

ASX Announcement

27 October 2021

Chairman's Address to Shareholders

I was pleased to report a much improved result for 2021. Revenue and profit both improved with the Group benefitting from a strong order book and growth in government infrastructure projects.

The Group has been able to continue trading in all states and territories throughout the COVID-19 pandemic, despite prolonged lockdowns in several states, although export sales have been affected to some extent by international travel restrictions and there has been some disruption due to supply chain and freight forwarding delays associated with COVID-19 and recent shutdowns of the construction industry in New South Wales and Victoria.

Two acquisitions were completed during the 2021 financial year. The acquisition of the L&M installation and maintenance business in Victoria was completed in August 2020. L&M is an accredited provider and installer for the Department of Transport in Victoria involving traffic signal, urban traffic controller, street lighting and electronic speed sign installation and maintenance and is fully approved for installation work by the Department of Transport. L&M holds a number of term maintenance contracts with local councils across Victoria.

The acquisition of the ITS business in Queensland was completed in June 2021. The ITS or 'Intelligent Transport Systems' business focuses on the design, development, manufacture and supply of electronic road signage and software systems to customers across Australia and has also enabled the Group to expand its operations in Queensland.

Acquisition opportunities will continue to be investigated and will not be completed unless they have a clear strategic alignment, have been thoroughly investigated and the Board is confident they are earnings accretive and will enhance long-term shareholder value.

The outlook for the Group is positive given the increase in government expenditure on infrastructure projects. The Group has started the 2022 financial year with a strong order book and term contracts in place. However, the timing of revenue is subject to the impact of COVID-19 and associated lockdowns and international travel restrictions on the Group's supply chain and freight forwarding channels.

The Group has continued to develop its LED street lighting and "Smart Cities" products which are seen as significant growth areas for the future. Our "Smart City" platform enables users to monitor and control thousands of assets linked through a secure private network to a central control system. Applications include control of traffic management assets such as street lights, as well as detection of traffic flows, parking availability, environmental and waste management.

We believe that the Group is in a strong position to take advantage of opportunities associated with increased government expenditure on road infrastructure projects and in the "Smart Cities" area with increasing focus on the use of technology to manage government infrastructure, traffic flows and associated services.

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 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.

Cash flow and debt levels remain a key focus of management and your Board. The Company has been working on a plan to refinance its debt and reduce finance costs. The ADM facility was recently extended to 30 June 2022, allowing sufficient time for a refinancing to be achieved.

The Board has undertaken a strategic review of the Company's activities with a view to identifying opportunities for improving shareholder value. A number of acquisition opportunities have been identified and, while the disruption of COVID-19 has delayed implementation of some of the recommendations, several aspects have already been completed including the two acquisitions referred to earlier. The Company has also been developing a strategy to consolidate manufacturing with the aim of achieving significant cost savings and enhanced earnings. Further announcements will be made in due course as we implement these recommendations.

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 Group and the Board believes they are the best credentialed and most skilled people to continue to lead this Group forward.

Finally, along with my fellow directors, I would like to thank you 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 and are in a strong position to take advantage of the increase in government expenditure on infrastructure projects. We are also optimistic about our involvement in "Smart Cities" which we believe have significant growth potential in the future. We look forward to the years ahead.

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

Announcement authorised for release by Con Liosatos, Managing Director.

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