



22 November 2021

ASX ANNOUNCEMENT

Trading Update

The directors of Saferoads Holdings Limited (**ASX: SRH**) provide the following trading update.

The first four months of FY22 have been challenging as the Australian economy manages the aftermath of numerous COVID-19 State lockdowns. In particular, the compulsory closure of the construction sectors in both Sydney and Melbourne during the first quarter of the current financial year has deferred numerous projects and opportunities for the business. In addition, overseas supply chain logistics have been affected by backlogs and delays in shipping of goods and our timely fulfillment of orders.

These adverse trading conditions have led to a shortfall in budget earnings year to date and based on the latest unaudited management accounts and forecasts for the current half, the directors anticipate total revenue to be down 15% (excluding the disposed ongrid lighting portfolio) to the previous corresponding period. As a result, the Company is forecasting an Operating EBITDA* of between \$400K and \$500K for the half year and a loss before tax* of between \$200K and \$300K (after depreciation and interest of \$700K), dependent on timing of delivery of some customer orders.

Whilst this is not how we wanted to start the current year, there have been some positive steps taken to turn this temporary shortfall around, including:

1. Our order pipeline has improved, and our equipment rental fleet utilisation is now strong.
2. Despite the decrease in revenue, we have seen growth in overall gross margins, compared with the corresponding 4 months trading period, impacted by the disposal of the low-margin ongrid lighting portfolio in 1HFY21.
3. Our equipment hire portfolio (Road Safety Rental) continues to grow with revenue up 13% over the corresponding 4 months trading period.
4. We have secured an additional \$500K asset finance line to facilitate the ongoing growth of our Road Safety Rental business from our primary financier – Commonwealth Bank - as they continue to support our business model.

We look forward to updating shareholders on these matters at the forthcoming Annual General Meeting.

This announcement has been authorised for release by the Board.

Enquiries/Additional Information:

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** Operating EBITDA and loss before tax excludes statutory AASB16 adjustments*

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ABOUT SAFEROADS

Saferoads is an ASX listed company specialising in providing innovative safety solutions. Headquartered in Pakenham, Victoria with representation across Australia, New Zealand and the USA, the company provides state government departments, local councils, road construction companies and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate for the public's safety.