Released 29 August 2022

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2022

Saferoads delivers improved second half result in challenging post-pandemic market environment

FINANCIAL SUMMARY

12 months ending	June 2022 $'000	June 2021 $'000
Operating Revenue	**12,349**	13,250
Underlying EBITDA*	**1,896**	1,679
Depreciation and amortisation	**(1,565)**	(1,212)
EBIT	**345**	841
Finance costs	**(281)**	(260)
Profit after tax	**64**	535
Operating cash flows	**944**	1,513
Gearing** (net debt / net debt + equity)	**31.8%**	26.7%

** Underlying EBITDA excludes COVID-19 government support*

*** Excluding right-of-use asset lease liabilities*

FY2022 MILESTONES

- A modest Profit after tax of $64k, but a $192k turnaround from the first half reported loss
- Underlying EBITDA (excl. COVID gov't support) up 12.9% year on year, despite revenue down 6.8%
- Improved margins driven by sales mix, with a higher proportion of revenue from equipment rental services
- Continued expansion of our equipment rental services offering (Road Safety Rental) with a further $1.3 million invested in new rental assets, driving improved returns

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2022

OUTLOOK FOR FY2023

- We are budgeting for growth despite the continued effects of COVID-19 and supply chain challenges across the broader economy
- Anticipating strong demand for our goods and services to support the infrastructure spending by governments
- We have started the new financial year with over $5.6 million of secured work in hand
- Our focus is on growing our equipment rental services business, with a focus on expanding our NSW operation, whilst consolidating our presence in the Victorian market
- This includes further acquisition and funding of equipment to enable this growth
- Further progress with International opportunities with the recent regulatory approval of the HV2™ temporary barrier system in California, USA

Enquiries/Additional Information:

David Ashmore, Chairman
Ph: 03 5945 6600

ABOUT SAFEROADS

Saferoads is an ASX listed company specializing 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 for purchase or hire that are designed to direct, protect, inform and illuminate for the public's safety.

APPENDIX 4E
and
FINANCIAL REPORT

YEAR ENDED 30 JUNE 2022

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 29 August 2022

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Appendix 4E
Preliminary Final Report for the year ended 30 June 2022

Name of entity	ABN Reference
SAFEROADS HOLDINGS LIMITED	81 116 668 538

1. Reporting periods

Year ended ('current period')	Year ended ('previous corresponding period')
30 June 2022	30 June 2021

2. Results for announcement to the market

Key information	**Current period** $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenue from ordinary activities	**12,349,416**	13,250,184	-7%	(900,768)
Profit/(loss) from ordinary activities after tax attributable to members	**64,289**	535,173	-88%	(470,884)
Net profit/(loss) for the period attributable to members	**64,289**	535,173	-88%	(470,884)

Dividends (distributions)			Amount per share	Franked amount per share
Final dividend	Record Date Paid	N/A N/A	N/A	N/A
Interim dividend	Record Date Paid	N/A N/A	N/A	N/A

Supplementary comments

Commentary in respect of the results is provided in the attached Chairman's Overview and Managing Director's Review of Operations and Activities.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	**15.9 cents**	15.3 cents

4. Dividends

	Date paid/payable	Amount per share	Franked amount per share	Amount per share of foreign source dividend	Amount $
Final dividend:	N/A	N/A	N/A	N/A	N/A
Interim dividend:	N/A	N/A	N/A	N/A	N/A

5. Dividend reinvestment plans

The Company's Dividend Reinvestment Plan ("DRP") was registered on 9 June 2020 and remains active for eligible shareholders who may participate in the DRP in respect to all or part of their shareholding. For more details refer to the Company's website: https://www.saferoads.com.au/investors.

6. Associates and Joint Ventures

N/A

7. Foreign entities

N/A

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.

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

	Year ending 30 June		
	2020 $'000	2021 $'000	2022 $'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^{TM} 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.

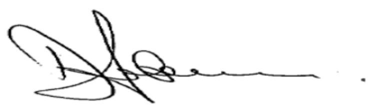
Road Safety Rental expansion is still a large part of our strategy, and we will invest further in building our NSW branch, which was somewhat stalled mid-year by the COVID-19 pandemic. This branch has started the new financial year within budget, and we will continue to consolidate our more mature Victorian 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.

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. 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.

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

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.

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

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

DIRECTOR PROFILES

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

David Ashmore was appointed to the Board on 22 November 2012. He was appointed Chairman of the Board on 19 August 2013. He is Chairman of the Audit and Risk Committee and a member of the Remuneration/Nomination Committee.

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 Fearns	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**	**Perform -ance 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 Fearns	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	Perform -ance 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 Fearns #	105,180	-	-	51,130	12,182	5	-	168,497	-
Total	**612,104**	**31,122**	**-**	**51,130**	**56,535**	**5**	**-**	**750,896**	

 # Mr. Fearns 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 Fearns	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.

AUDITORS' INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of Directors

David Ashmore

Director

29 August 2022

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Climpson
Partner – Audit & Assurance

Melbourne, 29 August 2022

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

ABN 81 116 668 538

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2022

Saferoads is an ASX listed company specializing 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 for purchase or hire that are designed to direct, protect, inform and illuminate for the public's safety.

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

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.

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 :
- 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.

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.

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 assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

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

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

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

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

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.

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.

(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

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.

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.

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:

	2022 $	2021 $
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 2022 $	2021 $	Statement of Profit or Loss and Other Comprehensive Income 2022 $	2021 $
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax asset/(liability)				
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 as 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.

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	**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

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.

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.

	2022 $	2021 $
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

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

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:

2021	Net carrying amount b/f $	Additions $	Depreciation $	Net carrying amount $
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

2022	Net carrying amount b/f $	Additions $	Depreciation $	Net carrying amount $
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**

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.

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

At reporting date, the Company had the following financing facilities provided by Commonwealth Bank available:	CONSOLIDATED 2022 $	2021 $
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.

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).

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

Contributed Equity	CONSOLIDATED 2022 $	2021 $
Ordinary shares		
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

Movements in ordinary shares on issue (legal parent)	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

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise a term loan, lease liabilities and cash balances. 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.

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

(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.

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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

(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%

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 *(appointed 7 September 2021)*
Hayden Wallace	Non-Executive *(resigned 7 September 2021)*

(ii) Executives

Peter Fearns	Chief Financial Officer
Trent Loveless	Chief Operating Officer *(appointed 1 March 2022)*

(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

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

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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.

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.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of 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 14-17 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Climpson
Partner – Audit & Assurance

Melbourne, 29 August 2022