



ASX Announcement

26 June 2020

Traffic Technologies Ltd (ASX: TTI) Trading Update

Traffic Technologies Ltd (ASX: TTI) ('Traffic Technologies' or the 'Company') wishes to provide an update in respect of trading for the financial year ending 30 June 2020 and the Company's strategy.

Revenue having been 13% down in the first half is currently tracking approximately 7% below last year. As previously reported, the Company has experienced generally poor trading conditions in the market reflected in a slowdown in customer orders and delays to the approval of several projects. The Company has however been able to continue operating during the coronavirus (COVID-19) pandemic despite delays in the supply chain caused by lockdowns affecting local and overseas suppliers and freight forwarders. Encouragingly demand for the Company's products and services has been better than anticipated at the start of the lockdown period and more importantly has increased further as activities have re-opened.

The Company has taken advantage of Federal and State stimulus programs where possible to mitigate the financial impact of COVID-19, but has not been eligible for the Federal Government's JobKeeper program because turnover has not fallen to the required extent, nor has it had to stand down any of its workforce during this period. The Company has continued to review its cost base during the lockdown period and has reduced costs significantly during this period.

The Company expects to report a net loss after tax for the financial year of approximately \$13.4m which includes the net loss from 1HFY20 of \$12.4m (inclusive of impairment). The Company also has potential bad debts of approximately \$0.6m; if these are not resolved by 30 June, a bad debt provision will be required in the full year's results, subject to audit.

Since lockdown restrictions were eased in Australia and overseas, the Company has been able to address supply chain issues. This has contributed to a stronger second half (in particular the final quarter) of the current financial year and the Company has also now received a number of significant orders, in particular in the lighting sector where these orders are expected to contribute to a stronger start to the 2021 financial year.

In the Chairman's address at the 2019 AGM shareholders we advised that a strategic review of the Company's activities was being completed with a view to identifying opportunities for improving shareholder value. A number of opportunities were identified and while the disruption of COVID-19 has delayed implementation of some of the recommendations several aspects related to staffing and integration of activities are well advanced or completed. We

are optimistic that we will be able to share further details on this and further growth in long term contractual orders over the coming months.

Announcement authorised for release by Con Liosatos, Managing Director.

Enquiries:

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