

## **Chairman's Address to Shareholders**

### **27 November 2020, Melbourne:**

The 2020 financial year has been challenging and we were disappointed to report a loss for the year, which included an impairment provision of \$10.6m against goodwill at the half-year. Revenue and EBITDA were affected by generally weak trading conditions in key markets in which we operate. Despite initial positive signs, issues we have encountered in the past including a slowdown in orders and delays to the approval of several projects were again experienced in the first half. In the second half of the year we were faced with the challenges of Coronavirus (COVID-19).

The Company has been able to continue operating during the coronavirus pandemic and associated lockdowns. Delays in the supply chain have been experienced caused by lockdowns affecting some of the Company's suppliers and freight forwarders; however 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 in states where lockdown restrictions have eased.

The outlook is more promising particularly with the easing of lockdown restrictions and the anticipated growth in government spending on infrastructure. The Company has a strong order book, with several significant orders for its LED street lighting products, including the Ausgrid contract announced recently. The Company's "Smart City" platform continues to gain acceptance in several states of Australia and we remain confident about the significant growth opportunity it represents for the Company in the years ahead.

As previously advised, the Company has undertaken a strategic review of the Company's activities with a view to identifying opportunities for improving shareholder value. A number of opportunities have been identified and, while the disruption of COVID-19 has delayed implementation of some of the recommendations, (particularly as a result of travel restrictions), 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 together with growth in long term contractual orders over the coming months.

Cash flow and debt levels remain a key focus of management and your Board. Borrowing costs are still too high despite the partial refinancing of the Group's debt facility with ADM Capital last year. It remains a priority to complete the full repayment of the ADM facility before the expiry date of July 2021. We expect to make further announcements on this in due course.

As we have announced previously, the Company's Nomination and Remuneration Committee has instituted a review of the Company's Board composition. As part of that review, the Nomination and Remuneration Committee has identified that the Company could benefit from the appointment of a candidate with suitable specialised technology skills and experience, consistent with that increasingly utilised by the Company.

The Group sees a significant opportunity in the years ahead in the rapidly developing "Smart City" sector and is increasingly focusing its business model on revenue streams from "Smart City" platforms and software. As well as the initial supply of infrastructure and the related software, the Group has been developing an annuity model involving recurring revenue over the life of the assets. While at this point the revenue contribution is not material each deployment of sensors adds additional revenue.

The Group is optimistic about its prospects for the year ahead, underpinned by a number of significant projects involving the roll-out of our "Smart City" platform, our LED street, road and tunnel lighting installations and term maintenance contracts. The Group is also continuing to develop its export markets across a range of overseas countries, including the UK, South America, Middle East and Asia. The increase in multi-year term contracts with power, road authorities and municipalities is also expected to underpin our earnings base in future years.

Consistent with the goal of improving the quality, performance and value of TTI the Board and management regularly assess possible acquisitions and divestments, which offer the opportunity to consolidate our position in key markets. The L&M acquisition which was finally completed in August 2020 is already delivering good returns to the Group. L&M is a high quality business with which TTI has had a long relationship. It has a quality portfolio of maintenance contracts and represents an attractive platform from which TTI can grow its maintenance activities. Opportunities such as this will continue to be carefully assessed and will not be completed unless they have a clear strategic alignment, have been thoroughly investigated and the Board is confident they will enhance long-term shareholder value.

The Board continues to be concerned about the low trading price of the Company's shares. We believe this results from a combination of shareholder disappointment about the Company's recent performance and the market in which it operates, ongoing concerns about the level of debt and lack of liquidity in trading in the Company's shares.

Our Board and management are committed to the ongoing improvement of shareholder value and believe that the Company is in a stronger position to take advantage of the opportunities ahead in the "Smart Cities" area with increasing focus on the use of technology to manage government infrastructure, traffic flows and associated services. While we strongly believe that the product suite we have is attractive and that the markets for lighting and "Smart Cities" technology in particular have strong growth potential and will in time deliver the improved quality, performance and value of the Company your Board retains an open mind regarding other opportunities to improve shareholder value and is currently carrying out a strategic review to assess this.

I would like to take this opportunity to thank Mr. Con Liosatos and the management team. Con and his team continue to work tirelessly on behalf of all shareholders. As has been noted on previous occasions, they have deep experience with the Company and the Board believes they are the best credentialed and most skilled people to continue to lead this Company forward.

I would like also to thank Mr Garry Lowrey for his strong commitment to the Company over the past 5 years as Chairman and wish him well in his future endeavours. I would also like to welcome Mr Tim Fry to the Board.

Finally, along with my fellow directors, I would like to thank you once again for your patience and continued support. We have technology and products that are leaders in their markets, we are securing contracts with a range of quality customers here and overseas, many of which involve recurring revenue streams. "Smart Cities" are still in the early stages of development and have significant growth potential in areas such as LED street lights. We look forward to the years ahead.

I would now like to hand over to Con who will provide an overview of the Company's operations and address in more detail its future prospects.

**Announcement authorised for release by Peter Crafter, Company Secretary**