

Traffic Technologies Limited

ACN 080 415 407
(ASX code: TTI)

Non-renounceable rights issue Offer

*Non-renounceable pro-rata offer to Eligible Shareholders on the basis of 7 New Shares for every 10 Shares held as at the Record Date at an Issue Price of \$0.03 (3 cents) per New Share (**Offer**) to raise approximately \$10.13 million.*

Important Notice

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

Please read the instructions in this Offer Document and on the accompanying Entitlement & Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document is not for release, publication or distribution in the United States or elsewhere where such an offer would be in contravention of securities laws.

Important Notes

1. Offer document

This Offer Document has been prepared by Traffic Technologies Limited ACN 080 415 407 (the **Company**).

This Offer Document is not a prospectus or other form of disclosure document under the *Corporations Act 2001* Cth (**Corporations Act**) and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the *Corporations Act* as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84.

As a result, it is important for Eligible Shareholders to read and understand the information on the Company and the Offer made publicly available, before accepting all or part of their Entitlement. In particular, please refer to the information in this Offer Document, the Company's annual reports and other announcements made available at www.trafficltd.com.au or www.asx.com.au.

2. This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. Future performance and forward-looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to Offer, or any particular tax treatment.

This Offer Document contains certain "forward looking statements". Forward-looking statements include those words such as "believe", "anticipate", "estimate", "expect", "will", "plan", "should", "may", "intend", "likely", "forecast" and other similar expressions but not limited to statements regarding the outcome and effects of the Offer. Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements in this Offer Document are current and speak only as at the date of this Offer Document.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

5. Past performance

Investors should note that the Company's past performance including Share price performance provides no guarantee or guidance as to future Share price performance.

Any past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance including the Company's future financial position or Share price performance.

6. Risks

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

Refer to the 'Risks' section included in section 6 of this Offer Document for a summary of general and specific risk factors that may affect the Company.

7. Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an online original Entitlement & Acceptance Form sent with this Offer Document (or payment via BPAY®, as described herein). The online Entitlement & Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer that is accessible via the Offer Website:
<https://trafficttechnologies.investorportal.com.au/rights-issue/>.

8. Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia and New Zealand having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Payment by BPAY® will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia or New Zealand (**Ineligible Foreign Shareholders**) should refer to Section 2.15 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

9. Not for Distribution outside Australia and New Zealand

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States.

The Entitlements may not be taken up by, and the New Shares may not be offered or sold to, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This document may not be released or distributed in the United States. The distribution of this document in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

10. Currency

All references to A\$, \$A, dollar or \$ in this Offer Document are to Australian currency.

11. Definitions and references to time

Capitalised words and expressions in this Offer Document have the meaning given to them in Section 7. Unless otherwise stated, any reference to time in this Offer Document is a reference to Melbourne, Australia time.

12. Date of this Offer Document

This Offer Document is dated 11 November 2021.

Key Offer details

Key details of the Offer	
Offer to Eligible Shareholders	7 New Shares for every 10 Shares held at the Record Date
Issue Price per New Share	\$0.03 or 3 cents per New Share payable in full on Application
Maximum number of New Shares issued under the Offer	337.56 million New Shares
Maximum proceeds from the Offer (excluding costs associated with the Offer)	Approximately \$10.13 million (before expenses and costs of the issue)
Maximum number of Shares on issue following the Offer and on completion of the Placement (refer to Section 3 below)	892.11 million Shares

Important dates*

Event	
Announcement of Rights Issue Offer and Placement	3 November 2021
Ex-Date	5 November 2021
Record Date (to determine Entitlement of Eligible Shareholders to participate in the Offer)	7:00pm (AEDT) 8 November 2021
Placement Allotment Date	10 November 2021
Opening Date of Rights Issue Offer - Despatch of the Offer Document and online Entitlement & Acceptance Form to Eligible Shareholders	11 November 2021
Last day to extend the Closing Date	25 November 2021
Closing Date for acceptances under the Rights Issue Offer	5:00pm (AEDT) 30 November 2021
Shortfall (if any) announced to the ASX	3 December 2021
Issue of the New Rights Issue Shares	7 December 2021
Trading (T+2) of New Shares expected to commence	8 December 2021

* The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. All dates and times are references to Melbourne, Australia time.

Letter from the Chairman

11 November 2021

On behalf of the Directors, I am pleased to invite you to take up your entitlement in Traffic Technologies' non-renounceable rights issue Offer of seven (7) New Shares for every ten (10) Shares held at the Record Date of 8 November 2021, at an Issue Price of \$0.03 per New Share (Offer) to raise up to \$10.13 million), which represents a discount of approximately 10% to TTI's 30-day VWAP (calculated on 3 November 2021).

To request an electronic copy of your personalised application form, visit
<https://traffictechnologies.investorportal.com.au/register-rights-issue/>

The funds from the Offer will be applied to repay existing debt, working capital and strategic acquisitions.

This past year, Traffic Technologies' management team has dedicated its time to improving the business' operations, and this work has borne fruit – revenue is up 18%, annuity revenue has climbed 13% and the company is profitable.

We are now turning our attention to the balance sheet. This step represents the final stage of our plan to unlock company value and set the stage for continued growth long into the future.

The world is in a period of immense, almost immeasurable change and road authorities, councils and energy providers are all striving to reduce costs, emissions, and accidents - striving to make their communities safer, more sustainable and better places to live.

Traffic Technologies is well-placed to provide these agencies and businesses with a market-leading solution to the collective problems they face while generating value for you, our shareholders, along the way.

Our business is scalable, growing and ready to capitalise on these broader market trends.

Join a Shareholder Briefing

In the coming days, MD Con Liosatos will give an update on behalf of the Board via a live and interactive online shareholder briefing where he will discuss the Offer. This will include a Q&A session.

Book your spot here - <https://traffictechnologies.investorportal.com.au/shareholder-briefing/>

The Offer

As announced on 3 November 2021, the Company, as part of its current overall capital raising, has received approximately \$2,170,011 via a private placement (**Placement**) at a share price of \$0.03.

Traffic Technologies is providing existing shareholders with the opportunity under this Offer to participate at the same issue price as under the Placement. The Offer is to be made pursuant to s708AA of the Corporations Act and may be summarised as follows:

- Australian and New Zealand residents holding Shares may subscribe under the Offer for 7 New Shares for every 10 Shares held as at the Record Date of 7.00 pm AEDT on 8 November 2021.
- New Shares are priced at \$0.03 (3 cents) per New Share. The Offer of approximately 337,557,287 New Shares may raise up to \$10,126,719 where fully subscribed.
- Shareholders (other than the Directors and related parties of the Company) may subscribe for Additional Shares beyond their entitlement of 7 for 10 on the basis that some existing Shareholders may fail to fully take up their Entitlement. This additional ability is available only to eligible holders and is referred to as a Top-Up Facility.
- If there remains any Shortfall after allocation of the Additional Shares, the Directors reserve the right for up to 3 months after the close of the Offer to place any Shortfall to wholesale or exempt investors at the Board's discretion but at a price no less than the Offer Price.

A copy of this Offer Document has been lodged with the ASX and can be accessed on the ASX website or via the Traffic Technologies website.

First Samuel has made a conditional binding commitment to take up part of any shortfall in Traffic Technologies November 2021 Rights Issue, for 33,333,333 Shortfall Shares (subscription amount of up to \$1 million) - refer to Section 5.3 for full details.

The Company has appointed Reach Corporate Pty Ltd as Lead Manager to the Offer. If you have any questions, please contact:

Reach Markets

Lead Manager to the Offer

P: 1300 805 795

E: advisers@reachmarkets.com.au

Computershare

Share Registry

P: 1300 850 505

[Contact Computershare](#)

On behalf of the Board, I invite you to consider participating in the Offer and thank you for your support of Traffic Technologies.

Yours sincerely,

Mark Hardgrave

Chairman

Traffic Technologies

1. Summary

Item	Explanation	Where to find Information
What is the Offer?	Non-renounceable rights issue offer of New Shares (Offer)	Section 2.1
What are the terms of the Offer?	7 New Share for every 10 Shares held on the Record Date at an issue price of \$0.03 (3 cents) per Share. All fractional Share Entitlements issued will be rounded up to the nearest whole number.	Section 2.1
Can I sell or transfer my Entitlements?	No, the Offer is non-renounceable and, accordingly, you cannot offer to sell or transfer any of your Entitlement on ASX or via an off-market transfer.	Section 2.7
Can I purchase Additional Shares at the same price?	<p>Yes, the Company is also offering a Top-Up Facility so Eligible Shareholders who fully subscribe their Entitlement under the Offer will also have the right to apply for Additional Shares (Shares not subscribed for by other Eligible Shareholders) at the same price. There is however no guarantee that you will receive any or all of the Additional Shares you apply for.</p> <p>Further, if there remains any Shortfall after allocation of the Additional Shares, the Directors reserve the right for up to 3 months from the close of the Offer to place any Shortfall at their discretion at a price no less than the Offer Price.</p>	Section 2.7
Is the Offer underwritten?	<p>No, the Offer is not underwritten, but First Samuel has given a conditional binding commitment to subscribe for up to \$1.0 million of any shortfall in the Rights Issue. The commitment is conditional upon:</p> <ul style="list-style-type: none"> • There being sufficient Shortfall available on completion of the Offer; • The Company repaying an amount of AU\$3.5 million to discharge its current loan with First Samuel; and • The Company's debt facility with ADM Capital being repaid in full. 	Sections 2.9, 2.10 and 5.3
Is there a Minimum Subscription Amount	No, there is no minimum subscription amount	
How do the New Shares rank in comparison to existing Shares	All New Shares issued under the Rights Issue will rank equally in all respects with existing Shares from the date of their issue.	Section 2.19
Who can invest?	Eligible Shareholders of the Company as at 7.00 pm AEDT on 8 November 2021 (Record Date).	Sections 2.1 and 2.6
What are my choices?	<p>As an eligible Shareholder you may:</p> <ul style="list-style-type: none"> • take up all of your Entitlement under the Offer, and if so, also make application for Additional Shares (if required); or • exercise only a portion of your Entitlement and allow the balance to lapse; or • do nothing, in which case all of your Entitlements will lapse and you will receive no value for those lapsed Entitlements. 	Section 4.1

2. Details of the Offer

2.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 7 New Shares for every 10 Shares held at 7:00pm (AEDT) on the Record Date at an Issue Price of \$0.03 per New Share.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, that will be rounded up to the nearest whole New Share.

Your Entitlement under the Offer is shown on the accompanying Entitlement & Acceptance Form. Details on how to accept the Offer are set out in Section 4.

2.2 Size of the Offer

As at the date of this Booklet, the Company has on issue 482.22 million Shares and no options.

Approximately 337.56 million New Shares will be offered under the Offer to raise up to approximately \$10.13 million before the expenses of the Offer are taken into account. There is no minimum amount of capital that must be subscribed under this Offer.

2.3 Use of Funds

The Offer where fully subscribed will result in an increase in cash in hand of the Company of approximately \$10.13 million (before the payment of costs associated with the Offer).

Combined with the funds from the Placement, this Offer would provide the Company of up to approximately \$12.3 million (before the payment of costs / expenses). It is currently proposed that the Company will use the combined funds as follows:

Description	A\$ (million)
Repay existing debt	10.5
Working capital and acquisitions	0.8
Expenses of Offer and Placement	1.0
Total	12.3

** The Company reserves the right to pay cash commission to AFSL holders or authorised representatives of AFSL holders who introduce participants to take up any or all of the Shortfall. Any such commission costs have not been taken into account in the use of funds above.*

2.4 Opening and Closing Date

The Offer will open for receipt of acceptances online on 11 November 2021. The Closing Date for acceptance of your Entitlement is 5.00pm (AEDT) on 30 November 2021.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to delay or withdraw the Offer at any time without prior notice. Where the Offer is withdrawn, all Application Monies will be refunded (without interest) as soon as practicable by cheque to your registered address as noted on the Company's share register. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

2.5 Entitlements under the Offer

The Offer is non-renounceable and therefore Eligible Shareholders cannot offer to sell or transfer any of their Entitlement on ASX or via an off-market transfer (or any other exchange or privately transferred).

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company diluted as compared to that percentage as at the date the Offer is made.

2.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the online Entitlement & Acceptance form accompanying this Offer Document that is accessible via the Offer Website:
<https://trafficechnologies.investorportal.com.au/rights-issue/>.

2.7 Shortfall / Top-Up Facility

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for any number of Additional Shares in excess of their Entitlements by using the Top-Up Facility.

Additional Shares will only be available where the number of Shares the subject of Applications received under the Offer is less than the maximum number of New Shares proposed to be issued under the Offer. Any Additional Shares issued will be at the same price as the Issue Price, namely \$0.03 per Share.

Details on how to apply for Additional Shares under the Top-Up Facility are set out in Section 4.3. There can be no guarantee that there will be any allocation of Additional Shares under the Top-Up Facility.

Subject to the Corporations Act and the Listing Rules, the Directors may scale back allocations of Additional Shares applied for by Eligible Shareholders through the Top-Up Facility on a pro-rata basis. For the avoidance of doubt, the prohibitions set out in section 606 of the Corporations Act on certain acquisitions of relevant interests in voting shares will apply to limit the acquisition of Additional Shares through the Top-Up Facility.

It is an express term of the Offer that Eligible Shareholders who apply for Additional Shares are bound to accept a lesser number of Additional Shares than they applied for or may be allocated no Additional Shares at all. In both cases, excess Application Monies will be refunded without interest.

If any Shortfall remains after applications for Additional Shares under the Top-Up Facility are considered, the Directors reserve the right, subject to the Corporations Act and the Listing Rules, to place any further Shortfall at their discretion (other than to Directors and related parties of the Company) within 3 months after the close of the Offer at a price not less than the Issue Price of \$0.03 per New Share.

2.8 No rights trading

The Offer is non-renounceable. Accordingly, the Entitlements under the Offer will not be tradable on the ASX or otherwise capable of being sold or transferred. Shareholders who do not take up their Entitlement in full will not receive any value in respect of that part of the Entitlement they do not take up.

2.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been received.

2.10 No Underwriting

The Offer is not underwritten.

2.11 Lead Manager

The Offer is being managed by the Lead Manager. Details of the arrangements between the Company and the Lead Manager are provided in Section 5.4. The Financial Services Guide for the Lead Manager can be found at <https://reachmarkets.com.au/financial-services-guide/>

2.12 Directors' interests

The relevant interest of each of the Directors in the securities of the Company as at the Record Date together with their respective Entitlement is set out in the table below:

	Existing Shares	Maximum Rights Issue Shares*
Mark Hardgrave	3,215,054	2,250,538
Con Liosatos	33,726,923	23,608,846
Tim Fry	nil	nil

2.13 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on 7 December 2021.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares without making such determination do so at their own risk.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their holdings statements, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or otherwise.

2.14 ASX Listing

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received will be refunded (without interest) in full to the Applicants.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. Neither ASX nor any of its officers accepts or takes any responsibility for the contents of this Offer Document.

It is expected that normal trading on ASX will commence in relation to New Shares on 8 December 2021.

2.15 CHESS

The Company will apply to ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise Shareholders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their interest in the Company during the preceding month.

2.16 Ineligible Foreign Shareholders

In accordance with ASX Listing Rule 7.7.1 and Section 9A of the Corporations Act, the Company has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand as at the Record Date (**Ineligible Foreign Shareholder**), having regard to:

- (a) the number of Shareholders with addresses in such other countries as a proportion of total Shareholders in the Company;

- (b) the number and value of the Shares those Shareholders would be offered under the Offer; and
- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

To the extent that there are any Ineligible Foreign Shareholders registered at the Record Date, the Company will send details of the Offer to each Ineligible Foreign Shareholder and advise each Ineligible Shareholder that they will not be offered New Shares under the Offer.

2.17 Overseas shareholders

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand. Eligible Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Rights Issue and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person.

It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form (or making payment via BPAY®) will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

2.18 Custodians

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any underlying beneficial owners of Shares (**UBH**).

In respect of nominees, trustees or custodians acting on behalf of UBHs the foreign restrictions under the offer will be applied at the registered address of the Custodian. This will be irrespective of whether the holder is a QIB or sophisticated investor.

2.19 Foreign Jurisdictions

This Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. Payment by Bpay will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Retail Shareholders who are nominees or custodians should see Section 2.18.

The distribution of this document (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Booklet, you should observe such restrictions. In particular, this document or any copy of it must not be distributed in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

(a) New Zealand

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the provisions of the *Financial Markets Conduct Act 2013 (New Zealand) (FMC Act)*, the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

This Offer Document has been prepared in accordance with Australian law and has not been registered, filed with, or approved by the New Zealand regulatory authority under the FMC Act. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws. The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

(b) United States

This Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be issued to, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. The New Shares will only be offered and sold outside the United States in 'offshore transactions' as defined in and in reliance on Regulation S under the U.S. Securities Act.

2.20 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Lead Manager on +61 3 8080 5795 or advisers@reachmarkets.com.au to request a copy of the Company's constitution.

2.21 Nominees

The Offer is being made to all Eligible Shareholders. Nominees with registered addresses in the eligible jurisdictions may also be able to participate in the Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Offer is not available to beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Shareholder.

Due to legal restrictions, nominees and custodians may not send copies of this Booklet or accept the Offer on behalf of any person in the United States or other jurisdiction outside Australia or New Zealand, except to beneficial shareholders who are institutional or professional investors in certain foreign countries or as the Company may otherwise permit in compliance with applicable law.

The Company is not required to determine whether or not any registered Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

2.22 Risks

There are a number of risks associated with an investment in New Shares in the Company. A brief overview of some of the key risks is outlined in Section 6.

3. Effect of the Offer

3.1 Effect of the Offer on the capital structure of the Company

The total number of New Shares to be issued under the Offer (the exact number depends on the rounding up of individual holdings) will be up to approximately 337.56 million.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer. It assumes that no options are exercised prior to the Record Date and that all New Shares are issued under the Offer or placed after the Offer closes.

Shares	Number
Existing Shares as at date of the Offer	482.22 million
Maximum number of New Shares issued under the Placement (approximately)	72.33 million
Maximum number of New Shares issued under the Offer (approximately)	337.56 million
Total issued Shares following completion of both the Offer and the Placement (approximate)	892.11 million

The effect of the Placement and the Offer (assuming the Offer closes fully subscribed) will be to increase the number of Shares on issue in the Company and increase the cash held by the Company (before taking into account the expenses of the Offer) by up to approximately \$12.3 million.

Expenses of the Offer (including the Lead Manager's fees) are expected to be approximately \$1,000,000.

3.2 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The potential effect of the Offer on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) Proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer.
- (d) If no Eligible Shareholders take up their Entitlements under the Offer the Company will, subject to the conditions set out in section 5.3, issue up to 33.33 million shortfall shares to First Samuel and may issue the balance of the Shortfall under the Offer to other or new investors and this may potentially result in a new investor having a substantial interest in the Company.

3.3 Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months of trading preceding the date of lodgement of this Offer Document and the respective dates of those sales, are:

Highest: \$0.048 on 1 September 2021
Lowest: \$0.030 on 20 October 2021

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of this Offer Document (**VWAP**) is \$0.037.

The rights issue offer price represents a discount of:

- 6.25% to the Company's closing price on 29 October 2021 of \$0.032;
- 6.25% to the Company's 10-day VWAP of \$0.032; and;
- 9.09% to the Company's 30-day VWAP of \$0.033.

3.4 Impact of change in ASX Market price

The market price of the Company's Shares on the ASX may change between the date of this Offer Document and the date of issue of Shares under the Offer.

If there is a decrease in that market price, this will result in a corresponding proportionate decrease in the market value of Shares issued to the Applicant. If there is an increase in that market price, this will result in a corresponding proportionate increase in the market value of Shares issued to the Applicant.

However, any increase or decrease in market value will not alter the issue price per New Share, nor the number of New Shares to be issued, under the Offer.

4. Action required by Shareholders

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the online Entitlement & Acceptance Form that is accessible via the Offer Website: <https://trafficechnologies.investorportal.com.au/rights-issue/>.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted (refer to Section 3.2 above).

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 4.2 below);
- (b) take up all or part of your Entitlement and apply for Additional Shares; or
- (c) do nothing, in which case all of your Entitlements will lapse (refer to Section 4.3 below).

As detailed in Section 2.15, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 4.1, 4.2 and 4.3.

4.2 Applying for New Shares

You may only take up all or part of your Entitlement by making payment by BPAY® corresponding to the component (part or all) of your Entitlement you wish to accept by no later than 5:00pm (AEDT) on the Closing Date.

The Issue Price for each New Share accepted under your Entitlement is payable on application via BPAY®:

- (a) Applicants should be aware that their own financial institution may implement earlier cut off Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above;
- (b) you must follow the instructions for BPAY® set out in the online Entitlement & Acceptance Form;
- (c) you do not need to return the online Entitlement & Acceptance Form but are taken to make each of the statements and representations on that form and as otherwise referred to in this Offer Document; and
- (d) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

4.3 Top-Up Facility

As detailed in Section 2.7 above, subject to Section 606 of the Corporations Act Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Shares in excess of their Entitlements (being the Top-Up Facility).

If you wish to subscribe for Additional Shares in addition to your Entitlement, then you should make payment for your full Entitlement plus the Additional Shares (also at the Issue Price of \$0.03 for each Additional Share).

If your payment is being made by BPAY® and is in excess of the payment required for your Entitlement:

- (a) you do not need to submit the personalised online Entitlement & Acceptance Form but are taken to make each of the statements and representations on that form referred to in this Offer Document;

- (b) you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application Monies; and
- (c) Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for, or may be allocated no Additional Shares at all, in which case excess Application Monies will be refunded without interest.

4.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and your rights attaching to those Shares (such as voting rights) will not be affected should you choose not to accept any part of your Entitlement. If you do not participate in the Offer your percentage holding in the Company will be reduced.

4.5 Online Entitlement & Acceptance Form is binding

Payment by BPAY® constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and the online Entitlement & Acceptance Form and, once paid, cannot be withdrawn.

4.6 Representations you will be taken to have made by accepting the Offer

By making a payment by BPAY®, you will be deemed to have:

- (a) fully read and understood this Offer Document and the online Entitlement & Acceptance Form in their entirety;
- (b) agreed to be bound by the terms of the Offer, the provisions of this Offer Document, the online Entitlement & Acceptance Form and the Company's Constitution;
- (c) declared that you are over 18 years of age and have the legal capacity and power to perform all your rights and obligations under the Offer and your Entitlement & Acceptance Form;
- (d) authorised the Company to register you as the holder of the New Shares;
- (e) acknowledged that once the Company receives your any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (f) confirmed that you have a registered address in Australia or New Zealand as at the Record Date;
- (g) confirmed that you were the registered holder at the Record Date of the Shares indicated in the Entitlement & Acceptance Form as being held by you on the Record Date;
- (h) agreed to apply for and be issued up to the number of New Shares for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (i) authorised the Company, the Share Registry and their respective officers, employees or agents to carry out on your behalf all necessary actions for the New Shares to be issued to you;
- (j) understood and acknowledged that the information contained in this Offer Document and your online Entitlement & Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or circumstances;
- (k) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;
- (l) acknowledged that investment in the Company is subject to the risk factors outlined in Section 6 of this Offer Document;
- (m) acknowledged that the Company or its related bodies corporate, affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers do not guarantee the performance of the Company or the Share price, nor do they guarantee the repayment of capital;
- (n) authorised the Company to correct any errors in your online Entitlement & Acceptance Form or any other document provided to you;

- (o) agreed to provide any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date; and
- (p) represented and warranted that:
 - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - (ii) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
 - (iii) you have not and will not send any materials relating to the Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

4.7 Privacy Act

If you make payment via BPAY® you will be providing personal information to the Company (directly or by the Company's Share registry) and the Lead Manager. The Company and the Lead Manager each collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application. The Lead Manager's privacy policy can be found at <https://reachmarkets.com.au/privacy-reach/>

4.8 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

4.9 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Lead Manager on +613 8080 5795 or advisers@reachmarkets.com.au.

5. Additional information regarding the Offer

5.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. These provisions of the Corporations Act allow rights issues and related issues to be made by providing certain confirmations to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Offer, when read with this Offer Document, is publicly available.

This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company has lodged a cleansing notice in respect of the Offer with ASX on 3 November 2021.

5.2 Announcements

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: TTI), and the Company's website, www.trafficltd.com.au

Additionally, the Company is also required to prepare and lodge with ASX yearly and half yearly financial statements accompanied by a directors' statement and report and an audit review or report. These reports are released to ASX and published on the Company's and ASX's websites.

Copies of the Company's announcements and yearly and half yearly financial reports will also be available from the Company Secretary.

5.3 Shortfall Commitment arrangements

The Company has entered a conditional binding firm commitment letter with First Samuel, the terms of which include:

- (a) First Samuel is to subscribe for up to 33.33 million Shares for a subscription amount of up to \$1,000,000 at the issue price of \$0.03 per Share in respect of the Shortfall.

- (b) The commitment is conditional upon:
 - (i) There being sufficient Shortfall available on completion of the Offer;
 - (ii) The Company repaying an amount of AU\$3.5 million to discharge its current loan with First Samuel; and
 - (iii) The Company's debt facility with ADM Capital being repaid in full.
- (c) First Samuel has provided representations and warranties customary for such a placement.

5.4 Lead Manager arrangements

The (Offer Management Agreement) broadly provides that the Lead Manager's duties include designing the Offer campaign strategy (including promotion of the Offer and producing Offer marketing materials) and Offer management and oversee all investor engagement and the Offer sales campaign (including investor presentations and potential investor call and contact campaign).

The Lead Manager is not underwriting the Offer.

The Company has agreed to pay to the Lead Manager an initial fee of \$20,000 plus a capital raise fee equal to 6% of all funds raised under the Offer and reimbursement of reasonable disbursements.

6. Risks

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

An investment in New Shares should be regarded as very speculative and involves many risks. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be materially and adversely affected, the trading price of the Shares could decline and you could lose all or part of your investment.

This section identifies some of the major risks associated with an investment in the Company. There may be other risks which the Directors and/or management of the Company are unaware which may impact upon the Company, its operations and/or the value and performance of the New Shares and the Company generally.

Intending Applicants before any decision is made to subscribe for shares should read the Company's prior continuous disclosure announcement to the ASX market in order to fully appreciate the risks particular to Traffic Technologies Limited.

6.1 Speculative nature of investment

Any potential investor should be aware that subscribing for New Shares involves various risks. The New Shares to be issued carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares. An investment in the Company should therefore be considered very speculative.

6.2 Business risks associated with the Company

Without limiting the above, some risks particular to the TTI business include:

(a) Changes or delays in government expenditure on road infrastructure -

Changes or delays in Federal or State government expenditure may impact the Company's business from a financial and operational basis. The Company's business is dependent on it having sufficient resources available for major projects and it may need to defer major projects in times of economic slowdown.

(b) Supply chain disruption -

The Company's business may be impacted by supply chain disruption and freight forwarding delays due to the COVID-19 pandemic and associated lockdowns.

(c) Foreign exchange risk -

A decrease in the Australian dollar exchange rate can affect import prices. The Company purchases components from a number of Asian countries denominated in US dollars. Conversely, an increase in the Australian exchange rate can affect export opportunities as the Company sells its products to overseas markets.

(d) Failure to retain existing customers and attract new customers -

The Company's success depends on its ability to continue to retain its current customer base, organically grow the service requirements of those existing customers and attract new customers. Failure to retain existing customers or attract new customers would materially impact the Company's ability to generate revenue which will have an adverse effect on the Company's operating and financial performance.

(e) Reliance on key personnel -

TTI operates with a small management team and the loss of key management personnel could cause a material disruption and adversely affect the Company including the achievement of its product and service development.

(f) Reliance on third party service providers -

There is a risk that third party service providers engaged in TTI's operations do not perform their contractual obligations and the value of the TTI's assets may be adversely affected by such non-performance.

(g) Disruption of business operations -

The Company and its customers are exposed to a large range of operational risks relating to both current and future operations. Such operational risks include occupational health & safety, industrial action or disputes and natural disasters. A disruption in the Company's operations or those of its customer may have an adverse impact on the Company's growth prospects, operating results and financial performance.

(h) Regulatory risks -

The Company; its services and products are subject to various laws and regulations including but not limited to product compliance, accounting standards and tax laws. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance.

(i) Impact of COVID-19 -

The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets, share prices and operations. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term.

The information in this document does not constitute a recommendation to subscribe for New Shares and this document does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

7. Defined terms

\$ or AUD means Australian dollar;

Additional Shares means New Shares applied for by an Eligible Shareholder under the Top-Up Facility that are in excess of the Eligible Shareholder's Entitlement;

Applicant refers to a person who submits an online Entitlement & Acceptance Form or makes payment via BPAY®;

Application refers to the submission of an online Entitlement & Acceptance Form or making payment via BPAY®;

Application Monies means monies payable by Applicants in respect of their Applications;

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context may require;

Board means the board of Directors;

Closing Date means the closing date of the Offer being 5.00 pm AEDT on 30 November 2021 (subject to the right of the Company to vary the date without notice);

Company means Traffic Technologies Limited ACN 080 415 407;

Directors means the directors of the Company;

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand;

Entitlement means the entitlement to subscribe for 7 New Shares for every 10 Shares held by an Eligible Shareholder on the Record Date and as set out in the Entitlement & Acceptance Form and Entitlements has a corresponding meaning;

Entitlement & Acceptance Form means the online Entitlement & Acceptance Form accompanying this document;

First Samuel means First Samuel Limited ACN 086 243 567;

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand;

Placement has the meaning as provided in the Chairman's letter;

Issue Price means \$0.03 (3 cents) per New Share;

Listing Rules means the listing rules of the ASX;

New Shares means the Shares proposed to be issued pursuant to this Offer;

Offer means non-renounceable pro rata offer of New Shares on the basis of 7 New Shares for every 10 Shares held on the Record Date at the Issue Price pursuant to this Offer Document;

Offer Document means this offer document dated 11 November 2021;

Opening Date means the opening date of the Offer being 11 November 2021 (subject to the right of the Company to vary the date without notice);

Record Date means 7.00 pm AEDT on 8 November 2021;

Related Bodies Corporate has the meaning as provided in the *Corporations Act 2001*;

Reach or Lead Manager means collectively Reach Markets Pty Ltd ACN 145 312 232 & Reach Corporate Pty Ltd ACN 638 960 540;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a holder of Shares;

Share Registry means Computershare Investor Services Pty Limited;

Shortfall or **Shortfall Shares** means any New Shares not taken up by Eligible Shareholders under the Offer or the Top-Up Facility;

Top-Up Facility means the mechanism by which Eligible Shareholders can apply for Additional Shares.

8. Corporate directory

Directors

Mr Mark Hardgrave - Non-Executive Chair

Mr Con Liosatos - Managing Director

Mr Tim Fry - Non-Executive Director

Company Secretary / Chief Financial Officer

Mr Peter Crafter

Registered office

Address 31 Brisbane Street, Eltham, VIC 3095, Australia

Telephone (03) 9430 0222

Fax (03) 9430 0244

Website <http://www.trafficltd.com.au>

Share registry

Computershare Investor Services Pty Ltd

Address Yarra Falls, 452 Johnston Street, Abbotsford, VIC 3067, Australia

Telephone 03 9415 4000

Website <https://www.computershare.com/au>

