



24 March 2025

Dear Shareholder,

Sale of the Road Safety Rental business and shareholder approval

As announced on 21 March 2025, Saferoads has entered into a conditional contract for the sale of its Road Safety Rental (**RSR**) business and assets (**RSR Business**) to the Onsite Rentals Group (**Onsite**) for \$10.8 million (the **Transaction**). Completion of the Transaction is conditional on Saferoads shareholder approval, transfer of key staff, contract assignments and landlord approvals.

Onsite is a national equipment hire group that is ultimately owned by Malaysia based Sime Darby.

Accordingly, I am pleased to invite you to an Extraordinary General Meeting (**EGM**) to be held for the purpose of approving the Transaction on Monday 28 April 2025, commencing at 2.00 pm AEST through an online meeting platform provided by our share registry Automic.

The proposed Transaction

The Transaction will involve the transfer to Onsite of the RSR rental fleet and associated plant and equipment, hire contracts and approximately 8 RSR employees. It will also involve the transfer of two of our 3 RSR leased premises. The third RSR property lease is to be surrendered at no cost to the group.

The sale will result in an overall profit of approximate \$4.6m and will take our total net tangible assets to approximately \$9.35m, representing 21.4 cents per share. The RSR business asset sale will require the repayment of all rental asset finance contracts and we will also repay all bank debt.

Saferoads and Onsite have also agreed to an ongoing product supply agreement which includes an initial commitment by Onsite to order \$3m of our products within 12 months of completion of the Transaction.

The sale is expected to complete on 1st May 2025.

After the transaction

Our immediate strategic focus will be on the original product manufacturing and sales business (**Sales Business**) with its strong portfolio of intellectual property. This will involve initiatives to firm up its capital value and build its sales workforce.

It is planned that a 10.0 cent per share fully franked dividend will be paid to shareholders before 30 June 2025 amounting to \$4.37m and representing the approximate profit from the sale of the RSR Business.

The remaining Products Sales Business will have a significantly reduced overhead structure with no bank debt however there will be a need to retain sufficient cash to fund the restoration of our depleted working capital and in particular fund the manufacture of the \$3m Onsite barrier orders. There is also a need to increase our product stock holdings to a proper working level and further working capital reserves are needed given that we will not have an overdraft facility. After payment of the dividend and before the build up in working capital the net cash on hand will be approximately \$3.5m.

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We have included a pro forma balance sheet in the Explanatory Memorandum that represents the approximate financial position of Saferoads immediately following completion of the Transaction and after allowing for the payment of the dividend. The NTA going forward after the 10.0 cents dividend will be approximately \$4.98m representing 11.4 cents per share.

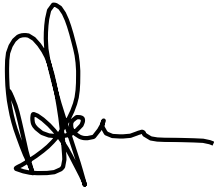
Board recommendation

The Transaction delivers compelling value to shareholders compared to the current trading price. Accordingly, the Board unanimously recommends shareholders **vote in favour** of the Transaction.

Further information relating to the resolution to be put to Shareholders and the Transaction is contained in the accompany Notes to the meeting and Explanatory Memorandum

I look forward to seeing you at the meeting.

Yours sincerely



David Ashmore
Chairman

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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Saferoads Holdings Limited (the **Company**), will be held on Monday 28 April 2025, commencing at 2.00 pm AEST through an online meeting platform provided by our share registry Automic.

BUSINESS

APPROVAL OF THE SALE OF THE ROAD SAFETY RENTAL BUSINESS

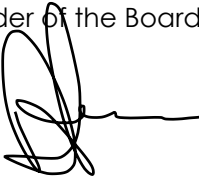
That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities resulting from the proposed sale of the Road Safety Rental business to the Onsite Rental Group as described in the Explanatory Memorandum.

DIRECTORS' RECOMMENDATION

The Board unanimously recommends that shareholders VOTE FOR this resolution.

Please refer to the Notes and Explanatory Memorandum for further information on the proposed resolution.

By order of the Board



David Ashmore
Company Secretary

24 March 2025

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WHO MAY VOTE

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Company (as convener of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 2.00 pm (AEST) on Saturday 26 April 2025. This time and date is the deadline for any proxy votes.

VOTING AND ONLINE ATTENDANCE

The Company is pleased to provide Saferoads Holdings Limited Shareholders with the opportunity to attend the Meeting through an online meeting platform powered by its share registry, Automic, where Shareholders will be able to watch, listen, and vote online. Shareholders will be able to attend the Meeting online and can pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_4Z9jFArmTnunMJYBCoN78w#/registration

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link investor.automic.com.au and then clicking on "register" and following the prompts. Shareholders will require their holder number (Security holder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the Meeting online (Registration will open 30 minutes prior to the meeting):

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending the Meeting online**
3. After logging in, a banner will be displayed at the bottom of your screen
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the Meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
7. Select your voting direction and click "**save**" to submit your vote. Note that you cannot amend your **vote after it has been submitted**

VOTING BY PROXY

A Proxy Form is attached to this Notice. This is to be used by Shareholders if they wish to appoint a representative to vote in their place. All Shareholders are invited to attend the Meeting or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions on the proxy form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
 - a proxy need not be a member of the Company; and
 - a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes;
1. Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting
 2. The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the *Corporations Act 2001* (Cth)

3. If an attorney or authorised officer signs the form of proxy on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the form of proxy.

The enclosed Proxy Form provides further details regarding the appointment of proxies and lodgement of Proxy Forms.

To be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below no later than 48 hours before the commencement of the Meeting. (ie by 2.00 pm on Saturday 26 April 2025). Any Proxy Form received after that time will not be valid.

By online voting: <https://investor.automic.com.au/#/loginsah>

By email: meetings@automicgroup.com.au

By fax: +61 2 8583 3040

By post: Automic GPO Box 5193 Sydney NSW 2001

If a Shareholder appoints the Chair as his or her proxy or the Chair is appointed as the Shareholder's proxy by default and the Shareholder does not direct the Chairman as to how to vote, then the Proxy Form provides that the Shareholder expressly authorises the Chair to exercise the proxy in respect of the resolution.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the *Corporations Act 2001* (Cth) authorising him or her to act as that company's representative. The authority must be sent to the Company (attention: Company Secretary) and/or registry at least 48 hours in advance of the Meeting.

VOTING RESTRICTION

The Company will disregard the vote cast in favour of the Resolution by or on behalf of any person who will obtain a material benefit as a result of the sale of the Road Safety Rental business (except a benefit solely in the capacity as a holder of ordinary shares) or any associate of any such person.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by a the Chairperson as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form to vote as the proxy decides.

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the Resolution.

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EXPLANATORY MEMORANDUM

This Explanatory Memorandum relates to the Extraordinary General Meeting of Shareholders of Saferoads Holdings Limited (the **Company**) to be held on Monday 28 April 2025, commencing at 2.00 pm AEST through an online meeting platform provided by our share registry Automic.

This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed resolution set out in the notice (the **Resolution**).

1. Background and sale process

The Company, through its wholly owned subsidiary Saferoads Pty Ltd (the **Seller**), owns and operates the Road Safety Rental (**RSR**) business and assets (the **RSR Business**).

As initially announced on 19 July 2024 and subsequently updated by the Company the Board conducted a strategic review of the Company's business. The review led to the Board deciding to conduct a process for the sale of the RSR Business. The sale process was coordinated with the assistance of our corporate advisor Mr John Grouios. A number of potential bidders were identified and asked to submit non-binding indicative bids. The Company received 3 non-binding indicative bids. In November 2024, the Company advised that it had selected our preferred bidder and granted them a period of exclusivity to conduct due diligence and negotiate an Asset Sale Agreement and a Product Supply Agreement. We have now finalised those negotiations and on 21 March 2025 all parties signed a conditional Asset Sale Agreement and a Product Supply Agreement with Onsite Rental Group Operations Pty Ltd (**Buyer**) for the sale of the RSR Business (the **Transaction**).

Onsite is a national equipment hire group that is ultimately owned by Malaysia based Sime Darby.

Given the open market sale process, the Board has determined that the Transaction represents current fair value for Shareholders and has decided not to commission an independent expert's report on the Transaction.

2. Key terms of the Transaction

The purchase price for the RSR Business Assets is \$10.8 million less an amount equal to 70% of the accrued annual leave and long service leave entitlements of the transferring employees of the Seller. The purchase price is also subject to adjustment following a completion stocktake of the rental fleet and other RSR assets.

Completion of the Transaction is conditional on Saferoads' shareholder approval and other usual conditions, including landlord approvals, key RSR employee acceptance of employment with the Buyer, rental contract assignments, the discharge of security interests over the RSR assets and a rental assets stocktake. The Agreement contains customary warranties and non-compete restrictions.

The Transaction will involve the transfer to Onsite of the RSR Business assets comprising the rental fleet assets, other non current assets used by the RSR Business and all hire contracts. It will also involve the transfer of two of the Seller's leased premises from which the RSR Business is conducted. A third lease of premises used by the RSR Business is to be surrendered at no cost. The Buyer is required to offer employment to all 8 of the RSR employees and assume all their leave entitlements.

The sale is expected to be completed on 1 May 2025.

Saferoads and the Buyer have also agreed to a product supply agreement which includes an initial commitment by the Buyer to order \$3m of the Company's products to expand the acquired RSR rental fleet.

3. Financial effect of the Transaction if completed

One of the key drivers of the strategic review was the consistent trading of the Company's shares at a price which was significantly lower than the net tangible asset (**NTA**) value significantly limiting our ability to raise capital to continue to expand the RSR component of our business. The audited NTA at 30 June 2024 was 10.85 cents per share. In the last 12 months the Company's share price has traded below the reported NTA with share sales in the range of 6.5 cents down to 4.1 cents.

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The sale will result in an overall profit of approximate \$4.61m and will take the Company's total unaudited NTA to approximately \$9.36million, representing 21.4 cents per share. The sale requires the repayment of all rental asset finance contracts, and the Company will use part of the sale proceeds to repay all bank debt. A 10.0 cent per share dividend will be paid to shareholders before 30 June 2025 and that \$4.371m dividend will reduce NTA to \$4.98m representing 11.4 cents per share.

Schedule A is an unreviewed pro forma balance sheet of the Company setting out the financial position of the Company on the assumption that the Resolution is passed, the Transaction is completed and the announced dividend is paid. The pro forma balance sheet is derived from the unaudited statement of financial position of the Company as at 28 February 2025 and adjusted for the effect of the sale and the dividend.

The group has \$6.71m of tax losses as contained in its 2024 income tax return as has been advised by its tax agent that no tax will be payable as a result of the sale of the RSR Business Assets. The company has \$2.851m of confirmed franking credits of which \$1.457m will be applied to the proposed 10.0 cent fully franked dividend leaving a balance of \$1.394m remaining.

4. The Company's business after the Transaction is completed

Following completion of the Transaction, the Company will continue to conduct its product manufacturing and sales business (the **Sales Business**).

The Board's strategic focus will be on capitalising on its strong portfolio of intellectual property and customer goodwill. We will build up the sales force and in turn firm up its capital value and build sales volumes.

The Sales Business will have a significantly reduced overhead structure with no bank debt. Our initial budgets show a break even or better result for the 2026 financial year assisted significantly by the \$3m products order commitment from On-site. Those orders are to be completed within a year from the date of completion of the sale of the RSR business. The directors expect that the current very tough economic conditions will continue and apart from the Onsite orders the product sales volumes are not budgeted to increase in the 2026 financial year above their 2025 financial year levels.

5. Advantages of the Transaction

The Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Transaction:

- the Transaction delivers compelling value to Shareholders compared to the historic trading price of the Company's shares and the net proceeds will result in a NTA position of 21.4 cents per share that is a premium of 17.3 cents to the 4.1 cent 30 day VWAP immediately prior to the announcement of the Transaction.
- the transaction will allow the Company to pay a 10.0 cent fully franked dividend substantially from the profit made on the Transaction.
- the Transaction will enable the Company to repay all RSR asset finance and all bank debt and concentrate on growing the Sales Business with a lower cost base,
- the ongoing Product Supply Agreement with the Buyer provides an injection of \$3m in product sales in the year following completion of the Transaction that will significantly assist us grow the product sales in total and generate profits into the future, and
- the Company will have no bank debt and only one minor asset finance contract and will have modest cash reserves thus substantially reducing the financial risks we now have.

6. Disadvantages of the Transaction

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Transaction

- the Company will not be able to participate in or derive any future rental revenue from the RSR Business;

- the Transaction involves the Company selling a significant asset which may not be consistent with the investment objectives of all Shareholders;

7. Intention if the Transaction does not proceed

If the Resolution is not passed, the Seller will continue to own and operate the RSR Business assets along with the Sales Business. The group is currently operating at an approximate breakeven level however we will have substantial challenges in retaining adequate financial support from our bankers. A substantial capital raising would most likely be needed to stabilise the funding of the group.

8. ASX Listing Rules

The Company is proposing to make a change to the nature and scale of its activities as a result of the Transaction. Listing Rule 11.2.1 requires a listed company that proposes to make a significant change to the nature or scale of its activities to provide full details to ASX. If ASX requires, the company must get the approval of the holders of its ordinary securities and must comply with any requirements of ASX in relation to the notice of meeting.

The Directors have decided to seek shareholder approval of the Transaction regardless of whether or not ASX would require the Company to get the approval of its shareholders. The Directors have therefore not asked ASX to determine that Listing Rule 11.2.1 applies to the Transaction.

The Company has shown the Notice of Extraordinary General Meeting and this Explanatory Memorandum to ASX. ASX takes no responsibility for the contents of either document.

9. Directors' interests and recommendation

The Directors do not have a material interest in the outcome of the Resolution other than as a result of their interest arising solely in their capacity as Shareholders.

The Directors have unanimously approved the proposal to put the Resolution to Shareholders.

Each of the Directors and their associates intends to vote all their Shares in favour of the Resolution. The Directors and their associates together hold 39.9% of the Company's voting shares.

The Transaction delivers compelling value to Shareholders compared to the current trading price. Accordingly, the Board unanimously recommends shareholders **vote in favour** of the Transaction.

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Schedule A - Pro forma balance sheet

Notes: The pro forma balance sheet is unaudited and has been prepared for the information of Shareholders to show the approximate financial position of the Saferoads Group. It reflects the position after completion of the sale of the RSR Business, the repayment of all bank debt and RSR related asset finance and after the payment of the proposed 1cent per share special dividend. It is based on the Company's unaudited 28 February 2025 balance sheet.

Certain best estimate assumptions have been made regarding the sundry costs incurred as a result of the Transaction, however their value does not have a material impact on the overall financial position as presented in the pro forma balance sheet.

The 31 December 2024 comparative balance sheet was reviewed by our auditors and has been previously reported to Shareholders.

	Pro Forma	31 Dec 2024
	\$'000	\$'000
Assets		
<u>Current Assets</u>		
Bank	3,510	0
Trade and other Receivables	1,401	1,322
Inventory	1,402	1,328
Disposal Group (Assets held for sale)	0	6,258
Prepayments	139	181
<u>Total Current Assets</u>	6,452	9,089
<u>Non Current Assets</u>		
Property,Plant and Equipment	395	478
Property Right of use	116	512
Other Assets	135	135
<u>Total Non Current Assets</u>	646	1,125
<u>Total Assets</u>	7,098	10,214
Liabilities		
<u>Current Liabilities</u>		
Bank Overdraft	0	141
Trade and other Payables	1,069	1,082
Contract Liabilities	56	82
Interest Bearing Loans and Borrowings	37	938
Property Leases - Right of Use	160	606
Disposal Group (liabilities on sale assets)	0	1,619
Employee Provisions	314	497
<u>Total Current Liabilities</u>	1,636	4,965
<u>Non Current Liabilities</u>		
Interest Bearing Loans and Borrowings	37	47
Trade and other Payables	440	480
<u>Total Non Current Liabilities</u>	477	527
<u>Total Liabilities</u>	2,113	5,492
<u>Net Assets</u>	4,985	4,722
Equity		
Contributed Equity	6,012	6,012
Accumulated Losses	(1,027)	(1,290)
<u>Total Equity</u>	4,985	4,722

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Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Saferoads Holdings Limited | ABN 81 116 668 538

Your proxy voting instruction must be received by **2.00pm (AEST) on Saturday, 26 April 2025**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automicgroup.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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