



**TRAFFIC TECHNOLOGIES LTD  
AND CONTROLLED ENTITIES  
ABN 21 080 415 407**

**HALF-YEAR FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023  
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

***This half-year financial report is to be read in conjunction with the  
financial report for the year ended 30 June 2023***

**TRAFFIC TECHNOLOGIES LTD**  
**("TTI")**  
**(ABN 21 080 415 407)**

**Appendix 4D**

**Half-year financial report**  
**Period ended 31 December 2023**  
**(Comparative period: period ended 31 December 2022)**

***Results for announcement to the market***

1. Results				
		%		A\$'000
Revenues from ordinary activities	Down	34%	to	21,183
Earnings before interest and tax	Down	391%	to	(2,296)
Profit/(loss) after tax attributable to member	Down	6539%	to	(3,320)
Net profit/(loss) from ordinary activities after tax attributable to member	Down	6539%	to	(3,320)
For commentary on the results for the period and review of operations, refer to Directors' Report.				
2. Dividends	Amount per security		Franked amount per security	
Interim dividend	Nil		Nil	
Previous corresponding period: Interim dividend	Nil		Nil	
Record date for determining entitlements to the dividend	N/A			

**3. Net tangible assets per security**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.6) ¢	0.2 ¢

#### 4. Details of entities over which control has been gained or lost during the period:

##### Control gained over entities

Name of entities	N/A	
Date(s) of gain of control	N/A	
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired	N/A	

##### Control lost over entities

Name of entities	N/A
Date(s) of loss of control	N/A

#### 5. Details of individual and total dividends or distributions and dividend or distribution payments

No interim dividend has been declared in respect of the half-year ended 31 December 2023 (2022: Nil). Total dividend Nil (2022: Nil).

#### 6. Details of any dividend or distribution reinvestment plans in operation

The Company has adopted a Dividend Reinvestment Plan (DRP) to provide shareholders with the opportunity to reinvest their dividends in ordinary shares in the Company free of brokerage, commissions and other transaction costs. The DRP is governed by the DRP rules. Subject to the DRP rules, participation is open to shareholders with registered addresses in Australian and New Zealand. Participation can be full or partial and can be varied or cancelled at any time. If a shareholder elects to participate in the DRP, the dividend otherwise payable on the shareholder's ordinary shares participating in the DRP will be reinvested in ordinary shares in the Company. These shares will either be issued to the shareholder or acquired on-market and transferred to the shareholder. Shares may be allocated at a discount to the market price of the shares. The Directors will determine a discount of up to 10% for each dividend declared.

#### 7. Details of associates and joint venture entities

Name of associate / joint venture	% Securities held
N/A	N/A

#### 8. Financial reporting framework

The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian Accounting Standards which are equivalents to International Financial Reporting Standards (IFRS).

#### 9. Independent review of the financial report

The half-year financial report has been independently reviewed and is not subject to a qualified independent review conclusion.



**TRAFFIC TECHNOLOGIES LTD  
AND CONTROLLED ENTITIES  
ABN 21 080 415 407**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2023**

*This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2023.*

**TRAFFIC TECHNOLOGIES LTD**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2023**

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# **Traffic Technologies Ltd**

## **Financial Report for the half-year ended 31 December 2023**

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### **CORPORATE INFORMATION**

This financial report covers Traffic Technologies Ltd (ABN 21 080 415 407) (the Company) and its subsidiaries (the Group) for the half-year ended 31 December 2023. The Group's functional and presentation currency is AUD (\$). A description of the Group's operations and principal activities is included in the Operating and Financial Review section within the Directors' Report.

#### **Directors**

Mr. Cary Stynes LLB (Melb.) MAICD (Non-Executive Chairman) (appointed 13 February 2024)  
Mr. Con Liosatos MAICD (Managing Director)  
Mr. Luke Donnellan (Non-Executive Director)  
Mr. Mark Hardgrave B Com ACA MAICD (Non-Executive Chairman) (retired 13 February 2024)  
Mr. Tim Fry GAICD (Non-Executive Director) (retired 17 November 2023)

#### **Company Secretary**

Mr. Peter Crafter

#### **Chief Financial Officer**

Mr. Anthony Alembakis

#### **Registered Office & Principal Place of Business**

Traffic Technologies Ltd  
320 Darebin Road  
Fairfield VIC 3078

#### **Share Register**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnson Street  
Abbotsford VIC 3067  
Tel: 1300 850 505

Traffic Technologies Ltd shares are listed on the Australian Securities Exchange ("TTI").

#### **Lawyers**

K&L Gates  
Level 25  
525 Collins Street  
Melbourne VIC 3000

#### **Bankers**

Westpac Banking Corporation  
Level 6  
150 Collins Street  
Melbourne VIC 3000

#### **Auditors**

Grant Thornton  
Collins Square, Tower 5  
727 Collins Street  
Melbourne VIC 3008

# **Traffic Technologies Ltd**

## **Half-year Financial Report**

### **Directors' Report for the half-year ended 31 December 2023**

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The directors of Traffic Technologies Ltd (the Company) present their financial report for the half-year ended 31 December 2023 in order to comply with the provisions of the Corporations Act 2001.

#### **DIRECTORS**

The names of the Company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Cary Stynes LLB (Melb.) MAICD (Non-Executive Chairman) (appointed 13 February 2024)  
Mr. Con Liosatos MAICD (Managing Director)  
Mr. Luke Donnellan (Non-Executive Director)  
Mr. Mark Hardgrave B Com ACA MAICD (Non-Executive Chairman) (retired 13 February 2024)  
Mr. Tim Fry GAICD (Non-Executive Director) (retired 17 November 2023)

#### **ROUNDING**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the Class Order applies.

#### **OPERATING AND FINANCIAL REVIEW**

##### **Operations**

Traffic Technologies is Australia's premier traffic solutions company. Established in 2004 and listed on ASX in 2005, the Company's head office is in Fairfield, Victoria with offices across all states of Australia and an office in England. The Group specialises in "Smart City" control systems, LED road and streetlights along with the design, manufacture and installation of traffic signals, urban traffic controllers, pedestrian countdown timers, electronic road signs, emergency telephones and road lighting products. The Group also supplies a wide range of directional and regulatory traffic signs and traffic control products to road traffic authorities, municipal councils and construction companies.

The Group's proprietary "Traffic SmartCity Technology" (TST) platform, developed for the road industry, councils and power authorities, enables the integration of assets such as streetlights and other traffic management equipment to a central control/management system via remote "Internet of Things" (IoT) sensors. Customers, mainly government authorities inclusive of road authorities, councils and power companies, can monitor and analyse equipment in real time in order to make informed decisions on their road networks. The Group's subsidiaries, Aldridge Traffic Systems and Quick Turn Circuits (QTC) have been major participants in the "Intelligent Transport Systems" market in Australia for 45 and 30 years, respectively.

QTC designs, manufactures and supplies urban traffic controllers for a global market with over 90% of sales being international. Having designed and supplied urban traffic controllers across Asia, the Middle East and South America, QTC is well positioned to secure future upgrades in cities requiring "Smart City technology" where the urban traffic controller is automated to regulate the sequencing and timing of traffic signals. The Company's traffic controllers allow the monitoring of vehicular and pedestrian traffic and allows modification to meet changing requirements.

De Neeffe is a key manufacturer and supplier to the road infrastructure market across Australia, with customers including state road authorities, local councils and construction companies. The Company's signage products are distributed from our depots around Australia with manufacturing facilities in Victoria, Western Australia and the Northern Territory.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Report for the half-year ended 31 December 2023**

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L&M Traffic Services (L&M) is an accredited provider and installer for VicRoads and TasNetworks supplying traffic signals, urban traffic controllers, street lighting and electronic speed sign installation and maintenance and fully approved for installation work by the Department of Transport in Victoria and is approved for the installation of road and street lighting in Tasmania and holds a number of long-term maintenance contracts with local councils across Victoria.

**Financial Overview**

The table below summarises the Group's financial performance for the half-year ended 31 December:

	<b>2023</b>	<b>2022</b>
	<b>\$'m</b>	<b>\$'m</b>
Sales revenue	21.2	32.2
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	(1.0)	1.9
Depreciation and Amortisation Expense	(1.3)	(1.1)
Earnings before Interest and Tax (EBIT)	(2.3)	0.8
Finance Costs	(1.0)	(0.8)
Net Loss After Tax (NPAT)	(3.3)	(0.05)

Trading revenue for the half-year to 31 December 2023 was \$21.2m and EBITDA was a loss of \$1.0m. Finance costs were \$1.0m and NPAT for the half-year to 31 December 2023 was a loss of \$3.3m.

First half revenue was down 34% on the previous corresponding period. Operating revenue for the first half was significantly affected by challenging supply chain issues, government delays on projects and capital constraints within the Company's existing working capital facilities, which impacted the Company's ability to source materials on a timely and effective basis. The future near-term outlook is however promising, with a strong order book and a number of long-term contracts with visibility greater than 5 years.

Contracts and new order wins were positive in the period with the Company winning a major tender to supply LED lighting across the Mornington Peninsula in Victoria. Demand for the Company's products and services continues, with anticipated increased infrastructure expenditure plans by government and municipal councils, due to the Company's position as one of the largest, most established and proactively innovative traffic solutions providers in Australia.

The Company has developed and is implementing a cost reduction program to reduce the Company's cost base. The consolidation and rationalisation of the Company's various premises and the reorganisation of manufacturing has commenced and begun to deliver a positive impact in the period with estimated annualised savings of up to \$2.5m by the end of FY24.

Net assets were \$3.1m at 31 December 2023 compared to \$6.5m at 30 June 2023, reflecting the net loss for the period. Receivables and inventory were lower at 31 December 2023, reflecting lower trading in the period.

Net debt reduced by 19%, excluding liabilities associated with capitalised property leases, and was \$8.8m at 31 December 2023, compared to \$10.9m at 30 June 2023

Net operating cash inflows were \$3.6m for the period (2022: inflow \$3.5m). Receipts from customers for the period were \$27.2m (2022: \$34.3m). Cash flow continues to be impacted by the need to prepay overseas suppliers to secure priority in componentry and logistic deliveries to ensure the Company can meet major customer delivery requirements. Net investing cash outflow was \$0.8m for the period, including investment to expand and develop the Company's Smart City software and product portfolio. Net financing cash outflow was \$2.9m for the period, comprising net repayment of borrowings.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Report for the half-year ended 31 December 2023**

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**Business Strategies and Prospects**

The Company has transitioned from being purely a manufacturer and supplier of traffic management products to an integrated supplier of products, services and software applications to the road industry and government.

The Company continues 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 with local councils and large-scale infrastructure projects. Through data analytics, customers can make informed decisions in real time making roads safer, greener, and adaptable to the needs of communities. This has led to an increase in recurring annuity revenue in new and existing contracts where the focus has moved to a SaaS model with annual subscription and service fees.

The Company continues to experience significant growth in its “Smart City”- ready lighting products, across Australia and is now entering the UK, with future revenues and earnings underpinned by a material level of long-term customer contracts and orders from state and local government agencies and power companies.

The expansion into the lucrative Intelligent Transport sector has given the Company the ability to supply sophisticated “Smart City” ready electronics across Australia. This has assisted the Company’s signage business which provides access to councils, road authorities and contractors of all states and territories including its “Smart City” platform. The additional capability within the Company to undertake installation and maintenance work has opened new channels to market for our IoT devices and traffic management products.

**Outlook**

The Company is extremely well positioned to benefit in the years ahead from increased investment by governments on road infrastructure programs. The Company’s cost reduction program and new more efficient products being developed will assist with that improvement. The Company’s expansion of its business into “Smart Cities”, IoT and software are generating income annuity streams from SaaS subscription and service fees. A reduction in the Company’s finance costs remains a continued focus, as does achieving further operating efficiencies including achieving savings from consolidation of manufacturing. We expect a positive contribution in the years ahead from these strategic initiatives, a strong order book and the material level of customer term contracts.

The consolidated entity is in the process of adjusting its working capital facilities to better align them with the current operational requirements of the business and is in discussions with various providers of debt and equity finance regarding restructuring its various funding facilities.

Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the Corporations Act 2001.



Con Liosatos  
Managing Director

Melbourne, 27 February 2024

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for**  
**the half-year ended 31 December 2023**

	<b>Note</b>	<b>Half-Year to 31 Dec 2023 \$'000</b>	<b>Half-Year to 31 Dec 2022 \$'000</b>
Revenue	3	21,183	32,173
Other income	3	66	18
Changes in inventories of finished goods and work in progress		(1,846)	1,297
Raw materials and consumables used		(10,412)	(21,976)
Employee benefits expense		(7,819)	(7,879)
Occupancy costs		(828)	(690)
Advertising and marketing expense		(20)	(24)
Impairment loss on financial assets		-	(83)
Other expenses		(1,361)	(945)
Depreciation and amortisation expenses		(1,259)	(1,103)
<b>Earnings before interest and tax (EBIT)</b>		<b>(2,296)</b>	<b>788</b>
Finance costs		(1,024)	(835)
<b>Loss for the period before income tax expense</b>		<b>(3,320)</b>	<b>(47)</b>
Income tax expense		-	(3)
<b>Net loss for the period</b>		<b>(3,320)</b>	<b>(50)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(3,320)</b>	<b>(50)</b>
<b><i>Loss per share</i></b>		<b>Cents</b>	<b>Cents</b>
- Basic earnings per share	4	(0.44)	(0.01)
- Diluted earnings per share	4	(0.44)	(0.01)

*The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Consolidated Statement of Financial Position as at 31 December 2023**

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,031	1,182
Trade and other receivables	5	5,869	10,007
Inventories	6	13,226	15,072
<b>Total Current Assets</b>		<b>20,126</b>	<b>26,261</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		3,800	2,504
Intangible assets	7	7,385	7,140
<b>Total Non-Current Assets</b>		<b>11,185</b>	<b>9,644</b>
<b>TOTAL ASSETS</b>		<b>31,311</b>	<b>35,905</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	12,542	12,709
Interest-bearing liabilities	9	6,311	9,383
Provisions		2,984	3,207
<b>Total Current Liabilities</b>		<b>21,837</b>	<b>25,299</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	9	6,107	3,935
Provisions		227	211
<b>Total Non-Current Liabilities</b>		<b>6,334</b>	<b>4,146</b>
<b>TOTAL LIABILITIES</b>		<b>28,171</b>	<b>29,445</b>
<b>NET ASSETS</b>		<b>3,140</b>	<b>6,460</b>
<b>EQUITY</b>			
Contributed equity	10	61,252	61,252
Accumulated losses		(58,112)	(54,792)
<b>TOTAL EQUITY</b>		<b>3,140</b>	<b>6,460</b>

*The Statement of Financial Position should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Changes in Equity for the half-year ended 31 December 2023**

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	<b>Ordinary Shares \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2022</b>	61,289	(46,903)	14,386
Loss for the period	-	(50)	(50)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(50)	(50)
<b>At 31 December 2022</b>	<u>61,289</u>	<u>(46,953)</u>	<u>14,336</u>
<b>At 1 July 2023</b>	61,252	(54,792)	6,460
Loss for the period	-	(3,320)	(3,320)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(3,320)	(3,320)
<b>At 31 December 2023</b>	<u>61,252</u>	<u>(58,112)</u>	<u>3,140</u>

*The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Cash Flows for the half-year ended 31 December**  
**2023**

	<b>Half-Year to 31 Dec 2023 \$'000</b>	<b>Half-Year to 31 Dec 2022 \$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	27,213	34,341
Payments to suppliers and employees	(22,717)	(30,128)
Interest received	4	5
Interest paid	(930)	(723)
Income tax paid	-	(3)
Net cash from operating activities	3,570	3,492
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	40	13
Purchase of property, plant and equipment	(114)	(12)
Purchase of intangible assets	(732)	(1,093)
Purchase of businesses (further instalments)	-	(23)
Net cash from investing activities	(806)	(1,115)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	200
Repayment of borrowings	(2,382)	(1,752)
Repayment of finance leases	(533)	(494)
Payment of borrowing costs	-	(15)
Net cash from financing activities	(2,915)	(2,061)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(151)</b>	<b>316</b>
Cash and cash equivalents at beginning of the period	1,182	1,012
<b>Cash and cash equivalents at end of the period</b>	<b>1,031</b>	<b>1,328</b>

*The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2023**

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**1. CORPORATE INFORMATION**

The financial report of Traffic Technologies Ltd (the Company) and its subsidiaries (the Group) for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 27 February 2024. Traffic Technologies Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review section within the Directors' Report. The amounts contained in the notes to the financial statements have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the Class Order applies. The financial report is presented in Australian dollars (AUD). For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**a) Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. This half-year financial report does not include all the notes of the type usually included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full year financial report. It is recommended that the half-year financial report be considered together with the annual report for the year ended 30 June 2023 and any public announcements made by Traffic Technologies Ltd during the half-year ended 31 December 2023 and subsequently to 27 February 2024, in accordance with the continuous disclosure obligations of the *ASX Listing Rules*. The same accounting policies used for the annual report for the year ended 30 June 2023 have been used for this half-year financial report.

**b) Going concern**

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

The consolidated entity has incurred a loss for the half year of \$3.3m, and as at 31 December 2023, current liabilities exceed current assets. The consolidated entity continues to be reliant on external funding to ensure it can pay its debts as and when they fall due. Although the Directors are confident that necessary equity and debt funding facilities and options will remain in place for the foreseeable future, this represents a material uncertainty that may cast doubt regarding going concern.

In assessing the appropriateness of the going concern concept the following factors have been taken into consideration by the Directors:

- The consolidated entity has a significant order book and a large number of long-term customer contracts with an additional \$4m of contracts recently announced.
- The consolidated entity is in the process of adjusting its working capital facilities to better align them with the current operational requirements of the business and is in discussions with various providers of debt and equity finance regarding restructuring its various funding facilities.
- The consolidated entity is in discussions with various parties regarding the potential divestment of certain parts of its business to streamline its operations and enable the redirection of capital to the core parts of its business operations.
- The consolidated entity is in discussions with various third parties regarding outsourcing certain parts of its purchasing and/or manufacturing to overseas manufacturers to reduce production costs.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2023**

- The consolidated entity is continuing its cost reduction program to reduce its cost base. The program is expected to achieve annualised savings of up to \$2.5m through FY24.
- The consolidated entity has a demonstrable ability to raise additional capital with significant additional equity having been raised over the past 20 years.
- The consolidated entity is in advanced discussions and due diligence with a number of domestic and international entities who are considering investment and funding opportunities in the consolidated entity.

**c) New standards adopted by the Group**

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**3. REVENUE**

	<b>Consolidated 2023 \$'000</b>	<b>Consolidated 2022 \$'000</b>
<b>Revenue</b>		
Sale of goods – recognised at point in time	19,207	30,150
Sale of services – recognised over period of time	1,976	2,023
Revenue from contracts with customers	21,183	32,173
<b>Other income</b>		
Net gain on disposal of fixed assets	35	13
Other income	31	5
Total	66	18

**4. EARNINGS PER SHARE**

	<b>Consolidated 2023 \$'000</b>	<b>Consolidated 2022 \$'000</b>
Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net loss attributable to ordinary equity holders of the parent	(3,320)	(50)
<b>Weighted average number of shares</b>		
	<b>Consolidated 2023 Thousands</b>	<b>Consolidated 2022 Thousands</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	757,670	722,170
Weighted average number of ordinary shares adjusted for the effect of dilution	757,670	722,170

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2023**

**5. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 30 Jun 2023 \$'000</b>
Trade receivables	4,537	8,339
Allowance for expected credit loss	(186)	(186)
	4,351	8,153
Prepaid stock	445	671
Prepayments	689	640
Other receivables	384	543
<b>Total</b>	<b>5,869</b>	<b>10,007</b>

**6. INVENTORIES**

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 30 Jun 2023 \$'000</b>
Raw materials	5,240	6,230
Work in progress and sub-assemblies	3,054	2,958
Finished goods	4,932	5,884
<b>Total</b>	<b>13,226</b>	<b>15,072</b>

**7. INTANGIBLE ASSETS**

	<b>Development Costs \$'000</b>	<b>Other Intangible Assets \$'000</b>	<b>Total \$'000</b>
<b>At 30 June 2023</b>			
Cost	22,955	3,133	26,088
Accumulated amortisation	(15,934)	(3,014)	(18,948)
<b>Carrying amounts at 30 June 2023</b>	<b>7,021</b>	<b>119</b>	<b>7,140</b>
<b>At 31 December 2023</b>			
Cost	18,761	3,203	21,964
Accumulated amortisation	(11,480)	(3,099)	(14,579)
<b>Carrying amounts at 31 December 2023</b>	<b>7,281</b>	<b>104</b>	<b>7,385</b>

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2023**

**8. TRADE AND OTHER PAYABLES**

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 30 Jun 2023 \$'000</b>
Trade creditors	8,160	9,066
Sundry creditors and accruals	4,382	3,643
<b>Total</b>	<b>12,542</b>	<b>12,709</b>

**9. INTEREST-BEARING LOANS AND BORROWINGS**

	<b>Consolidated 31 Dec 2023 \$'000</b>	<b>Consolidated 30 Jun 2023 \$'000</b>
<b>Current borrowings</b>		
Debtor & trade finance facility (Early Pay)	5,164	7,258
Term loan (First Samuel)	-	1,000
Unsecured loan (Directors)	500	500
Equipment lease liabilities	170	158
Property lease liabilities	477	467
<b>Total</b>	<b>6,311</b>	<b>9,383</b>
<b>Non-current borrowings</b>		
Trade finance facility (Early Pay)	1,552	840
Note facility (First Samuel)	2,000	2,000
Unsecured loans (Directors)	200	200
Equipment lease liabilities	446	390
Property lease liabilities	2,141	791
Capitalised borrowing costs	(232)	(286)
<b>Total</b>	<b>6,107</b>	<b>3,935</b>

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2023**

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**10. CONTRIBUTED EQUITY**

	Number of Shares (‘000)	\$’000
<b>Ordinary shares</b>		
At 1 July and 31 December 2023	757,670	61,252

**11. EVENTS AFTER BALANCE DATE**

Since the close of the accounts on 31 December 2023, the Company has secured technology-based contracts of over \$4m within Australia and abroad.

**12. COMMITMENTS AND CONTINGENCIES**

The Company has a longstanding dispute with an overseas supplier relating to certain goods and services supplied by it to the Company over several months in early 2023. This dispute has been ongoing for over 12 months. The Company has engaged its lawyers to deal with the matter in the ordinary course. The Company disputes the basis of the supplier’s claim and has a counterclaim against the supplier relating to various aspects of the supply of the goods and services for an amount that exceeds the amount claimed by the supplier. Notwithstanding the merits of the proposed counterclaim by the Company against the supplier, the full value of the supplier’s claim is provided for in the most recent statutory accounts of the Company.

**13. RELATED PARTY TRANSACTIONS**

a) Transactions with Shareholders

First Samuel Limited (one of the Company’s lenders – see note 9) holds 36,947,085 ordinary shares in the Company.

b) Transactions with Directors or Director-related entities

Managing Director Mr. Liosatos and former Chairman Mr. Hardgrave have provided unsecured loans of \$100,000 each to the Company; the loans are repayable on 28 February 2025 and carry an interest rate of 13%. In addition, an entity associated with Mr. Con Liosatos has provided a short-term loan of \$500,000 to the Company. After the on-charge of interest costs and bank charges, no profit has been made by the related party.

The Company paid \$22,933 to associates of Mr. Liosatos in respect of purchases made on the Company’s behalf.

**14. SEGMENT INFORMATION**

The Group has only one business segment: Traffic Products. The Group’s chief operating decision maker (the Managing Director) reviews financial information on a consolidated basis and makes strategic decisions based on this consolidated information.

**DIRECTORS' DECLARATION**

The directors of the Company state:

- a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, of the Group are in accordance with the Corporations Act 2001, and:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Con Liosatos  
Managing Director

Melbourne, 27 February 2024

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**Grant Thornton Audit Pty Ltd**

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## Independent Auditor's Review Report

### To the Members of Traffic Technologies Limited

#### Report on the half year financial report

##### Conclusion

We have reviewed the accompanying half year financial report of Traffic Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Traffic Technologies Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

##### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$3.3 million during the half year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by \$1.7 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Climpson  
Partner – Audit & Assurance

Melbourne, 27 February 2024

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## Auditor's Independence Declaration

### To the Directors of Traffic Technologies Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Traffic Technologies Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Climpson  
Partner – Audit & Assurance

Melbourne, 27 February 2024

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