Released 29 February 2024

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF-YEAR ENDED 31 DECEMBER 2023

The directors provide the following observations on the attached first half financial report.

The loss for the period

- The operating loss for the half was $780,798 following the expensing of non cash asset impairments of $247,196. The impairments primarily relate to the carrying values of the crowd protection Omni Portable product line. These assets proved to be very difficult to sell or rent over the past 3 years due to no demand during the Covid years where large public events were not held. Without these impairment charges the operating loss would have been $533,602 that is in line with our forecast to the market in the 18 December 2023 market update.

- A further significant $1,152,593 asset write down has been done this period relating to the Deterred Tax intangible asset that represented the previous carrying amount of most of our accumulated carried forward tax losses. Those accumulated tax losses remain valid and available to offset future taxable income but the timing and likelihood of their recovery is uncertain and they have been de-recognised as a result. That write down is shown as a tax expense in the attached financial report.

- Our financial report has been formally reviewed by our auditors who have been unable to obtain sufficient appropriate evidence to do their assessment of the carrying value of our remaining intangible assets. Their review report contains a qualification to that effect. We have performed our impairment assessments as required by Australian Accounting Standards and we have provided our auditors with full access to our calculations and our explanations for assumptions used and assessments during that impairment calculation process.

FINANCIAL SUMMARY

	Six months ending	
$'000	**Dec 2023**	**Dec 2022**
Operating revenue	**6,656**	**7,700**
EBITDA	**340**	**1,136**
Profit/(loss) before tax	**(781)**	**161**
Net operating cash flows	**854**	**1,484**
Gearing* (net debt / net debt + equity)	**33.1%**	**26.6%**

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

Operational highlights for the half year

- Equipment rental revenue of $2.75 million, up 13% on the previous corresponding period.
- We delivered the first orders of our Rubber T-Lok Barrier, Australia's first recycled content temporary barrier. The Rubber T-Lok Barrier has been deployed on Melbourne's major road project, the North East Link, and was selected because of its superior safety and environmental benefits.
- International sales revenue of $227 thousand consists largely of an order for our new solar lighting product, the Solar Blade, from Auckland International Airport. There are significant opportunities for other future orders resulting from this project.
- The successful crash testing of an emergency access gate system. This portable module allows for fast and simple access for vehicles in the event of an emergency.

WorkSafe case

The company and our lawyers have negotiated an in-principle resolution of the charges that have been laid against the company by WorkSafe, and the matter is ongoing. We have again assessed the amount of the provision we have made for fines last financial year and our method of doing so and the provision created remains unchanged.

Capital raising

Subsequent to the financial period we finalised the Non-Redeemable 1 for 6 rights share issue and the shares offered were fully taken up. Accordingly, we received $437,054 that we sought to raise to assist with our working capital.

Enquiries/Additional Information: David Ashmore, Chairman
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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.

Appendix 4D

Half year report

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

1. Reporting periods

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 December 2023	31 December 2022

2. Results for announcement to the market

Key information	Current period $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenues from operations	**6,655,575**	7,700,301	(14%)	(1,044,726)
Profit/(loss) from continuing activities after tax attributable to members	**(1,933,391)**	161,304	(1299%)	(2,094,696)
Net profit/(loss) for the period attributable to members	**(1,933,391)**	161,304	(1299%)	(2,094,696)

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 Payable	N/A N/A	N/A	N/A

Supplementary comments

Commentary in respect of the results is provided in the Directors' Report, which forms part of the half-year report ended 31 December 2023.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	**13.9 cents**	16.2 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. Details of associates and joint venture entities

N/A

7. Foreign entities

N/A

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):
The financial statements have been subject to a review by the auditors and a qualified review report issued due to a scope limitation in relation to an inability to obtain sufficient appropriate evidence to the support the Director's impairment assessment of intangible assets. The review report is included in the interim financial report.

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023

SAFEROADS HOLDINGS LIMITED

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Saferoads Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The Company's directors in office during the half-year and until the date of this report are:

David Ashmore (Non-Executive Chairman)

Darren Hotchkin (Managing Director)

Steven Difabrizio (Non-Executive Director)

REVIEW OF OPERATIONS

The directors report a half-year consolidated loss before tax of $780,798 compared with a profit of $161,304 for the previous corresponding period ("pcp").

Revenues were down 14% on the pcp. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of $340,374 was well down on the pcp, The discretionary cost base of the business was reduced in early H2 FY24 after an operational restructure. Depreciation is up on the pcp reflecting the continued investment in our equipment hire asset portfolio.

As noted in the financial accounts, management is required to assess the carrying value of non-financial assets including property, plant and equipment and intangible assets. The business took into consideration various factors including annual growth rates for sales, cost of sales, operating expenses and capital expenditure. Management deemed it prudent to recognise an impairment risk and moved to write down the carrying values of Capitalised Product Development and Patents/Product Approval Costs by 12% or $142,105 and Rental Equipment by 2% or $105,091. The development of our own proprietary products will continue to remain a key focus of the business.

Key points for the half year include:

- Ongoing revenue from our equipment hire business is growing steadily and is up 13% on the pcp, reflecting the build-up of our NSW and QLD branches.

- Delivery of the first orders for our Rubber T-Lok Barrier which has been deployed on the North East Link project in Melbourne.

- Negotiations were commenced with WorkSafe regarding the charges relating to the November 2021 workplace fatality. Shareholders will be advised of the outcome of these negotiations in due course.

- Our R&D focus was on the re-launching of our OmniStop Portable bollard system to the events market with our engineering team successfully crash testing the emergency access gate at 50km/h.

DEFERRED TAX ASSET

The company has previously recognised an Intangible Deferred Tax Asset amounting to $1,152,593 relating to a substantial portion of our accumulated carried forward tax losses. We have now concluded that the timeframe and likelihood for the realisation of this asset is uncertain and we have decided to de-recognise this asset in full and it is included in the attached financial report as a Tax Expense. Those tax losses remain valid and are available for offset against future taxable income including any substantial profit we may make from a potential sale of our Non Workzone portfolio of products.

OUTLOOK

The business prospects for the Group remain strong taking into consideration several factors, including:

- Revenue growth in the equipment hire business with increased fleet in NSW and QLD branches.
- Potential for further international sales of the HV2^{TM} temporary barrier system after its official American launch at the ATSSA Convention & Traffic Expo in February 2024.
- Improved operating margins after a restructure in January 2024.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 2 February 2024 the Group issued 6,243,622 new shares and raised $437,054 from existing shareholders via a 1 for 6 Non Renounceable Rights Issue.

There has been no other matter or circumstance which has arisen since 31 December 2023 that has significantly affected or may significantly affect the operations of the Group or the results of those operations or the state of affairs of the Group.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the attached independence declaration from our auditors, Grant Thornton, in accordance with S307c of the Corporations Act 2001 for the half year ended 31 December 2023.

Signed in accordance with a resolution of the directors.

David Ashmore

Director
29 February 2024

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
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Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Saferoads Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Saferoads Holdings Limited for the half-year ended 31 December 2023, 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 29 February 2024

SAFEROADS HOLDINGS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	December 2023 $	December 2022 $
Revenue			
Revenue from product sales and services	3	**6,655,575**	7,700,301
Other income	3	**30,733**	26,649
Total revenue and other income		**6,686,308**	7,726,950
Raw material, finished goods and logistics		**(2,997,532)**	(3,875,945)
Employee benefits		**(2,048,953)**	(1,880,427)
Insurance		**(132,056)**	(94,034)
Motor vehicle costs		**(119,239)**	(88,364)
Occupancy costs		**(39,622)**	(37,741)
Professional fees		**(171,912)**	(75,222)
Travel and accommodation costs		**(67,543)**	(53,968)
IT & communications costs		**(68,594)**	(61,871)
Warehouse costs		**(147,565)**	(131,502)
Marketing costs		**(92,602)**	(100,775)
Other expenses		**(213,120)**	(191,115)
Impairment of fixed assets	5	**(105,091)**	-
Impairment of intangible assets	6	**(142,105)**	-
Total Expenses		**(6,345,934)**	(6,590,964)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**340,374**	1,135,986
Depreciation and amortisation		**(943,396)**	(831,370)
Earnings before interest and tax (EBIT)		**(603,022)**	304,616
Finance costs		**(177,776)**	(143,312)
Profit/(loss) before income tax		**(780,798)**	161,304
Income tax benefit/(expense)	7	**(1,152,593)**	-
Profit/(loss) after income tax		**(1,933,391)**	161,304
Net profit/(loss) attributable to members of parent		**(1,933,391)**	161,304
Total other comprehensive income for the period		**-**	-
Total comprehensive income attributable to members of the parent		**(1,933,391)**	161,304
Earnings per share (cents per share)			
- Basic and diluted profit/(loss) for the half-year (cents per share)		**(5.16)**	0.43
- Dividend paid per share (cents)		**-**	-

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Notes	December 2023 $	June 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	-	220,111
Trade and other receivables		**1,813,603**	1,498,671
Inventories		**2,033,524**	2,119,887
Prepayments		**318,830**	283,867
Total Current Assets		**4,165,957**	4,122,536
Non-current Assets			
Property, plant and equipment	5	**8,240,695**	8,456,959
Intangible assets	6	**1,012,572**	1,131,861
Deferred tax assets	7	-	1,152,593
Other non-current assets		**159,503**	159,501
Total Non-current Assets		**9,412,770**	10,900,914
TOTAL ASSETS		**13,578,727**	15,023,450
LIABILITIES			
Current Liabilities			
Bank overdraft	4	**20,032**	-
Trade and other payables		**2,062,629**	1,080,405
Contract liabilities		**127,447**	268,344
Interest-bearing loans and borrowings		**2,797,263**	3,054,459
Lease liabilities		**624,305**	614,796
Provisions		**802,756**	771,051
Total Current Liabilities		**6,434,432**	5,789,055
Non-current Liabilities			
Interest-bearing loans and borrowings		**250,497**	111,404
Lease liabilities		**672,550**	960,529
Provisions		**13,948**	21,771
Total Non-current Liabilities		**936,995**	1,093,704
TOTAL LIABILITIES		**7,371,427**	6,882,759
NET ASSETS		**6,207,300**	8,140,691
EQUITY			
Contributed equity		**5,593,998**	5,593,998
Retained earnings		**613,302**	2,546,693
TOTAL EQUITY		**6,207,300**	8,140,691

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Contributed Equity $	Retained Earnings $	Total $
At 1 July 2022	5,593,998	2,744,100	8,338,098
Net profit/(loss) for the period	-	161,304	161,304
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	5,593,998	2,905,404	8,499,402
At 31 December 2022	5,593,998	2,905,404	8,499,402
At 1 July 2023	**5,593,998**	**2,546,693**	**8,140,691**
Net profit/(loss) for the period	**-**	**(1,933,391)**	**(1,933,391)**
Other comprehensive income for the period	**-**	**-**	**-**
Total comprehensive income for the period	**5,593,998**	**613,302**	**6,207,300**
At 31 December 2023	**5,593,998**	**613,302**	**6,207,300**

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	December 2023 $	December 2022 $
Cash flows from operating activities			
Receipts from customers		**6,839,703**	8,356,620
Payments to suppliers and employees		**(5,986,121)**	(6,872,346)
Net cash flows from operating activities	4	**853,582**	1,484,274
Cash flows from investing activities			
Proceeds from sale of hire inventory, plant and equipment		**10,455**	-
Purchase of plant and equipment		**(482,686)**	(356,086)
Product development costs	6	**(209,180)**	(153,527)
R&D tax incentive received		**159,823**	-
Net cash flows used in investing activities		**(521,588)**	(509,613)
Cash flows from financing activities			
Proceeds from borrowings		**506,266**	167,878
Repayment of loans and borrowings		**(624,368)**	(527,335)
Repayment of lease liabilities		**(278,470)**	(282,756)
Interest received		**2,252**	-
Interest paid		**(177,813)**	(143,310)
Net cash flows used in financing activities		**(572,133)**	(785,523)
Net increase/(decrease) in cash and cash equivalents		**(240,139)**	189,138
Cash and cash equivalents at beginning of period		**220,111**	4,219
Effects of exchange rate changes on cash		**(4)**	-
Cash and cash equivalents at end of period	4	**(20,032)**	193,357

The accompanying notes form part of these financial statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore does not provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is therefore recommended that the half-year financial report should be read in conjunction with the annual Financial Report of Saferoads Holdings Limited as at 30 June 2023, together with any public announcements made by Saferoads Holdings Limited and its controlled entities during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX listing rules.

The consolidated financial statements comprise the financial statements of the parent entity, Saferoads Holdings Limited and its subsidiaries ('the Group').

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards including *AASB 134 - Interim Financial Reporting*. Compliance with *AASB 134* ensures that the financial statements and notes comply with International Financial Reporting Standard *IAS 34 - Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report has been prepared on a historical cost basis.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) New Accounting Standards

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group.

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatory to apply to the current interim period. Disclosures required by these standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2023 and the corresponding interim reporting period.

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2023.

Key Judgements

(i) Provision for impairment of receivables

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

(ii) Provision for impairment of inventories

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

1 Key Judgements (continued)

(iii) 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.

(iv) Recognition of deferred tax assets

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

(v) Impairment of non-financial assets

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

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

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

(vi) Provision for the workplace fatality

The provision for the workplace fatality assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account legal advice, historical outcomes of comparable cases, and applying probability-weighted and simple average techniques to quantify the best estimate for the provision's amount. The provision for the workplace fatality is calculated based on the information available at the time of preparation. The actual fines and additional legal fees associated with charges brought by WorkSafe may be higher or lower.

1 Key Judgements (continued)

(vii) Going concern

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

For the half year period ended 31 December 2023, the Group incurred a net loss before tax of $780,798 and had a net current assets deficit (current assets less current liabilities) of $2,268,475.

The Group has a term loan of $1,090,614 and asset finance loans of $1,524,978 at balance date that are subject to terms contained in the facility agreements with our long term bankers. One of those terms is that all borrowings of the Group cannot exceed a 3.0 times multiple of the adjusted EBITDA. That measure was 4.3 times at 31 December 2023 which constitutes a breach of the loan agreement. Accordingly, and pursuant to accounting standards, all of the CBA loans have been classified as a current liability. The Group will continue discussions with its bankers on this matter. The bank has the ability to call the debt under the facility agreement as a result of the covenant breach, they have not done so at this time.

The above factors create material business uncertainty which may cast doubt over the business continuing as a going concern and whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Despite these material uncertainties, the directors are of the opinion the Group will continue as a going concern, taking into consideration various factors including:

- Subsequent to balance date, the Group raised $437,054 from existing shareholders via a Rights Issue and reduced the discretionary cost base of the business through an operating restructure;
- The Directors believe a trade sale of its non-workzone product portfolio would provide a multi-million dollar cash injection into the business;
- The Group continues to enjoy the ongoing support of its bankers as noted above; and
- A full business profit and loss, balance sheet and cash flow forecast for the 12-month period from the date of signing of the financial statements, which supports the directors' assertion, has been prepared based on assumptions about certain economic, operating and trading performance achievement contingent on future events and actions yet to occur, and which may not necessarily occur. Whilst the directors believe the assumptions are best estimate assumptions based upon information available, the occurrence and timing of future events are not certain. The directors will continually monitor the operating performance against the budget and cash flow forecast;

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

2 SEGMENT REPORTING

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.

3 REVENUES

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

	December 2023 $	December 2022 $
(i) Revenue		
Revenue from product sales - point in time	**3,817,879**	5,197,804
Revenue from provision of services - over time	**2,837,696**	2,502,497
	6,655,575	7,700,301
(ii) Other income		
Interest	**2,252**	2
Net foreign exchange gains/(losses)	**(14,424)**	23,383
Net gain/(loss) on sale of assets	**(39,311)**	(239)
R&D tax rebate	**63,967**	-
Other	**18,249**	3,503
	30,733	26,649

4 ADDITIONAL CASH FLOW INFORMATION

	December 2023 $	December 2022 $
Reconciliation from net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the period	**(1,933,391)**	161,304
Adjustments for:		
Depreciation and amortisation	**943,396**	831,370
Impairment of fixed assets	**105,091**	-
Impairment of intangible assets	**142,105**	-
Net (profit)/loss on disposal of plant and equipment	**39,311**	-
Movement in slow moving stock provision	**51,737**	-
Movement in expected credit loss provision	**(24,615)**	-
Effects of exchange rate changes on cash	**4**	-
Interest received	**(2,252)**	(2)
Interest paid	**177,813**	143,312
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(362,301)**	(226,935)
(Increase)/decrease in inventories	**(266,152)**	(388,574)
(Increase)/decrease in other assets	**1,117,628**	(291,186)
(Decrease)/increase in trade and other payables	**982,224**	1,091,816
(Decrease)/increase in contract liabilities	**(140,898)**	149,895
(Decrease)/increase in provisions	**23,882**	13,274
Net cash from operating activities	**853,582**	1,484,274

5 PROPERTY, PLANT AND EQUIPMENT

	December 2023 $	December 2022 $
Property, plant & equipment at cost	**15,603,600**	14,905,113
Less accumulated depreciation	**(7,257,814)**	(6,448,154)
Less accumulated impairment	**(105,091)**	-
Total plant & equipment	**8,240,695**	8,456,959

Movements in Carrying Amounts	Property/ Leasehold improvements $	Plant & equipment $	Motor vehicles $	Rental equipment $	Total $
Balance at 1 July 2023	**930,544**	**704,745**	**253,758**	**6,567,912**	**8,456,959**
Additions	**31,702**	**56,852**	**263,658**	**279,654**	**631,866**
Depreciation expense	**(222,706)**	**(95,162)**	**(52,209)**	**(468,279)**	**(838,356)**
Disposals	**-**	**-**	**(14,727)**	**(75,788)**	**(90,515)**
Assets transferred from inventories	**-**	**-**	**-**	**185,832**	**185,832**
Impairment	-	-	-	**(105,091)**	**(105,091)**
Carrying amount at 31 December 2023	**739,540**	**666,435**	**450,480**	**6,384,240**	**8,240,695**

During the half, the Group did not receive any revenue from its portable Omni bollard system rental assets. Although the portable Omni bollard system including new access gates has been successfully crash tested and is in the process of being relaunched to market, future revenues are uncertain and thus management took a conservative approach and reduced the carrying value of these rental assets to nil.

6 INTANGIBLE ASSETS

	December 2023 $	December 2022 $
Product development costs	**2,087,046**	1,972,955
Less accumulated amortisation	**(1,151,242)**	(1,070,060)
Less accumulated impairment	**(98,691)**	-
	837,113	902,895
Patents and product approvals	**366,907**	359,656
Less accumulated amortisation	**(148,034)**	(130,690)
Less accumulated impairment	**(43,414)**	-
	175,459	228,966
	1,012,572	1,131,861

Movement in carrying amounts	Product dev't costs $	Patents/ Product approvals $	Total $
Balance at 1 July 2023	**902,895**	**228,966**	**1,131,861**
Capitalisation of costs	**201,930**	**7,250**	**209,180**
R&D tax rebate allocation	**(87,839)**	**-**	**(87,839)**
Amortisation expense	**(81,182)**	**(17,343)**	**(98,525)**
Impairment expense	**(98,691)**	**(43,414)**	**(142,105)**
Carrying amount at 31 December 2023	**837,113**	**175,459**	**1,012,572**

During the half, the Group did not receive any revenue from its portable Omni bollard system. Although the portable Omni bollard system including new access gates has been successfully crash tested and is in the process of being relaunched to market, future revenues are uncertain and thus management took a conservative approach and reduced the carrying value of these intangible assets to nil.

7 INCOME TAX

As as 31 December 2023, the Group has carry forward tax losses with a tax effect of $1,435,096, measured at the corporate tax rate of 25%. No carry forward tax losses have been brought to account as a net deferred tax asset (December 2022: $1,152,593).

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Although the Board understands the Group's carry forward tax losses could be utilised against a potential trade sale of the non-workzone product portfolio there has not yet been a formal offer to purchase these asstes. The decision has been made to discontinue carrying the deferred tax asset relating to these past tax losses.

The Group has realised gross capital losses of $1,832,149 that are available for offset against any future taxable capital gains.

8 CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities as at 31 December 2023 (December 2022: regulatory penalties relating to November 2021 workplace fatality). In accordance with AASB 137, the Group has recognised a provision in the current period for estimated fines and additional legal fees associated with charges brought by WorkSafe.

There are no contingent assets as at 31 December 2023 (December 2022: NIL).

9 EVENTS AFTER THE REPORTING PERIOD

On 2 February 2024 the Group issued 6,243,622 new shares and raised $437,054 from existing shareholders via a 1 for 6 Non Renounceable Rights Issue.

There has been no other matter or circumstance which has arisen since 31 December 2023 that has significantly affected or may significantly affect the operations of the Group or the results of those operations or the state of affairs of the Group.

Directors' Declaration

In the opinion of the directors of Saferoads Holdings Limited:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half-year ended on that date of the consolidated entity; and

   (ii) complying with Accounting Standard *AASB 134 - Interim Financial Reporting* ; and

(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.

On behalf of the Board of Directors

David Ashmore
Director

29 February 2024

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Independent Auditor's Review Report

To the Members of Saferoads Holdings Limited

Report on the half year financial report

Qualified Conclusion

We have reviewed the accompanying half year financial report of Saferoads Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and 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 half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration .

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for Qualified Conclusion* section, nothing has come to our attention that causes us to believe that the accompanying 31 December 2023 financial report of Saferoads Holdings Limited does not:

a give a true and fair view of Saferoads Holdings Limited's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

b comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Qualified Conclusion

Included within Note 6 of the half year financial report, the Group has reported intangible assets amounting to $1,012,572. We have been unable to obtain sufficient appropriate evidence to support the carrying value of these assets under AASB 138 *Intangible Assets* and AASB 136 *Impairment of Assets* at 31 December 2023. Accordingly, we are not in a position to and do not express a conclusion on the intangible assets balance at 31 December 2023. As this balance enters into the determination of financial performance and cash flows, we were unable to determine the effect of such adjustments, if any, as might have been determined to be necessary had this limitation in scope not existed.

We conduced our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss before tax of $780,798 during the half year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by $2,268,475. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 29 February 2024