



18 December 2023

ASX ANNOUNCEMENT

Market Update

The directors of Saferoads Holdings Limited (**ASX: SRH**) provide the following update on the trading position of the company for the six months to 31 December 2023, and the current status of other important matters affecting the business:

Projected Result for the Six Months

As noted at the Annual General Meeting, it has been a very disappointing first six months. The product sales for the six months are well down on the comparative first six months of the previous corresponding period last year where we had secured approximately \$2 million in series of barrier sale to a major rental company. That has not recurred this period. There has been some significant increases in costs, mainly in cost of sales, that has been affected by supplier chain price increases, much higher insurance costs and professional audit and legal fees. All forecasts are subject to audit review.

<i>Summary Forecast</i>	<i>Current 6 Months</i>	<i>Corresponding 6 Months</i>
	<i>\$'000 (Forecast)</i>	<i>\$'000 (Actual)</i>
<i>Product Sales</i>	3,974	5,198
<i>Rental & Service Income</i>	2,841	2,502
<i>Total Sales</i>	6,815	7,700
<i>Gross Margin</i>	3,186	3,851
<i>EBITDA</i>	334	1,134
<i>Profit (Loss) Before Tax</i>	(530)	161



The impairment testing of the intangible assets of the company has not been done at this stage and no allowance has been made in the above forecast for any non cash impairment write down of our intangibles assets that may be called for. We will continue to work with our auditors on this matter.

Finance Facility

The company has continued to work constructively with our bankers following the loan covenant breach at 30 June 2023. We have now signed a facility variation agreement where we will maintain the current level of our facilities, we have a favourable change to our covenant ratio for the next year and have the ability to draw down a further \$90k asset finance to enable contract backed additions to our rental fleet.

Potential Rationalisation of Product Portfolio

The directors have selected a portfolio of our non-workzone products for potential trade sale. We have prepared an information memorandum and provided it to several interested parties for their assessment. We are not expecting their responses for a few months given the current proximity to the Christmas holiday period.

WorkSafe Case

As previously advised the company has commenced discussions with WorkSafe relating to the charges laid following the 2021 fatal accident at our Victorian Road Safety Rentals depot. There is nothing further to report other than those discussions are ongoing and shareholders will be advised of the outcome in due course.

This announcement has been authorised for release by the Board.

Enquiries/Additional Information:

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ABOUT SAFEROADS

Saferoads is an ASX listed company specialising in providing innovative safety solutions. Headquartered in Pakenham, Victoria with representation across Australia, New Zealand and the USA, 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.