

Managing Director

29 August 2022

Celebrating 30 years in Road Safety

Article published in Roads and Infrastructure Magazine, May 2022

For the past 30 years, Saferoads' innovations in developing road and traffic safety products have helped save multiple lives in Australia and beyond. Roads & Infrastructure looks at the company's journey and how the business has not just survived but thrived over the period.

From humble beginnings in 1992 at the tyre shop of its founder Darren Hotchkin to becoming an ASX-listed company with an extensive sales network in the Australian and international road safety market, Saferoads' journey over the past 30 years has seen both great challenges and extraordinary growth.

This year, the company celebrates its 30th year in business with a product portfolio that's become known across the industry for being innovative, well-engineered and importantly, trusted for safety and performance. The ups and downs the company has been through over this journey to build that reputation, while bringing all of its research and development and most of its manufacturing in-house, offers lessons in business resilience.

Saferoads began life primarily to commercialise an innovation from Hotchkin himself, which was to produce reboundable guide posts from recycled car tyres.

At the time, guide posts in Australia were made from wood, which was brittle and would fail after only a single vehicle impact.

Using recycled tyres meant Saferoads - which was called Rubber Tough Industries then - could produce guideposts that were more durable than timber, while helping divert an end-of-life product from landfill.

Over the next few years, the company used rubber from used tyres to manufacture more traffic-related products, such as speed humps. In its fourth year, Saferoads also began distributing road safety products from a US-based firm across Australia.

By this time, the rubber side of the business became less of a focus and was superseded by the company's expansion into road safety, barriers, crash cushions, truck-mounted attenuators (TMAs) and many other new products. The Rubber Tough Industries brand was sold, and road safety became the core focus for the company - hence the name change to Saferoads.

In the years that followed, Saferoads expanded its team and established itself as a well-regarded distributor of crash barriers, traffic calming products, lighting and other road safety equipment to the Australian market. In 2003, the company was listed on the Australian stock exchange to attract outside investors, which led to further growth. A few years later, however, a mid-life crisis threatened the existence of the business.

Challenging times

In 2008, Saferoads' US distributor changed hands and the new owners decided to work exclusively with Saferoads' competitor, leading to the company losing half of its product range almost overnight.

After the fall-through in relationship with its US distributor, the Saferoads team was faced with tough decisions. Eventually, the company re-located its three-acre factory to a smaller two-acre facility in Melbourne's south-east suburb of Pakenham, with the team now focusing more intensely on research and development to reduce reliance on foreign imports and owning the intellectual property rights for its innovations.

This shift in focus has led to noteworthy innovations from the company, with Saferoads having had a role in shaping barrier usage on worksites around Australia – and even in other countries such as New Zealand and the US.

The company has also been instrumental in the development, and adaptation by the market, of traffic control and traffic management equipment, such as variable message signs (VMS), TMA trailers, OmniStop portable bollards and more.

Four years ago, Saferoads established **Road Safety Rental**, a separate rental division within the business that helps the company take its products to market on a hire basis. This division continues to expand its product range and is continually growing.

The company is also still invested in research and development and owns the only dedicated crash testing site for road barriers in Australia.

Pioneering achievements



The Saferoads R&D team has been working on new trailer designs for the company's variable message signs.

Over the past 30 years, Saferoads has been a pioneer on many fronts, including the introduction of the first hybrid steel and concrete temporary barriers in Australia.

Casey McMaster, Saferoads' Engineering Manager who has been with the company for almost 19 years, says the company has kept its products up to date with the latest industry requirements.

"The Ironman steel barrier was developed around 2004-2005 based on an innovation by Darren himself, had undergone crash testing in the US and was very popular in both the Australian and the US markets.

But as the industry became more mature and started to adopt more stringent safety requirements, we realised that the high deflections in the barrier were no longer appropriate for our current road situations, where construction zones are getting tighter," says McMaster.

That's when Hotchkin and the team came up with the idea of putting concrete blocks into the steel barriers to retrofit them and reduce the deflections. This led to the development of Ironman Hybrid barriers, which were successfully crash tested as per the Australian Standard AS3845 and launched to the market.

Last year, Saferoads re-launched the Ironman Hybrid barrier as per the 2009 American Manual for Assessing Safety Hardware (MASH) standard, which was mandated in Australia from the beginning of this year. The new standard required approximately 12 per cent higher impact resistance, which was achieved with slight modifications to the barrier's terminal connections and crash cushions.

Taking the learnings from the hybrid technology, Saferoads then began working on another traffic barrier called the HV2. This barrier uses the same concept of adding concrete ballast to hollow steel barriers but feature a different design from the Ironman Hybrid.

McMaster says using finite element analysis techniques by utilising the LS-DYNA software has helped Saferoads move its products from the prototype phase to product development more efficiently.

“We use finite element analysis substantially for all our crash tested products. It’s an amazing tool that we run in-house. When we did the HV2 barrier tests in Texas, it cost us around \$300,000 to run the three tests, but thanks to the LS-DYNA work that we had done and the resulting design improvements, the barriers passed all requirements on the test day.”

The HV2 barrier was also recently approved by the Austroads Safety Barrier Assessment Panel (ASBAP) and certified for traffic speeds up to 100 kilometres per hour.

Taking on feedback

The Saferoads research and development team is constantly reviewing its products based on feedback it receives from customers, and more recently, from the state managers and product managers in its in-house rental division.

An example is the design changes the company is introducing for its VMS trailers. Having started by distributing VMS imported from overseas, Saferoads has eventually taken ownership of the design and manufacture of the trailers, as well as owning the CPU and the IP for the communication platform. These steps, McMaster says, reduce the company’s reliance on overseas support, giving better assurance of safety and reliability to Saferoads’ clients.



With patented hybrid technology, the HV2 Safety Barrier offers high containment and low deflection upon impact.

This year, the team has been working on modifications to the VMS trailer design, making them more portable, cost-effective and less prone to vandalism and theft. These design updates, McMaster says, are examples of how the company maintains its edge in the market.

“There’s no point developing a new product that’s already available in the market,” he says. “You need to have an edge, and that comes from making products that are cheaper to manufacture, cheaper to deploy and have better performance.”

Having started out in the industry with tyre recycling, Saferoads has also come full circle as it is currently collaborating with the Melbourne University and Tyre Stewardship Australia on a project involving use of crumbed rubber from used tyres in T-LOK concrete barriers. The prototype barriers, which will be soon tested at Saferoads’ dedicated crash testing facility in Victoria, are expected to extend the longevity of T-LOK barriers and improve energy absorption, as McMaster explains*.

“The rubber from the tyres can absorb a lot of the impact when the concrete barriers are transported from site to site, reducing the risk of breakage and cracking. If we can extend the average service life of T-LOK barriers from approximately three to five years to, say, five to ten years, that’s a considerable saving for the industry,” he says.

**Note: A successful crash test of this product was conducted at Lardner Park Warragul, in September 2022.*

Passion for improvement

Looking back at the company's 30-year journey, Hotchkin believes a shared passion for innovation and constant improvement is what helped the company not just stay afloat through its turbulent times, but to thrive and grow to where it stands today.

"Passion for the industry, passion for the company and the desire to continually improve and innovate is something that's in our DNA as a company," he says. "Being a relatively small team that's involved in research and development means we can test out new ideas, take feedback from our sales and rental teams and design products that solve the industry's issues for road safety."

Trent Loveless, Saferoads' Chief Operating Officer, agrees. "We work in an industry that continues to challenge companies like us to innovate and find ways to improve the performance of our products," says Loveless.

"Saferoads, by its roots, has evolved through constant innovations, bringing in new products, new concepts and finding solutions to fill the gaps in the market. Our work is not done, and our list of innovations and potential R&D continues to grow."

Hotchkin sees it as a positive sign that the industry is becoming more mature and more stringent with safety regulations.

"I think as a company, we've moved with the tightening of the regulations, and we see it as a positive thing, because it removes a lot of companies that don't want to comply with the more stringent regulations of products," he says.

And what does the journey ahead look like for Saferoads?

"We want to continue on a similar path of bringing a couple of new innovative products to the market every year, while having a solid foundation for the business so that we can attract the right sort of people. There's a saying, 'your people are your best and worst assets,' so if we can attract innovative, open-minded, hardworking and passionate people to the business, we can achieve much better results," says Hotchkin.

"The goal is to have innovative products that make the roads safer. I believe having a solid, stable business and the right culture that's collaborative and open will help us get there."

Year in Review

Saferoads



FY2022 started with some significant challenges amidst another year of lockdowns and constraints, many of which we still face today. Yet throughout these challenges, a lean team has navigated the global impacts on supply chain, shipping and logistics, and the local impacts of shortages in resourcing, whilst still managing to produce a year with some great successes.

The Australian product sales department have enjoyed success in securing a significant barrier production order from one of the country's largest hire companies. At the same time our rental business (now spanning across two states) has delivered some of the largest contracts we have seen in the four years **Road Safety Rental** has been running. Our sales and production teams have been a little under-resourced at times, while our Rental Branch Managers and their teams are working closely together to bridge any resourcing gaps, so that the customers always receive the best service, expertise, and delivery of goods and services possible.



Trent Loveless, Chief Operating Officer

Despite enormous challenges, here are some of the highlights and major achievements:

- Strong pipeline of work (over \$5.6 million) to start FY2023
- Securing of a significant production order for a national hire business
- Continued improvements to the online presence of our business
- A growing order book for Variable Message Sign (VMS)
- Major works undertaken on the redevelopment of our CPU and Zone platform supporting our VMS

Our rental business has flourished in the wake of lockdowns, and has a significant list of milestones to celebrate in the last 12 months.

- Continued demands for HV2 barrier product (which has almost been 100% utilised since it arrived)
- Largest T-Lok project the company has delivered in the first half of FY2022 (Gippsland, Victoria)
- Significant utilisation of our Ironman Hybrid barrier product across Victoria including some Tier 1 and Tier 2 level crossing removal projects
- New branch and team in NSW early 2022
- Significant win for **Road Safety Rental** with 1400m of T-Lok barriers deployed in South West Sydney

Growth in this business unit alone sees ongoing opportunities for recruitment.

Looking ahead

With some significant challenges behind us, and many we are still finding ways to navigate, there is a genuine level of excitement around the company based on the overall direction. We are aiming to deliver growth within the markets of our core product ranges, as well as seek growth in major project spaces with barriers, VMS, SLED and other products to satisfy the appetite of Tier 1 contractors.

We are also looking to achieve major growth in our Victorian and New South Wales rental branches as we on board new people and work closely to ensure expertise and service is maintained throughout an exciting growth period ahead. We will continue to develop and innovate. We are currently working on a complete redesign of our VMS and lighting products, as well as some crash testing and R&D within the barrier product range. All in all, we are continuing to look at sustainable ways to grow and ensuring any new product ideas are well aligned to longer term strategies.

Trent Loveless

Chief Operating Officer



Major Carpark Upgrades at SuniTAFE Mildura, Victoria

Saferoads were engaged by Waters Excavations to supply a range of traffic calming products, as well as security bollards for a major upgrade to several carparks at SuniTAFE in Mildura. The extensive works included the installation of a large expanse of Rubber Kerbing, Rubber Wheel Stops and Rubber Speed Humps for carparking as well as 42 OmniStop Ultra security bollards.

Our Solution

Saferoads traffic calming products offered the customer durability, high visibility and are resistant to cracking and chipping. Installed in minutes, these products are the perfect solution to slow, deter or redirect traffic. **Saferoads** OmniStop Ultra security bollards were chosen to protect the public and assets from errant drivers by absorbing the impact of vehicles, without interfering with pedestrian activity.

Outcome

The upgrades have increased the amount of carparking available, as well as considerably enhanced protection of drivers and pedestrians, encouraging safer, responsible driving and movement around the campus.

Testimonial

"We recently purchased a large order of flat top speed humps, bollards and rubber spike down kerbing for our car park upgrade project. Our Saferoads contact Steve was very helpful and provided details of all products for our clients review, the products arrived well packaged with all required fixings and instructions which assisted our staff with the installation process. The flat top speed humps are a huge hit with our client who has reported a significant decrease in the speed of vehicles throughout the areas they were installed.

Thanks Saferoads "

Duncan Pye - Project Manager/Estimator, Waters Excavations

Products Used



Rubber Speed Humps



Rubber Kerbing



Rubber Wheel Stop



OmniStop Ultra



Somerset Council, Queensland

A series of streetlights were required along the Brisbane Valley Rail Trail to provide pedestrian light for trail users in the towns of Fernvale, Toogoolawah, Esk and Lowood.

Our Solution

230, 30W Delta Solar Lights with Promenade Poles were supplied and installed along the trail, increasing light and safety for trail users.

Outcome

Saferoads solar lighting was chosen for this project as it is an environmentally friendly solution, offering efficient lighting that is affordable to run. **Saferoads** 30W Delta solar lights have solar panels that can be faced in any direction to optimise sunlight, as well as built in lithium-ion battery storage. These features allow them to provide bright light throughout the night, therefore making parks and trails safer and more user friendly for the local community. The 30W Delta solar lights are also simple to install, which limits the time recreation areas and parks are closed to the public for works.

Testimonial

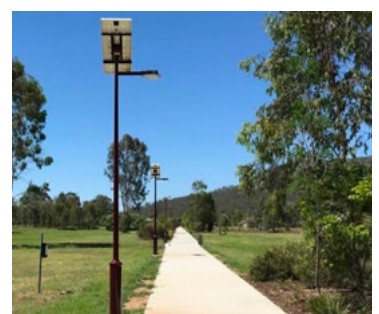
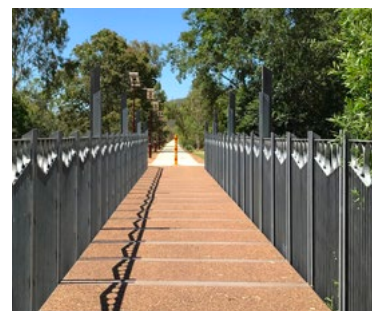
"The solar lighting which has been installed along the Brisbane Valley Rail Trail towns has been well accepted by local community groups and Council and provides a safe and usable trail any time of day or evening."

Gary Love - Somerset Regional Council

Product Used



30w Delta Solar Light - Promenade Pole



Year in Review

Road Safety Rental VIC

ROAD SAFETY RENTAL

Despite the immediate challenges of FY2022 and the continued after effects of the pandemic the **Road Safety Rental** Victorian Branch returned a positive result by maintaining our focus on project delivery.

With a slower first half of year the team managed to deliver a solid performance despite being impacted by a statewide construction lockdown, our business was fortunate enough to continue to operate throughout this period by delivering critical road safety equipment to the state's regional roads revival projects.

We had a much stronger performance in the second half of the year, resulting in several record months. With the government placing construction at the heart of the economic recovery plan and having committed to several substantial infrastructure projects we were able to build a healthy order pipeline. With this very promising forecast, smart fleet investments and the recruitment of another couple of dedicated and focused team members we are well on our way to achieving our goals.



Ash Farr, Road Safety Rental Branch Manager - Victoria



T-Lok Deployment – T4 Airport Melbourne

After the pandemic and shutdowns, the T4 Expressway at Melbourne Airport, is now underway and the Victorian **Road Safety Rental** team were pleased to be able to provide the optimum site protection solution for all internal works on this project near a critical bridge. We were to ensure minimal disruption to traffic and parking in the outdoor long term car park area. The project will continue well into 2023.

T-Lok Deployment – Cardinia Shire, Pakenham

Road Safety Rental's T-Lok barriers were recently deployed as part of a major construction project in the Cardinia Shire, south of Pakenham. Contractors were looking for an innovative traffic delineation and worksite protection solution, which was able to provide a continuous temporary traffic barrier at the project's most notorious intersection.

When tendering for the contract, **Road Safety Rental's** T-Lok barrier offering had a significant advantage over competitor barriers with the introduction of the T-Lok steel wedge. **Saferoads** T-Lok wedge solution made it possible to deploy a continuous run of T-Lok concrete barriers on a tighter radius, maximising the safe working area and offering continuous protection to the work site.



Ash Farr

VIC Branch Manager

Year in Review

Road Safety Rental NSW

ROAD SAFETY RENTAL

Road Safety Rental NSW Branch started the year with great momentum, with a proactive approach to potential customer contact and reaching out to the existing client base.

A successful tender for the provision of T-Lok concrete barriers for a large civil contractor in South Western Sydney, helped us to bring forward the introduction of our first full time operations team member. During the lead up to delivery of this project, we were fortunate enough to have time to brand every barrier prior to deployment. The advertising and exposure has been quite prominent.

The market in New South Wales is different to that of Victoria, with a preference and reliance on waterfilled barriers. Our challenge will be to continue to educate customers on the superior protection that steel and concrete barriers offer, when compared with the performance, deflection and other limitations of traditional plastic/water barriers. Many waterfilled projects simply do not comply.



Jonathan Finney, Road Safety Rental Branch Manager - New South Wales

The introduction of road auditors to New South Wales is slowly making a change, however we expect this to be slow as we do our part to educate clients and authorities on compliance and optimum work zone protection.

The market for Variable Message Signs (VMS) and light towers are strong, we have near on 100% utilisation of our fleet whilst booking in future orders. The outlook is positive with the continued investment in this area of our fleet, paired with in-house support backing.

The future for **Road Safety Rental** New South Wales remains bright as we continue to educate clients on the importance of safe and compliant barrier solutions, focusing on our key market offering as the expert in the barrier market.

T-Lok Deployment – TRN Group Sydney

This project, awarded to **Road Safety Rental** for their level of expertise in the barrier market, required 1.4km of T-Lok concrete barriers as well as VMS and light tower hire. Overnight, and to a tight timeframe we successfully deployed T-Lok Barriers with SLED end treatments. The barriers were placed with minimum working widths along a high volume area at Picton Road in Sydney. The tight radii uncovered in stage two of the project saw the inclusion of the T-Lok wedge solution, offering improvement to the alignment of the barriers, giving **Road Safety Rental's** barrier offering a significant advantage over competitor barriers. The successful project was able to continue without any hold ups and with full compliance from Transport for NSW.

“Road Safety Rental made the entire process easy and well managed. Great communication created peace of mind and ability to carry on with other aspects of the project with no concern around barriers.”

Daniel T from TRN Group

Jonathan Finney

NSW Branch Manager



Directors' Report

Your Directors submit their report for the year ended 30 June 2022.

Directors

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
Hayden Wallace	Non-Executive Director	Appointed 16 March 2020 Resigned 7 September 2021

Directors' 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.

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 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 currently a substantial shareholder in motor and recreational vehicle dealerships based in Gippsland, Victoria.

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.

Hayden Wallace (MBA, B. Eng.)

Non-Executive Director (*resigned 7 September 2021*)

Hayden Wallace was appointed to the Board on 16 March 2020. He was Chairman of the Audit and Risk Committee and a member of the Remuneration/Nomination Committee until his resignation.

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

Company Secretary

Aimee Taylor (BComm (Hons) (GCert HR Mgt)

Aimee joined **Saferoads** in November 2018 and is the Company's Media, Communications and Human Resources Manager. She was appointed Company Secretary on 28 October 2020. Aimee has completed a Bachelor of Media and Communications, majoring in Public Relations, and a Graduate Certificate of Human Resource Management at Deakin University.

Interest in Shares

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

Name	Shares
David Ashmore	1,462,755
Darren Hotchkin	9,765,937
Steven Difabrizio	4,340,549

Dividends

No interim or final dividend was paid or is declared for the financial year ended 30 June 2022.

The Company paid a one cent dividend (fully franked) on 19 November 2020 totalling \$364,000. \$244,214 was distributed in shares (1,061,783 new shares issued at \$0.23) which were issued under the Company's Dividend Reinvestment Plan. No final dividend was declared or paid for the financial year ended 30 June 2021.

Principal Activities

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

Products and services the Company provides includes 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 Company remains focused on providing innovative products and materials that protect the safety of all road users – motorists, road construction workers and pedestrians.

Review and Results of Operations

The consolidated entity reported a profit after tax for the year of \$64k, a \$192k turnaround from the reported first half loss of \$128k. Total revenue was down \$0.9 million, or 6.8% in FY2022, however underlying EBITDA improved by 12.9%, driven by sales mix, with a higher proportion of revenue coming from higher yielding equipment rental services.

The business model is becoming more capital intensive with the continued expansion of the equipment rental services fleet - **Road Safety Rental**, and that has driven an increase in depreciation and amortisation of 29%.

Debt levels increased by 6.6%, with an overall increase in interest cost of 8.1%. Over 62% of the group's debt is fixed interest equipment finance loans, which won't be impacted by the increasing interest rate environment.

The expansion of **Road Safety Rental** continued during the year, with \$1.3 million invested in additional equipment rental services stock, including temporary barriers, solar powered Variable Message Sign (VMS) trailers, and portable solar lights. This was facilitated through additional borrowings of \$1.092 million in equipment finance during the year, with the balance funded through working capital, with \$0.944 million generated from operating cashflows during the year.

The gearing ratio increased to 31.8%. We continue to receive support from our primary financier, Commonwealth Bank, who approved an additional \$0.5 million in asset finance facilities during the year to enable the equipment rental services growth.

Significant Changes in State of Affairs

During the 2021-22 year, there has been no significant change in the Company's state of affairs other than as disclosed in this financial report.

Significant Events after Reporting Date

There has been no matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

Likely Developments and Expected Results

Likely developments in the operations of the entity 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, Officers and Auditors

During the year, Directors' and Officers' insurance premiums were paid for any person who was a Director and/or Officer of the Company. The Group has not agreed to indemnify its auditors, Grant Thornton.

Environmental Regulation and Performance

The Company'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 Company 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 Company consisted of the following Directors and executives during the year:

David Ashmore	Non-executive Chairman
Darren Hotchkin	Managing Director
Steven Difabrizio	Non-executive Director (appointed 7 September 2021)
Hayden Wallace	Non-executive Director (appointed 16 March 2020, resigned 7 September 2021)
Peter Fearn	Chief Financial Officer
Trent Loveless	Chief Operating Officer (appointed 1 March 2022)

Remuneration of Directors and Key Management Personnel

Non-Executive Directors

Total remuneration for non-executive Directors for 2021-22 was \$142,684. 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 \$421,890, 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 FY2022. 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 (FY2021: nil). The criteria for discretionary bonuses were the Company's financial performance exceeding the targeted profit for FY2022. This did not eventuate.

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

	2022	2021	2020	2019	2018
EPS (cents)	0.2	1.4	1.4	(0.1)	1.9
Net profit/(loss) (\$)	64,289	535,173	521,029	(41,586)	709,692
Share price (\$)	\$0.14	\$0.21	\$0.20	\$0.22	\$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

30 June 2022

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	75,000	-	-	-	7,500	-	-	82,500	-
S. Difabrizio	49,048	-	-	-	-	-	-	49,048	-
H. Wallace	10,124	-	-	-	1,012	-	-	11,136	-
Executive Director									
D Hotchkin	367,200	31,122	-	-	23,568	-	-	421,890	-
Executive									
P Fearn	200,000	-	-	-	20,000	161	-	220,161	-
T Loveless*	70,000	-	-	-	7,000	1,008	-	78,008	-
Total	771,372	31,122	-	-	59,080	1,169	-	862,743	

* Mr. Loveless was appointed Chief Operating Officer on 1 March 2022

30 June 2021

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	75,342	-	-	-	7,158	-	-	82,500	-
D Cleland	16,787	-	-	-	10,296	-	-	27,083	-
H. Wallace	54,795	-	-	-	5,205	-	-	60,000	-
Executive Director									
D Hotchkin	360,000	31,122	-	-	21,694	-	-	412,816	-
Executive									
P Fearn [#]	105,180	-	-	51,130	12,182	5	-	168,497	-
Total	612,104	31,122	-	51,130	56,535	5	-	750,896	

[#] Mr. Fearn resigned as Chief Financial Officer on 30 October 2020 and was reappointed on 26 April 2021

Shareholdings of Key Management Personnel

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2021	Acquired through On-Market trade	Acquired through Dividend Reinvestment Plan	Sold	Other*	Balance at 30 June 2022
Directors						
D Hotchkin	9,765,937	-	-	-	-	9,765,937
D Ashmore	1,462,755	-	-	-	-	1,462,755
S Difabrizio*	-	-	-	-	4,340,549	4,340,549
H Wallace	-	-	-	-	-	-
Executive						
P Fearn	33,000	-	-	-	-	33,000
T Loveless	-	-	-	-	-	-
Total	11,261,692	-	-	-	4,340,549	15,602,241

* Mr Difabrizio was appointed on 7 September 2021 – value represents shareholding at time of appointment.

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 Company acquired certain consumable manufacturing materials from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$42,815 (2021: \$84,312), with \$13,300 included in Trade payables at 30 June 2022 (2021: \$11,423).

During the financial year the Company leased premises from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$19,425 (2021: \$12,300), with a \$1,667 security deposit held at 30 June 2022.

During the financial year the Company received professional consulting services from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$38,753.

During the financial year an entity related to Mr S. Difabrizio purchased goods and services at normal commercial rates for \$20,162.

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	10	10	3	3	2	2
Mr D Hotchkin	10	10	-	-	-	-
Mr S Difabrizio	8	8	1	1	1	1
Mr H Wallace*	2	2	2	2	1	1

* Mr Wallace resigned 7 September 2021

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.

Auditor's 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 August 2022

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
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Melbourne VIC 3001
T +61 3 8320 2222

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 30th June 2022, 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



M Climpson
Partner – Audit & Assurance

Melbourne, 29 August 2022

www.grantthornton.com.au

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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 for the financial year ending 30 June 2022 is dated as at 30 June 2022 and was approved by the Board on 24 August 2022. 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 2022

	Notes	CONSOLIDATED	
		2022 \$	2021 \$
Revenue			
Revenue from product sales and services	4	12,349,416	13,250,184
Other income	4	116,767	(5,392)
Total revenue and other income		12,466,183	13,244,792
Raw material, finished goods and logistics		(5,466,503)	(6,820,882)
Employee benefits	4	(3,506,874)	(3,051,183)
Motor vehicle costs		(144,448)	(117,166)
Occupancy costs		(57,949)	(49,695)
Travel and accommodation costs		(79,753)	(18,337)
IT & Communications costs		(136,237)	(121,151)
Warehouse costs		(278,402)	(214,839)
Marketing costs		(193,748)	(151,501)
Other expenses		(691,509)	(646,520)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		1,910,760	2,053,518
Depreciation and amortisation	4	(1,565,395)	(1,212,112)
Earnings before interest and tax (EBIT)		345,365	841,406
Finance costs	4	(281,076)	(260,129)
Profit/(loss) before income tax		64,289	581,277
Income tax benefit/(expense)	5	-	(46,104)
Net profit/(loss) for the period		64,289	535,173
Net profit/(loss) attributable to members of the parent		64,289	535,173
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		64,289	535,173
Total comprehensive income/(loss) attributable to members of the parent		64,289	535,173
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	0.17	1.44
- Diluted for profit/(loss) for the full year	6	0.17	1.44
Dividend paid per share (cents)	7	-	1.00

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Notes	CONSOLIDATED	
		2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	4,219	745,787
Trade and other receivables	9	1,801,267	1,494,810
Inventories	10	2,542,621	2,660,122
Prepayments		170,789	227,138
Total Current Assets		4,518,896	5,127,857
Non-current Assets			
Property, plant and equipment	11	8,300,595	8,114,031
Intangible assets	12	1,215,695	1,396,538
Deferred tax assets	5	1,152,593	1,152,593
Other non-current assets		182,136	186,794
Total Non-current Assets		10,851,019	10,849,956
TOTAL ASSETS		15,369,915	15,977,813
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,390,327	1,991,214
Contract liabilities		141,791	13,979
Interest-bearing loans and borrowings	14	1,027,338	834,380
Lease liabilities	15	517,947	480,527
Provisions	16	395,752	315,276
Total Current Liabilities		3,473,155	3,635,376
Non-current Liabilities			
Interest-bearing loans and borrowings	14	2,481,748	2,457,434
Lease liabilities	15	1,063,637	1,568,654
Provisions	16	13,277	42,540
Total Non-current Liabilities		3,558,662	4,068,628
TOTAL LIABILITIES		7,031,817	7,704,004
NET ASSETS		8,338,098	8,273,809
EQUITY			
Contributed equity	17	5,593,998	5,593,998
Retained earnings	17	2,744,100	2,679,811
TOTAL EQUITY		8,338,098	8,273,809

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Contributed Equity	Retained Earnings	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 July 2020	5,353,905	2,508,638	7,862,543
Net profit/(loss) for the period	-	535,173	535,173
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	535,173	535,173
Transactions with owners in their capacity as owners:			
Dividend paid (1.0 cent per share)	-	(364,000)	(364,000)
Shares issued under Dividend Reinvestment Plan	244,214	-	244,214
Share issue costs	(4,121)	-	(4,121)
	240,093	(364,000)	(123,907)
At 30 June 2021	5,593,998	2,679,811	8,273,809
At 1 July 2021	5,593,998	2,679,811	8,273,809
Net profit/(loss) for the period	-	64,289	64,289
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	64,289	64,289
At 30 June 2022	5,593,998	2,744,100	8,338,098

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	CONSOLIDATED	
		2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		13,295,209	14,786,471
Payments to suppliers and employees		(12,350,782)	(13,273,385)
Net cash flows from operating activities	8	944,427	1,513,086
Cash flows from investing activities			
Proceeds from sale of non-trade inventory, plant and equipment		6,241	1,132,722
Purchase of plant and equipment		(636,925)	(2,317,687)
Product development costs		(130,577)	(470,289)
R&D tax rebate received		178,932	-
Net cash flows from investing activities		(582,329)	(1,655,254)
Cash flows from financing activities			
Proceeds from borrowings		206,830	498,206
Repayment of loans and borrowings		(520,237)	(723,564)
Proceeds from asset finance leases		-	521,512
Repayment of lease liabilities		(509,200)	(281,702)
Dividends paid (net of Dividend Reinvestment Plan shares)		-	(119,786)
Share issue costs (Dividend Reinvestment Plan shares)		-	(4,121)
Interest received		17	71
Interest paid		(281,076)	(260,129)
Net cash flows from financing activities		(1,103,666)	(369,513)
Net increase/(decrease) in cash and cash equivalents		(741,568)	(511,681)
Cash and cash equivalents at beginning of period		745,787	1,257,468
Cash and cash equivalents at end of period	8	4,219	745,787

The accompanying notes form part of these financial statements

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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 which is 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 consolidated entity 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 financial statements were authorised for issue by the Directors on 29 August 2022. 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 its subsidiaries ('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 subsidiaries 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.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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.

(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) Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated :

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

- Represents the lowest level within the group at which the goodwill is monitored for internal management purposes, and
- Is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of the cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. 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 (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 through the amortisation line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

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.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

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.

(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.

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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 consolidated entity 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 and on hand.

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.

(l) Assets classified as held for sale

Assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

(m) 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.

(n) 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 assess 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.

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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.

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.

(o) 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.

(p) 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.

(q) 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 stand-alone 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 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.

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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.

(r) 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.

(s) 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.

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(t) 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.

(u) 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.

(v) Derivative Financial Instruments

The group may use derivative financial instruments such as forward currency contracts to hedge risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income for the year.

(w) 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, the impact of the COVID-19 pandemic 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) Intangible assets - capitalised development costs

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

(iii) 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.

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

An indicator of impairment can include the net assets of the Group exceeding its market capitalisation at reporting date. The Group considers what factors may have impacted the market capitalisation, and whether the outlook for the business has materially changed. The Group specifically considers the potential impairment of non-financial assets, largely represented by:

- Property, plant and equipment
- Capitalised development costs
- Right of use assets

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FOR THE YEAR ENDED 30 JUNE 2022

Based on the approved budget and projected medium term outlook for the business, the Group is satisfied that the above assets are not impaired.

(v) Going concern - COVID-19 pandemic

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

The COVID-19 global pandemic continues to impact domestic and international economies. The degree and duration of the financial impact on the activities and financial position of the Company is very difficult to assess. The Company will continue to monitor the COVID-19 situation and react accordingly to protect its employees, assets and shareholder interests.

The Directors believe that significant investments in public infrastructure by the various levels of government will continue and the Company is well-placed to provide its products and services in support of these investments going forward.

(x) 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 are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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 2022, \$1,321,479 or 10.7% of the Group's revenues were generated from a single customer. No single customer represented greater than 10% of Group's revenues during 2021.

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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:

	CONSOLIDATED	
	2022	2021
	\$	\$
(i) Revenue		
Revenue from product sales - point in time	7,495,668	9,654,592
Revenue from provision of services - over time	4,853,748	3,595,592
	12,349,416	13,250,184
(ii) Other income		
Net gain/(loss) on sale of assets	2,598	(22,690)
Interest	17	71
R&D tax rebate	88,400	-
Government grant	15,000	50,000
Net foreign exchange gains/(losses)	2,498	(36,574)
Other	8,254	3,801
	116,767	(5,392)
	12,466,183	13,244,792
(iii) Expenses		
Depreciation and amortisation		
- Property, plant & equipment	922,016	718,856
- Right-of-use assets	422,491	292,715
- Intangible assets	220,888	200,541
	1,565,395	1,212,112
Impairment of plant and equipment	-	-
Finance costs		
- Bank borrowings	77,164	66,546
- Leasing arrangements	203,912	193,583
	281,076	260,129
Bad debts written off	-	-
Provision for expected credit losses	-	-

During the prior year, the Company was a recipient of a wage subsidy provided by the Australian Federal government in response to the COVID-19 pandemic. An amount of \$324,000 was included as an offset in Employee benefits expense.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

5. INCOME TAX

Major components of income tax expense for the year ended 30 June 2022 are:

	CONSOLIDATED	
	2022	2021
	\$	\$
Statement of Profit or Loss and Other Comprehensive income		
Current income tax charge/(benefit)	-	46,104
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	-	46,104
A reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:		
Accounting profit/(loss) before income tax	64,289	581,277
At the statutory income tax rate of (2022: 25%; 2021: 26%)	16,072	151,132
Non-deductible expenses	34	22
Recognition of prior year unbooked tax losses	(16,106)	(105,050)
	-	46,104

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	2022	2021	2022	2021
	\$	\$	\$	\$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred income tax asset/(liability)</i>				
Employee entitlements	106,348	93,032	(13,316)	5,854
Capitalised Research & Development Costs	(249,078)	(289,627)	(40,549)	19,276
Other	4,168	4,168	-	11,384
Deferred tax assets relating to other temporary differences	138,562	192,427	37,759	(141,564)
Carry forward tax losses brought to account	1,152,593	1,152,593	16,106	105,050
Gross deferred income tax (liability)/asset	1,152,593	1,152,593		
Deferred income tax charge			-	-

As at 30 June 2022, the consolidated entity has carry forward tax losses with a tax effect of \$1,652,345, measured at the corporate tax rate of 25%. Carry forward tax losses with a tax effect of \$1,152,593 (2021: \$1,152,593) have been brought to account as a deferred tax asset. Carry forward tax losses with a tax effect of \$499,752 relating to a prior year have not been brought to account.

The consolidated entity has realised capital losses with a gross amount of \$1,832,149 that is available for offset against any future taxable capital gains.

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022	2021
	\$	\$
Net profit/(loss) attributable to equity holders from continuing operations	64,289	535,173
Net profit/(loss) attributable to equity holders of the parent	64,289	535,173
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	64,289	535,173
Weighted average number of ordinary shares for basic earnings per share	37,461,783	37,048,706
Adjusted weighted average number of ordinary shares for diluted earnings per share	37,461,783	37,048,706
	Cents	Cents
- Basic for profit/(loss) for the full year	0.17	1.44
- Diluted for profit/(loss) for the full year	0.17	1.44

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 37,461,783 (2020: 36,400,000) shares on issue.

7. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2022	2021
	\$	\$
Equity dividends on ordinary shares:		
Interim franked dividend paid for 2022: 0.0 cents (2021: 1.0 cent)	-	364,000
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2022: 0.0 cents (2021: 0.0 cents)	-	-
Franking Credit Balance:		
The amount of franking credits available for future reporting periods after the payment of income tax payable and the impact of dividends proposed.	3,476,246	3,655,178

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

8. NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2022 \$	2021 \$
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 and on hand	4,219	745,787
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	64,289	535,173
Adjustments for:		
Depreciation and amortisation	1,565,395	1,212,112
Net (profit)/loss on disposal of plant and equipment	(2,598)	22,690
Impairment of assets	-	-
Bad and doubtful debts	-	-
Interest received	(17)	(71)
Interest paid	281,076	260,129
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(285,492)	230,282
(Increase)/decrease in inventories	(225,588)	(665,573)
(Increase)/decrease in other assets	61,007	(139,945)
Decrease/(increase) in deferred tax asset	-	46,104
(Decrease)/increase in trade and other payables	(692,670)	200,684
(Decrease)/increase in contract liabilities	127,812	(186,731)
(Decrease)/increase in provisions	51,213	(1,768)
Net cash from operating activities	944,427	1,513,086

Non-cash financing and investing activities

During the year, the Group acquired plant and equipment (excluding right-of-use assets) with an aggregate value of \$1,198,594 (2021:\$1,358,467) by means of leases.

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

9. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	2022 \$	2021 \$
Trade receivables	1,817,297	1,510,784
Other receivables	-	56
Less: Allowance for expected credit losses	(16,030)	(16,030)
	1,801,267	1,494,810
Ageing of trade receivables (net of allowance for expected credit losses)		
1 - 30 days	1,031,001	900,487
31 - 60 days	734,076	517,935
61 - 90 days	22,267	60,018
91 days and over	13,923	16,314
	1,801,267	1,494,754
Trade receivables are non-interest bearing.		
Movement in allowance for expected credit losses		
Balance at the beginning of financial year	16,030	16,030
Amounts written off	-	-
Additional allowance for expected credit losses recognised/(released)	-	-
	16,030	16,030

10. INVENTORIES

	CONSOLIDATED	
	2022 \$	2021 \$
INVENTORIES		
Stock on hand	2,542,621	2,660,122

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FOR THE YEAR ENDED 30 JUNE 2022

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2022	2021
	\$	\$
Property, plant & equipment at cost	13,567,305	12,179,153
Less accumulated depreciation	(5,266,710)	(4,065,122)
Total plant & equipment	8,300,595	8,114,031

Movements in Carrying Amounts	Property/ Leasehold improvements	Plant & equipment	Motor vehicles	Rental equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	1,154,770	573,756	368,316	3,853,251	5,950,093
Additions	571,826	226,221	5,000	2,386,151	3,189,198
Depreciation expense	(289,877)	(136,555)	(89,069)	(496,070)	(1,011,571)
Disposals	-	(69,483)	-	(23,498)	(92,981)
Assets transferred from inventories	-	5,000	-	74,292	79,292
Impairment	-	-	-	-	-
Carrying amount at 30 June 2021	1,436,719	598,939	284,247	5,794,126	8,114,031
Balance at 1 July 2021	1,436,719	598,939	284,247	5,794,126	8,114,031
Additions	61,945	149,500	50,025	951,120	1,212,590
Depreciation expense	(396,504)	(140,426)	(79,244)	(728,333)	(1,344,507)
Disposals	-	(9,021)	-	(15,587)	(24,608)
Assets transferred from inventories	-	-	-	343,089	343,089
Impairment	-	-	-	-	-
Carrying amount at 30 June 2022	1,102,160	598,992	255,028	6,344,415	8,300,595

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

	Net carrying amount b/f	Additions	Depreciation	Net carrying amount
2021	\$	\$	\$	\$
Property	1,056,981	544,620	(264,180)	1,337,421
Plant & equipment	10,151	-	(10,151)	-
Equipment under finance lease	-	521,512	(18,384)	503,128
Total right-of-use assets	1,067,132	1,066,132	(292,715)	1,840,549

	Net carrying amount b/f	Additions	Depreciation	Net carrying amount
2022	\$	\$	\$	\$
Property	1,337,421	26,383	(370,340)	993,464
Plant & equipment	-	-	-	-
Equipment under finance lease	503,128	-	(52,151)	450,977
Total right-of-use assets	1,840,549	26,383	(422,491)	1,444,441

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FOR THE YEAR ENDED 30 JUNE 2022

12. INTANGIBLE ASSETS

	CONSOLIDATED	
	2022 \$	2021 \$
Product development costs	1,865,119	1,843,556
Less accumulated amortisation	(907,126)	(729,607)
	957,993	1,113,949
Website development costs	56,427	56,427
Less accumulated amortisation	(56,019)	(50,014)
	408	6,413
Patents and product approvals	353,867	335,386
Less accumulated amortisation	(96,573)	(59,210)
	257,294	276,176
	1,215,695	1,396,538

Movement in carrying amounts	Website dev't costs \$	Patents/Product approvals \$	Product dev't costs \$	Total \$
Balance at 1 July 2020	22,290	267,238	983,094	1,272,622
Capitalisation of costs	-	61,787	284,040	345,827
Disposals	-	(21,370)	-	(21,370)
Amortisation expense	(15,877)	(31,479)	(153,185)	(200,541)
Carrying amount at 30 June 2021	6,413	276,176	1,113,949	1,396,538
Balance at 1 July 2021	6,413	276,176	1,113,949	1,396,538
Capitalisation of costs	-	18,482	112,095	130,577
R&D tax rebate allocation	-	-	(90,532)	(90,532)
Amortisation expense	(6,005)	(37,364)	(177,519)	(220,888)
Carrying amount at 30 June 2022	408	257,294	957,993	1,215,695

Patents/product approvals predominantly relate to various applications for new products that have yet to be commercialised. Once the related asset is in use, then the relevant patent/product approval will be amortised over its expected useful life.

13. TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2022 \$	2021 \$
Trade payables	1,148,063	1,650,612
Accrued expenses	193,970	310,487
GST payable	48,294	30,115
	1,390,327	1,991,214

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

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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

14. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2022 \$	2021 \$
Current		
Bank loans	170,579	165,826
Borrowings for asset finance	856,759	668,554
	1,027,338	834,380
Non-current		
Bank loans	1,176,429	1,348,223
Borrowings for asset finance	1,305,319	1,109,211
	2,481,748	2,457,434

Financing facilities available	CONSOLIDATED	
	2022 \$	2021 \$
At reporting date, the Company had the following financing facilities provided by Commonwealth Bank available:		
Total facilities:		
- term loan	1,347,008	1,514,049
- asset finance	2,000,000	1,500,000
- overdraft	1,000,000	500,000
- bank charge card	75,000	75,000
	4,422,008	3,589,049
Facilities used at reporting date		
- term loan	1,347,008	1,514,049
- asset finance	1,675,184	1,108,125
- overdraft	-	-
- bank charge card	61,000	55,000
	3,083,192	2,677,174
Facilities unused at reporting date		
- asset finance	324,816	391,875
- overdraft	1,000,000	500,000
- bank charge card	14,000	20,000
	1,338,816	911,875

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 matures in December 2024.

The Group was in compliance with its facility covenants at 30 June 2022. Pursuant to the finance facility agreement, the Company is required to provide the Commonwealth Bank with six-monthly financial information.

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

15. LEASE LIABILITIES

	CONSOLIDATED	
	2022 \$	2021 \$
Current		
Right-of-use asset leases	517,947	480,527
	517,947	480,527
Non-current		
Right-of-use asset leases	1,063,637	1,568,654
	1,063,637	1,568,654

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:

	2022 \$	2021 \$
Short-term leases	19,425	12,300
Leases of low value assets	7,926	6,589
	27,351	18,889

The Group leases its head office and warehouse facility and other warehouse sites with terms ranging from 3 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, company 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).

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

16. PROVISIONS

	CONSOLIDATED	
	2022	2021
	\$	\$
Current		
Employee benefits	395,752	315,276
	395,752	315,276
Non-Current		
Employee benefits	13,277	42,540
	13,277	42,540

17. EQUITY

	CONSOLIDATED	
	2022	2021
	\$	\$
Contributed Equity		
<i>Ordinary shares</i>		
Balance at beginning of period	5,593,998	5,353,905
Dividend Reinvestment Plan	-	244,214
Share issue costs	-	(4,121)
Issued and fully paid	5,593,998	5,593,998
<i>Movements in ordinary shares on issue (legal parent)</i>		No. of shares
Balance at beginning of the period	37,461,783	36,400,000
Shares issued under Dividend Reinvestment Plan	-	1,061,783
At 30 June	37,461,783	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	
	2022	2021
	\$	\$
Movements in retained earnings are as follows:		
Balance at beginning of period	2,679,811	2,508,638
Net profit for the year	64,289	535,173
Less: Dividend paid (refer note 7)	-	(364,000)
Balance at 30 June	2,744,100	2,679,811

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022	2021
	\$	\$
Financial Assets		
- Cash and cash equivalents	4,219	745,787
- Financial assets at amortised cost	1,801,267	1,494,810
Total Financial Assets	1,805,486	2,240,597
Financial Liabilities		
- Financial liabilities at amortised cost	6,287,027	7,021,722
Total Financial Liabilities	6,287,027	7,021,722

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 2022

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 company'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			Total
				Within 1 year	2 to 5 years	Later than 5 years	
2022	%	\$	\$	\$	\$	\$	\$
Financial Assets							
- Cash	N/A	4,219	-	-	-	-	4,219
- Receivables	N/A	1,801,267	-	-	-	-	1,801,267
Total Financial Assets		1,805,486	-	-	-	-	1,805,486
Financial Liabilities							
- Payables	N/A	1,196,357	-	-	-	-	1,196,357
- Bank loans	3.80%	-	1,347,008	-	-	-	1,347,008
- Borrowings for asset finance	5.77%	-	-	856,759	1,305,319	-	2,162,078
- Lease liabilities	5.78%	-	-	517,947	1,063,637	-	1,581,584
Total Financial Liabilities		1,196,357	1,347,008	1,374,706	2,368,956	-	6,287,027

2021	%	\$	\$	\$	\$	\$	\$
Financial Assets							
- Cash	0.07%	-	745,787	-	-	-	745,787
- Receivables	N/A	1,494,810	-	-	-	-	1,494,810
Total Financial Assets		1,494,810	745,787	-	-	-	2,240,597
Financial Liabilities							
- Payables	N/A	1,680,727	-	-	-	-	1,680,727
- Bank loans	3.78%	-	1,514,049	-	-	-	1,514,049
- Borrowings for asset finance	6.18%	-	-	668,554	1,109,211	-	1,777,765
- Lease liabilities	5.91%	-	-	480,527	1,456,836	111,818	2,049,181
Total Financial Liabilities		1,680,727	1,514,049	1,149,081	2,566,047	111,818	7,021,722

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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 any provisions for doubtful debts which is \$16,030 at 30 June 2022 (2021: \$16,030), as disclosed in the statement of financial position and notes to the financial statements. The company 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 \$36,190 (2021: \$76,332).

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 company.

(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
	\$	\$	\$	\$
2022				
- Payables	1,196,357	-	-	1,196,357
- Bank loans	170,579	1,176,429	-	1,347,008
- Borrowings for asset finance	856,759	1,305,319	-	2,162,078
- Lease liabilities	517,947	1,063,637	-	1,581,584
Total Financial Liabilities	2,741,642	3,545,385	-	6,287,027
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2021				
- Payables	1,680,727	-	-	1,680,727
- Bank loans	165,826	1,348,223	-	1,514,049
- Borrowings for asset finance	668,554	1,109,211	-	1,777,765
- Lease liabilities	480,527	1,456,836	111,818	2,049,181
Total Financial Liabilities	2,995,634	3,914,270	111,818	7,021,722

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

(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 2022	\$	\$
+/-2% in interest rates	+/-26,940	+/-26,940
+/-5c in AUD / USD	+/-143,560	+/-143,560
Year Ended 30 June 2021	\$	\$
+/-2% in interest rates	+/-30,300	+/-30,300
+/-5c in AUD / USD	+/-226,000	+/-226,000

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	
		2022	2021
Saferoads Pty Ltd	Australia	100%	100%

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

20. RELATED PARTIES

Transactions with Key Management Personnel

During the financial year the Company acquired certain consumable manufacturing materials from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$42,815 (2021: \$84,312), with \$13,300 included in Trade payables at 30 June 2022 (2021:\$11,423).

During the financial year the Company leased premises from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$19,425 (2021: \$12,300), with a \$1,667 security deposit held at 30 June 2022.

During the financial year the Company received professional consulting services from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$38,753.

During the financial year an entity related to Mr S. Difabrizio purchased goods and services at normal commercial rates for \$20,162.

21. AUDITORS' REMUNERATION

	2022 \$	2021 \$
Amounts received or due and receivable by:		
- Grant Thornton, for the audit of the financial report	76,000	69,000
- Other services (2022: R&D tax rebate): Grant Thornton	20,000	-

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 (<i>appointed 7 September 2021</i>)
Hayden Wallace	Non-Executive (<i>resigned 7 September 2021</i>)

(ii) Executives

Peter Fearn	Chief Financial Officer
Trent Loveless	Chief Operating Officer (<i>appointed 1 March 2022</i>)

(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.

	2022 \$	2021 \$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	802,494	694,356
- Post-employment benefits	59,080	56,535
- Long-term employee benefits	1,169	5
	862,743	750,896

Saferoads Holdings Limited

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

23. PARENT ENTITY DISCLOSURES

	2022	2021
	\$	\$
Current assets	-	-
Total assets	5,600,022	5,600,022
Current liabilities	-	-
Total liabilities	-	-
Net assets	5,600,022	5,600,022
Issued capital	5,593,998	5,593,998
Retained earnings	6,024	6,024
Profit/(loss) of the parent entity	-	364,000
Total comprehensive income of the parent entity	-	364,000
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	486,894	669,640

24. CONTINGENT ASSETS AND LIABILITIES

Workplace incident

On 26 November 2021, a workplace incident occurred at the Company's Victorian **Road Safety Rental** branch, which resulted in the death of a third-party transport driver. The incident is the subject of investigations by the relevant authorities. The Company is co-operating with the relevant authorities in respect of their investigations.

At the date of this report, no claim has been made against the Company and/or its officers. Whilst the Company has insurance in respect of these types of incidents, as a result of recent legislative changes in Victoria, there may be certain circumstances that arise which may result in regulatory penalties that are not legally insurable. These cannot be determined or quantified at this time.

There are no contingent assets as at 30 June 2022.

25. SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

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 2022 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.

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

29 August 2022

Grant Thornton Audit Pty Ltd

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Independent Auditor's Report

To the Members of 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 2022, 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 a summary of significant accounting policies, 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 2022 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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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.

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 \$12,349,416

The Group derives revenue by selling goods and rendering services under individual agreements and contractual arrangements.

Under AASB 15 *Revenue from Contracts with Customers*, 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, the level of management judgement applied, and the importance of revenue as a financial measure to the Group's stakeholders.

Our procedures included, amongst others:

- Assessing revenue recognition policies to ensure compliance with AASB 15;
- Documenting and testing the design effectiveness of internal controls relating to revenue streams;
- Performing non-substantive analytical testing on revenue balances;
- Testing a sample of revenue recognised during the year to supporting documentation to verify the occurrence; and
- Assessing the adequacy of the disclosures in the financial statements.

Intangible assets – Note 12

Capitalised product development costs with respect to road safety products had a net carrying value of \$957,993 as at 30 June 2022.

AASB 138 *Intangible Assets* sets out the specific requirements to be met to capitalise development costs. Intangible assets are to be amortised over their useful economic lives in accordance with AASB 138.

Given the nature of the industry in which the Group operates, there is a risk that there could be a material impairment to capitalised development costs carried as intangible assets, which needs to be considered under accounting standard AASB 136 *Impairment of Assets*.

This area is a key audit matter due to subjectivity and management judgement applied in assessing whether costs meet the development phase criteria prescribed in AASB 138, the estimate of the assets' useful lives and consideration of whether impairment indicators exist per the requirements of AASB 136.

Our procedures included, amongst others:

- Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138;
- Evaluating management's assessment of each product for compliance with the recognition criteria set out in AASB 138, including discussing product plans with management to develop an understanding of the nature and feasibility of key products at 30 June 2022;
- Testing a sample of costs capitalised to supporting documentation to understand the nature of the item and whether the expenditure was attributable to the development of the related asset and assessing compliance with the recognition criteria set out in AASB 138;
- Evaluating the appropriateness of the useful economic lives over which capitalised costs are amortised;
- Assessing the appropriateness of management's fair-value assessment for any intangible assets not yet available for use as per the requirements of AASB 136;
- Assessing the appropriateness of management's determination that no impairment indicators exist at the reporting date for those intangible assets amortised as per the requirements of AASB 136; and
- Assessing the adequacy of the financial statement disclosures.

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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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

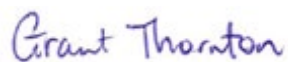
Opinion on the remuneration report

We have audited the Remuneration Report included in pages 21-23 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Saferoads Holdings Limited, for the year ended 30 June 2022 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M Climpson
Partner – Audit & Assurance

Melbourne, 29 August 2022

ASX Additional Information

The shareholder information set out below was applicable as at 31 August 2022. At this date, the Company had on issue 37,461,783 ordinary shares in the company held by 461 shareholders.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act.

Holder name	No. of ordinary shares in which interest is held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN	9,765,937
RUMINATOR PTY LTD and related entities	4,753,978
CAON PTY LTD and related entities	4,340,549

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% Held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIPSY CREEK SUPER FUND A/C>	9,765,937	26.07
CAON PTY LTD <NRT A/C>	4,240,154	11.32
RUMINATOR PTY LTD	3,243,300	8.66
MR GLENN SCOTT WADSWORTH & MR RICKI MARK WADSWORTH	1,589,594	4.24
MR DUNCAN FRANCIS SMITH	1,466,074	3.91
MR DAVID ALBERT McCLURE ASHMORE & MRS NOLA JOY ASHMORE <DANJAY SUPERANNUATION A/C>	1,462,755	3.90
MR PHILIP BOMFORD	1,112,577	2.97
CARRIER INTERNATIONAL PTY LTD <SUPER FUND A/C>	904,055	2.41
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	881,240	2.35
NLKM PTY LTD <THOMPSON FAMILY S/F A/C>	835,438	2.23
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	629,438	1.68
MRS JANET GRIFFITHS	544,630	1.45
LIVINGSTONE SERVICES PTY LTD <LIVINGSTONE SERVICES S/F A/C>	480,836	1.28
ELFIC INDUSTRIES PTY LTD <ELFIC SUPER FUND A/C>	388,913	1.04
MR PETER FROST	365,000	0.97
ROADWORX GROUP PTY LTD	292,095	0.78
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	285,087	0.76
PARK ROAD SF PTY LTD <PARK ROAD SUPER FUND A/C>	277,311	0.74
MR BRUCE ALLAN HEAD & MRS BETH ALISON HEAD	268,000	0.72
C J CORNWELL & SON PTY LTD <C J CORNWELL EXEC SF A/C>	250,009	0.67
	29,282,443	78.17

DISTRIBUTION OF SHAREHOLDINGS

Holdings Ranges	Holders	Total Units	%
1-1,000	93	43,921	0.12
1,001-5,000	139	391,745	1.05
5,001-10,000	73	588,829	1.57
10,001-100,000	116	3,968,534	10.59
100,001 and over	40	32,468,754	86.67
	461	37,461,783	100.00

The number of shareholders' holdings less than a marketable parcel is 196.

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Nil.

Corporate Directory

Directors



David Ashmore
Non-Executive Chairman



Darren Hotchkin
Managing Director



Steven Difabrizio
Non-Executive Director

Company Secretary

Aimee Taylor

Bankers

Commonwealth Bank of Australia

Auditors

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