

ASX Announcement

25 November 2022

Chairman's Address to Shareholders

Dear Fellow Shareholders

On behalf of the Directors of Traffic Technologies, I am pleased to welcome you all today to the 2022 Annual General Meeting.

I'd like to start by taking you through the resilience and profitability of our business through the continued disruption and volatility caused by the ongoing COVID-19 pandemic and geopolitics, before handing over to our Managing Director, Con Liosatos, to run you through the results and outlook in more detail.

We will then move to the business being put to the meeting for decision which will include any questions you might have for the Board, management, and/or our auditors.

The 2022 financial year saw significant achievements for our Company. These included, continued revenue growth, significant contract wins, new tier-1 clients, a strongly growing order book, and increasing penetration of our 'SmartCity' technology into a significant global market opportunity.

Along with most businesses, we encountered significant challenges over this past year associated with global disruptions to supply chains, inflationary pressures, COVID-19 related travel and access restrictions, and most recently, the depreciation in the Australian dollar which has increased the cost of imported components.

I am extremely proud of how your Board and management have met these challenges, with considered strategies and decisive action; for instance, with prepaying overseas suppliers to secure priority in componentry and logistic deliveries to ensure it could meet customer delivery requirements. And as a result of such initiatives, I believe we are in a strong position to continue to take advantage of the opportunities which they present. In particular, these include the strong growth in government expenditure on road infrastructure, and the increasing trend globally towards engaging 'SmartCity' platforms to manage traffic flows and government assets. In this latter regard, I am both excited by its tremendous potential and confident of our business' best-in-class positioning to lead the scaling of next-generation "SmartCity" technology through every State and Territory in Australia because of our established history, extensive relationships across all levels of government and with some of Australia's largest infrastructure builders, and our trusted quality of continually evolving solutions.

Our products and services – from hardware and software solutions to installation and maintenance – change driver behaviour, improve safety for the community, enhance transport efficiency and lower traffic's impact on the environment. The market we operate in is large, growing and attractive; and I believe we are well positioned to access this opportunity and provide a strong return on your invested capital.

Our road sign, traffic signals, electronic signage, LED streetlights and traffic controller businesses continue to be market leaders in both the Australian and export markets. Our

road sign business is the only national company in its category, with access to every council in the country and provides an important access point to market for our other products and services.

We have started the 2023 financial year with a strong order book and over \$30 million of term contracts in place. The timing of revenue continues to be subject to ongoing supply chain issues and the availability of electronic components in international markets. In line with the macro environment, our business has also experienced cost increases across all supply chains.

Our balance sheet was significantly strengthened following a capital raising late last year which enabled us to repay \$6 million of debt including interest to ADM Capital. We also took advantage earlier this year of an opportunity to refinance our working capital facilities to provide greater flexibility in managing our overseas supply chain.

Cash flow and debt continue to be a key focus for management and your Board. The Company is in active discussions with lenders to reorganise and refinance its debt facilities and expects to make further announcements in this regard in due course. The Company's remaining debt facility has been extended to allow time for the refinancing of debt to be completed.

Corporate action opportunities continue to present and be investigated, with the guiding principles of having clear strategic alignment, delivering earnings accretion and enhancing 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 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.

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 noted on previous occasions, they have deep experience within the sector and extensive long-term relationships with our suppliers and customers; the Board believes they are the best credentialed and most skilled people to continue to lead the 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 market leaders, we have a solid base of long-term supply contracts with a range of quality customers both here and overseas, many of which involve recurring revenue streams, and we are in a strong position to take advantage of increased government expenditure on infrastructure projects. We are optimistic about our involvement in "Smart Cities" which we believe has significant growth potential in the future.

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 the Board of Traffic Technologies.

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