

ASX Announcement**29 November 2023****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 2023 Annual General Meeting. We are holding this year's AGM as a "virtual" meeting following approval at last year's AGM.

I'd like to start by giving you an overview of the business and the opportunities and challenges it faces, before handing over to our Managing Director, Con Liosatos, to discuss the results and operations in more detail. We will then move to the business part of the meeting which will include an opportunity to put questions to the Board, management, and our auditors.

Whilst operating revenue improved during the 2023 financial year, EBITDA was impacted by higher input costs, the depreciation of the Australian dollar and supply chain delays. Delays on government funded road projects also affected the Company's results.

In light of the result for the 2023 financial year and the increase in interest rates which impacted the discount rate in the impairment calculation used to assess the carrying value of intangible assets, the Board considered it prudent to record an impairment provision against the value of goodwill and intangible assets in the 30 June 2023 financial statements which resulted in a net loss for the year.

Operating revenue in the current financial year has continued to be affected by supply chain issues, government delays on projects and the depreciation of the Australian currency affecting imported components. The structure of the working capital funding of the business is also proving to be a significant constraint on the Company's business and its ability to fund its operations.

We are addressing the challenges the business faces with a number of strategies, including prepaying overseas suppliers to secure priority in componentry and logistic deliveries to ensure we can meet customer delivery requirements, and maintaining a higher level of inventory than in previous years to meet current global supply chain disruptions. We are also reviewing the structure of the working capital funding of the business to ensure it is appropriate to meet the needs of the Company's business and operations.

The Company is currently in the process of relocating and reorganising production. The Company's strategy to consolidate manufacturing is expected to achieve significant cost savings and improve earnings in the year ahead.

I believe we are in a strong position to take advantage of the growth in government expenditure on road infrastructure and the increasing global trend towards engaging 'SmartCity' platforms to manage traffic flows and government assets. We have a strong order book, long-term customer contracts with visibility greater than five years and a strong pipeline of expected future work.

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.

Cash flow and debt continue to be a key focus for management and your Board. During the past year, the Company refinanced its debt facilities with a three-year debtor and trade finance facility and extended the balance of its term loan by a further three years. The availability and structure of our working capital facilities is however a significant constraint on the Company's operations and results. The Company is in active discussions with lenders to further reorganise its debt facilities and we expect to make further announcements in this regard in due course.

The Board continues to explore ways to improve shareholder value, including through potential relationships with third parties. Corporate action opportunities continue to present and are being actively 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 finding ways to improve 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. I would also like to thank Mr. Tim Fry, who has recently retired as a director, for his contribution to the Company over the past three years.

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 will now 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.

Enquiries:

Mr. Con Liosatos (Managing Director)

T: +61 3 9430 0222

E: con.liosatos@traffictld.com.au