

ASX Announcement

30 October 2024

**Quarterly Activity Report and Appendix 4C
Quarter Ended 30 September 2024**

Traffic Technologies Ltd (ASX: TTI) ('Traffic Technologies' or the 'Company') is pleased to provide its Quarterly Activity Report and Appendix 4C Cash Flow Statement for the quarter ended 30 September 2024.

Highlights

- Order book remains strong with a significant number of term contracts beyond five years.
- New business outlook strong.
- Consolidation of buildings and manufacturing operations completed in accordance with previously announced cost reduction programme which is continuing to have a positive impact.
- The cost reduction program is continuing with annualised cost savings achieved in FY24 of \$2.2m and further annualised savings of \$0.9m achieved in Q1 FY25.
- Shareholder approval obtained in October 2024 for the refinancing of existing debt facilities and the placement of new shares to improve the Company's working capital position.

Trading Update

Revenue for the quarter ended 30 September 2024 was \$5.3m and continued to be affected by capital constraints within the Company's existing working capital facilities. However, demand for the Company's products and services is strong with significant investment by Federal and State governments in road infrastructure projects across Australia. The Company's order book remains solid with long term customer term contracts extending up to 5 years.

The Company is continuing to address the composition of its working capital facilities to ensure a more appropriate facility structure in line with the current requirements of the business. The Group recently obtained shareholder approval for the refinancing of its debt facilities, including a convertible note for USD \$3m, share placement and manufacturing service agreement with Season Group, a Hong Kong-based electronic manufacturing services provider.

These changes along with the ongoing cost reduction programme, consolidation of the Company's properties and reorganisation of manufacturing in Victoria and Queensland, resulted in annualised cost savings achieved in FY24 of \$2.2m with further annualised savings of \$0.9m achieved in Q1 FY25.

Cash

Net operating cash outflow was \$0.1m for the quarter (Q1). Receipts from customers for the quarter were \$7.0m. The Company's cash flow continues to be significantly impacted by the need to pay overseas suppliers in advance to secure priority in componentry and deliveries to ensure the Company can meet its customer delivery requirements.

Net investing cash outflow was \$0.3m for the quarter, including investment to further expand and develop the Company's Smart City software and product portfolio which is expected to deliver improved results for the Company in FY25 and beyond.

Net financing cash inflow was \$0.1m for the quarter. In October 2024, the Company obtained shareholder approval for the refinancing of its debt facilities – see above.

Listing Rule 4.7C.3

In item 6.1 of the Appendix 4C Cash Flow Report for the quarter, payments to related parties were made of \$152,000 for fees to executive and non-executive directors.

This announcement was authorised for release to the market by the Board of Traffic Technologies Limited.

For further information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Traffic Technologies Ltd

ABN

21 080 415 407

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,965	6,965
1.2 Payments for		
(a) research and development	(9)	(9)
(b) product manufacturing and operating costs	(2,369)	(2,369)
(c) advertising and marketing	(1)	(1)
(d) leased assets	(3)	(3)
(e) staff costs	(3,566)	(3,566)
(f) administration and corporate costs	(823)	(823)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(266)	(266)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(71)	(71)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(32)	(32)
(f) other non-current assets	(283)	(283)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	7	7
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(308)	(308)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	455	455
3.6	Repayment of borrowings	(390)	(390)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	65	65

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	455	455
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(71)	(71)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(308)	(308)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	65	65
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	141	141

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2	289
5.2	Call deposits	139	166
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	141	455

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	11,461	8,634
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) – Bank guarantee – Westpac	- 78	- 78
7.4	Total financing facilities	11,539	8,712
7.5	Unused financing facilities available at quarter end		2,827
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Early Pay – \$2.5m debtor finance facility – 11.35% - secured - to 28/2/26 Early Pay – \$2.0m trade finance facility – 12.90%-16.90% - secured – paid out 17/10/24 Early Pay – \$3.0m term loan facility – 12.90% - secured – paid out 17/10/24 First Samuel – \$2.0m note deed – 12.00% - secured – to 15/12/25 First Samuel - \$0.25m short term loan – 12.00% - unsecured to 31/10/24 Loan provided by director - \$0.8m - comprising \$0.1m - 13% & \$0.7m - 12% - unsecured Loans provided by former directors - \$0.9m - comprising \$0.1m - 13% & \$0.8m - 12% - unsecured Westpac bank guarantee & merchant facility \$78k - cash backed</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(71)
8.2	Cash and cash equivalents at quarter end (item 4.6)	141
8.3	Unused finance facilities available at quarter end (item 7.5)	2,827
8.4	Total available funding (item 8.2 + item 8.3)	2,897
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	40.8
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2024.....

Authorised by: The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.