

ASX Announcement

27 November 2024

Chairman's Address to Shareholders

Dear Shareholders

On behalf of the Directors of Traffic Technologies, I am pleased to welcome you to the 2024 Annual General Meeting.

I would like to start by giving you a brief overview of the business and the challenges the Company has faced in the past year and the opportunities it has before it in the year ahead. I will then hand over to our Managing Director, Mr 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 for shareholders to ask any questions of the Board, management, and our auditors.

The results for the 2024 financial year were obviously disappointing. Revenue for the year was down significantly on the previous financial year. Operating revenue continued to be adversely affected by challenging supply chain issues, government delays on projects and capital constraints within the Group's existing working capital facilities.

The Board's focus over the past year has been on restructuring its working capital facilities as this has been the primary cause of the poor trading result. The Group has been unable to source sufficient equipment and materials on a consistent and timely basis to service its customers efficiently and effectively.

However significant positive progress has been made in this regard over recent months. As you will be aware Shareholders recently approved a refinancing of the Group's debt facilities which will improve the Company's access to working capital to better fund its operations in the months and years ahead. This involved entering into a new convertible note facility for USD \$3m, a share placement and a manufacturing service agreement with Season Group, a Hong Kong-based electronic manufacturing services provider. This will put the Group on a much firmer financial footing to fund its operations in the year ahead.

In early November the Company also launched a Non-Renounceable Rights issue to existing eligible shareholders offering one new share for every two shares held by them at a price of 0.5 cents per share. The Offer included the issuing of one free attaching option for each share subscribed for exercisable at 1 cent per share for a period of 24 months. The offer, which shareholders are reminded, closes on 6 December is to provide additional working capital to enable the Company to increase the volume of its orders of new equipment and materials to increase its revenues and earnings.

The Group's portfolio of long-term customers and order book remain strong with ongoing investment by all levels of government in road infrastructure.

The Board continues to look at ways to improve shareholder value, including through potential relationships with third parties, acquisitions and divestments. A range of corporate opportunities continue to be actively considered.

The Board obviously remains concerned about the low current trading price of the Company's shares. This is due, no doubt, to the recent poor trading performance of the Company in the past year and ongoing concerns about the level of debt and lack of liquidity in trading in the Company's shares. It is also due to the extremely difficult economic environment for small cap companies on the ASX right now. The Board and management remain committed to finding ways to improve the Company's performance and share price.

I would like to take this opportunity to thank Mr. Con Liosatos, and the entire Traffic Technologies management team and employees. This past year has been particularly challenging and we look forward to an improved performance in the year ahead.

Finally, along with my fellow directors, I would like to thank you for your patience and continued support. The Company has technology and products that are market leaders in their sectors, it has a solid base of long-term supply contracts with a range of significant customers both here and overseas and a strong order book. The Company is in a good position to take advantage of increased infrastructure expenditure in the months and years ahead.

I will now hand over to Mr Con Liosatos who will provide a more detailed overview of the Group's operations and address in more detail its future prospects.

Announcement authorised for release by the Board of Traffic Technologies.