

## ASX Announcement

25 November 2022

### Managing Director's Address to Shareholders

Thank you, Mr Chairman.

We were pleased to report an increase in operating revenue in 2022 despite global and industry challenges caused by COVID-19 and other factors. Operating revenue increased to \$54 million for the year to 30 June 2022, compared to \$52 million in the previous financial year.

In common with most businesses, COVID has had an impact on the Company's operations, including an increase in raw material costs, timing delays caused by industry-wide disruptions, the worldwide shortage of electronic and hardware equipment and, more recently, the depreciation of the Australian dollar which has impacted input costs.

During the 2022 financial year the Company had to contend with local disruptions caused by lockdowns, closures in the construction industry, staff absences due to COVID-19 and international travel restrictions affecting our export markets. The Company was nevertheless able to continue operating in all States and Territories throughout the pandemic. Despite these challenges, demand for the Company's products and services has seen a significant increase with the upturn in road infrastructure expenditure announced by Federal and State governments and following several recent contract wins. We have a strong order book and over \$30 million in customer contracts, which extend out up to five years.

Recent orders have included additional Smart City, LED streetlights for power authorities in several States and, following successful trials, a contract has been received to supply Smart City software for the road network in Qatar in time for the FIFA World Cup.

The Company continues to be the major participant in the "Intelligent Transport Systems" market where the Company's proprietary "Traffic SmartCity Technology" (TST) platform, developed for the road industry, councils and power authorities, enables the integration of traffic management equipment to a central control management system via remote "Internet of Things" (IoT) sensors.

We have continued to invest in research and development with a major emphasis being the deployment and implementation of our "Smart City" platform, "TST". The system continues to gain traction across several States, in particular with local councils and on large-scale infrastructure projects. Through data analytics, customers are able to make informed decisions in real time, making roads safer, greener and adaptable to the needs of communities. These outcomes have led to an increase in adoption of recurring annuity revenue with new and current contracts.

Integration of urban traffic controllers into the Company's "Smart City" platform is pivotal to the next phase of the Company's expansion, where the in-house design and manufacture of this highly technical Smart City equipment is scaled for the benefit of communities across Asia, the Middle East and South America. The Company is well

positioned for future adoption of cities requiring “Smart City” technology, where urban traffic controllers are automated to regulate the sequencing and timing of traffic signals, by monitoring vehicular and pedestrian demands, and adjusting to meet these requirements.

The Company has seen significant growth in our “Smart City” ready lighting products across Australia. Future earnings are underpinned by a number of recent contract wins, long term supply contracts and orders from State and local government agencies, and power companies. Our next-generation streetlights for roads, streets and tunnels, operate even more efficiently than previous generations, with significant reduction in energy consumption. This next generation of “smarter and greener” luminaires will change the nature of Australian roadways, providing critical social benefits in an economical and environmentally sustainable way.

With a national footprint, the Company continues to be Australia’s largest accredited provider of traffic signals, urban traffic controllers, street lighting, electronic speed signs and regulatory signs to State Road authorities, local councils and power companies, providing a truly one stop solution to our customers.

The Company’s strategy in reducing finance costs and consolidating manufacturing with the aim of achieving significant cost savings and enhanced earnings is underway, with a positive contribution expected in the year ahead from these strategic initiatives along with the strong order book.

The outlook is positive, despite economic challenges, as we are well positioned to benefit in the years ahead from increased government expenditure on infrastructure programs, new products being developed by the Company and the Group’s diversification program into “Smart City” technology, IoT devices and annuity streams.

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 the Board of Traffic Technologies.**

**Enquiries:**

Mr. Con Liosatos (Managing Director)

T: +61 3 9430 0222

E: [con.liosatos@traffictld.com.au](mailto:con.liosatos@traffictld.com.au)