

ASX Announcement

27 October 2021

Managing Director's Address to Shareholders

Thank you, Mr Chairman

We were pleased to report that the 2021 result represented a significant improvement compared to the previous financial year. Trading revenue improved by 18% to \$52.3 million and EBITDA improved by 222% to \$4.5 million, whilst NPAT was a profit of \$0.2 million, compared to a loss of \$13.8 million in the previous year.

Demand for the Group's products and services has seen an increase over the past year, despite COVID-related lockdowns and travel restrictions. The Group's order book has remained strong during the pandemic with the increase in road infrastructure expenditure announced by Federal and State Governments and especially following a number of contract wins announced recently. We expect to see further improvement and remain bullish as government expenditure on infrastructure is increased and international restrictions are eased.

The Group has been able to continue operating in all states throughout the coronavirus pandemic and associated lockdowns, although we have experienced delays in the supply chain caused by lockdowns affecting local and overseas suppliers and recent disruptions caused by shutdowns of the construction industry in New South Wales and Victoria.

We have continued to invest in research and development with a major emphasis being the roll-out of our "Smart City" platform, "TST". Our system continues to gain traction across several states with implementation of large scale infrastructure projects going live in the coming quarters and especially the adoption of increasing recurring annuity revenue with new and current contracts where the focus moves to a SaaS and annual subscription and service fees.

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 conditions, waste management, theft and critical assets.

The Company's LED street lights has seen significant growth with our "Smart City"-ready lighting products across Australia and now entering the UK where future earnings are underpinned by a number of recent contract wins, long term supply contracts and orders from State and local government agencies, power companies and the newly released next generation LED street lights for roads, streets, tunnels with lower wattages, making them "smarter and greener" delivering greater economic benefits. This next generation of "smarter and greener" luminaires will also deliver the added benefit of running on solar and performing to a high standard across the roadways of Australia.

The Group continues to be a major supplier of traffic signals and road signs to all States and Territories in the domestic market, with the ability to service the requirements of State road authorities, local government and the largest road projects. With the next generation of "green" LED traffic signals available, the Group anticipates increasing activity in the years ahead with the roll-out of large-scale infrastructure programs announced by Federal and State governments.

The recent acquisitions of the L&M and ITS businesses, with accreditations in Victoria, New South Wales and Queensland, have proven to be positive contributors to the Group.

The L&M acquisition has enhanced the capability within the Group to undertake installation and maintenance work and has opened a new channel to market for our IoT devices and traffic management products. L&M has enabled the Group to win larger infrastructure projects including level crossing removals and freeway upgrades within the Intelligent Transport sector.

The ITS business, which is involved in the design, development and manufacture of electronic infrastructure signage and software systems which directly interact with the Group's "Smart City Platform" TST, allows the Group to further expand into the lucrative Intelligent Transport sector and has expanded the Group's ability to supply sophisticated "Smart City" ready electronic signage products across the east coast of Australia.

The Group will expand its investigation into accretive and strategic IoT acquisitions to position the Group's revenue and profit for further growth and we expect to make further announcements in due course.

We have been addressing the financing of the Group where finance costs are above appropriate market levels and recently the Company extended the ADM Capital facility until 30 June 2022 allowing sufficient time to explore clear options to refinance the Group.

Despite lockdowns and construction shutdowns in major states due to Covid-19 and disruptions to the supply chain the Group has made a bullish start to the 2022 financial year with a strong order book and term contracts in place.

The outlook is very positive and we are well positioned to benefit in the years ahead from increased investment by government on infrastructure programs to assist economic recovery, new products being developed by the Group and the Group's diversification program into "Smart Cities" technology, IoT devices and annuity streams from SaaS.

Once again, I am very pleased to have your ongoing support and thank our shareholders along with the board, staff and management for their dedication and continued support of the Group.

Announcement authorised for release by Con Liosatos, Managing Director.

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