



29 April 2024

APPENDIX 4C & QUARTERLY ACTIVITY REPORT – QUARTER ENDING 31 MARCH 2023

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

3rd Quarter Financial Highlights (unaudited)

- Trading revenue of \$3.46m down 2% on the prior corresponding period (PCP)
 - Rental income of \$1.59m up 37% on PCP
 - Product revenue of \$1.87m down 21% on PCP
- Modest net profit of \$15k achieved, a significant improvement on the first half year loss
- We have received the FY23 R&D tax incentive of \$237k
- We raised \$437k from existing shareholders via a 1 for 6 non renounceable rights issue
- Our net core borrowings (excluding overdraft) reduced by \$226k

Group Activity & Business Updates

Business Restructure Results in Profitable 3rd Quarter

The company has achieved a profitable financial result for the quarter, after the implementation of a targeted restructure which aimed to better align its people with the overall business strategy. These organisational structure changes and other cost reduction measures already in place are anticipated to provide an annual operating expense saving of approximately \$600K.

“The business restructure is intended to improve customer service and prioritise the most strategic and efficient outcomes for the business. We believe the changes will improve our team approach and flexibility to enable greater client focus and assist with future profitability,” said Managing Director, Darren Hotchkin.

Potential Rationalisation of Product Portfolio

As previously announced, a portfolio of our non-workzone products were selected for potential trade sale, an information memorandum was provided to interested parties for their assessment. At this stage, no formal offers have been received and this trade sale program is ongoing. The company will continue the usual sale of these product lines, alongside the workzone and rental products. A number of identified underperforming products may be divested or discontinued in the future.



Finance Facility

The company has continued to work constructively with our bankers following the loan covenant breaches at 30 June 2023 and 31 December 2023. We have now signed a variation agreement that maintains the current level of banking facilities. Also, we have been offered further asset finance to enable contract backed additions to the rental fleet.

This announcement has been authorised for release by the Board.

Enquiries/Additional Information:

David Ashmore, Chairman

Ph: 0418 155 500

Email: david.ashmore@saferoads.com.au

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 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Saferoads Holdings Limited

ABN

81 116 668 538

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,290	10,130
1.2 Payments for		
(a) research and development	(36)	(63)
(b) product manufacturing and operating costs	(1,718)	(4,982)
(c) advertising and marketing	(51)	(143)
(d) leased assets	(168)	(447)
(e) staff costs	(1,156)	(3,205)
(f) administration and corporate costs	(551)	(1,104)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(79)	(256)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	237	396
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(232)	328
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(114)	(596)
(d) investments	-	-
(e) intellectual property	(13)	(222)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	54	64
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(73)	(754)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	437	437
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(14)	(14)
3.5 Proceeds from borrowings	90	596
3.6 Repayment of borrowings	(316)	(941)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	197	78

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	(20)	220
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(232)	328
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(73)	(754)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	197	78
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(128)	(128)

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	-	-
5.2	Call deposits	-	-
5.3	Bank overdrafts	(128)	(20)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(128)	(20)

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	304
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount at item 6.1 includes gross salary and superannuation payments of \$211k to Managing Director, Chief Financial Officer, and Chief Operating Officer, \$33k of fees to non-executive Directors, and \$60k in payments to entities related to the Managing Director for certain manufacturing materials and design and computer modelling services. Payments to entities related to the Managing Director are made at normal commercial rates and conditions.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																										
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>																																												
7.1 Loan facilities	3,621	2,609																																										
7.2 Credit standby arrangements	-	-																																										
7.3 Other (please specify)	-	-																																										
7.4 Total financing facilities	3,621	2,609																																										
7.5 Unused financing facilities available at quarter end		1,012																																										
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																												
	<table border="1"> <thead> <tr> <th>Lender</th> <th>Product</th> <th>Facility Limit</th> <th>Utilised</th> <th>Available</th> <th>Interest Rate</th> <th>Maturity</th> </tr> </thead> <tbody> <tr> <td>CBA</td> <td>Asset Finance</td> <td>2,000,000</td> <td>1,428,326</td> <td>571,674*</td> <td>Various</td> <td>N/A</td> </tr> <tr> <td>CBA</td> <td>Term Loan</td> <td>1,046,423</td> <td>1,044,565</td> <td>1,858</td> <td>8.00%</td> <td>Dec-24</td> </tr> <tr> <td>CBA</td> <td>Overdraft</td> <td>500,000</td> <td>128,578</td> <td>371,422</td> <td>9.12%</td> <td>N/A</td> </tr> <tr> <td>CBA</td> <td>Charge Card</td> <td>75,000</td> <td>7,792</td> <td>67,208</td> <td>17.99%</td> <td>N/A</td> </tr> <tr> <td></td> <td></td> <td><u>3,621,423</u></td> <td><u>2,609,261</u></td> <td><u>1,012,162</u></td> <td></td> <td></td> </tr> </tbody> </table>	Lender	Product	Facility Limit	Utilised	Available	Interest Rate	Maturity	CBA	Asset Finance	2,000,000	1,428,326	571,674*	Various	N/A	CBA	Term Loan	1,046,423	1,044,565	1,858	8.00%	Dec-24	CBA	Overdraft	500,000	128,578	371,422	9.12%	N/A	CBA	Charge Card	75,000	7,792	67,208	17.99%	N/A			<u>3,621,423</u>	<u>2,609,261</u>	<u>1,012,162</u>			
Lender	Product	Facility Limit	Utilised	Available	Interest Rate	Maturity																																						
CBA	Asset Finance	2,000,000	1,428,326	571,674*	Various	N/A																																						
CBA	Term Loan	1,046,423	1,044,565	1,858	8.00%	Dec-24																																						
CBA	Overdraft	500,000	128,578	371,422	9.12%	N/A																																						
CBA	Charge Card	75,000	7,792	67,208	17.99%	N/A																																						
		<u>3,621,423</u>	<u>2,609,261</u>	<u>1,012,162</u>																																								
	The bank facilities are secured by a registered charge over certain assets and undertakings. *While the Group remains in breach of its lending ratio covenant, drawdowns on the Asset Finance Facility are at the discretion of the CBA and may be limited to asset purchases required for long-term rental income opportunities supported by signed customer contracts.																																											

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(232)
8.2 Cash and cash equivalents at quarter end (item 4.6)	(128)
8.3 Unused finance facilities available at quarter end (item 7.5)	1,012
8.4 Total available funding (item 8.2 + item 8.3)	440 (ex. Asset Finance)
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.90
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No, the Group expects net operating cash flows to improve in future periods as the benefits of cost reduction measures implemented during the March quarter are realised in full.	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, the Group's program to divest some or all of its non-workzone product lines is ongoing and the potential trade sale of some or all of this portfolio of products is being actively pursued. We have a good working relationship with our bankers who continue to support us and would likely provide modest additional cash if needed to meet short term funding requirements.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Group will continue to operate its expanding rental business and the sale of its products to its established and quality customers. Expansion of the rental fleet will continue as funds arise to do so. There is also the prospect of export sales to North America where we have the required regulatory approvals in over 20 States and a well-established industry-based distributor. There is also the possibility of further export sales to our significant industry participant in New Zealand.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2024

Authorised by: the Board of Saferoads Holdings Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.