



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

**HALF-YEAR FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021  
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 2021***

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

**Appendix 4D**

**Half-year financial report**  
**Period ended 31 December 2021**  
**(Comparative period: period ended 31 December 2020)**

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

<b>1. Results</b>				
		<b>%</b>		<b>A\$'000</b>
Revenues from ordinary activities	Up	4%	to	27,126
Earnings before interest and tax	Up	1%	to	994
Profit/(loss) after tax attributable to member	Down	436%	to	(327)
Net profit/(loss) from ordinary activities after tax attributable to member	Down	436%	to	(327)
For commentary on the results for the period and review of operations, refer to Directors' Report.				
<b>2. Dividends</b>		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	0.4 ¢	(0.1) ¢

#### 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 2021 (2020: Nil). Total dividend Nil (2020: 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

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

*This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2021.*

**Traffic Technologies Ltd**  
**Financial report for the half-year ended 31 December 2021**

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**TRAFFIC TECHNOLOGIES LTD**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2021**

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# **Traffic Technologies Ltd**

## **Financial Report for the half-year ended 31 December 2021**

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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 2021. 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. Mark Hardgrave  
Mr. Con Liosatos  
Mr. Tim Fry

#### **Company Secretary & Chief Financial Officer**

Mr. Peter Crafter

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

Traffic Technologies Ltd  
31 Brisbane Street  
Eltham VIC 3095

#### **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 2021**

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The directors of Traffic Technologies Ltd (the Company) present their financial report for the half-year ended 31 December 2021 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. Mark Hardgrave B Com ACA MAICD (Non-Executive Chairman)

Mr. Con Liosatos MAICD (Managing Director)

Mr. Tim Fry GAICD (Non-Executive Director)

#### **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 Eltham, Victoria with offices in all states of Australia and one office in England.

The Group specialises in "Smart City" control systems, LED road and street lights along with the design, manufacture and installation of traffic signals, 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 ITS ('Intelligent Transport Systems') business focuses on the design, development, manufacture and supply of electronic road signage and software systems to customers across Australia.

The Group's proprietary "Traffic SmartCity Technology" (TST) platform, developed for the road industry, councils and power authorities, enables the integration of street lights and other traffic management equipment to a central control/management system via remote "Internet of Things" (IoT) sensors. Through the Group's subsidiary, Aldridge Traffic Systems, which has been the major participant in the "Intelligent Transport Systems" market in Australia for over 50 years, customers, mainly state road authorities or contractors building or maintaining traffic intersections for state road authorities, can monitor and analyse assets in real time in order to make informed decisions on our road networks.

Quick Turn Circuits Pty Ltd (QTC) a subsidiary of the Group, is involved in the manufacture of urban traffic controllers. Having designed and supplied urban traffic controllers across Asia, Middle East and South America, QTC is well placed for future improvements in cities requiring "Smart City technology" where the urban traffic controller is automated to regulate the sequencing and timing of traffic signals by monitoring vehicular and pedestrian demands and adjusting to meet these requirements.

L&M Traffic Services Pty Ltd (L&M) is an accredited provider and installer for Vic Roads involving traffic signal, urban traffic controller, street lighting and electronic speed sign installation and maintenance and fully approved for installation work by the Department of Transport in Victoria and holds a number of term maintenance contracts with local councils across Victoria.

# Traffic Technologies Ltd

## Half-year Financial Report

### Directors' Report for the half-year ended 31 December 2021

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The Group's ITS ('Intelligent Transport Systems') business focuses on the design, development, manufacture and supply of electronic road signage and software systems to customers across Australia.

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

#### Financial Overview

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

	<b>2021</b>	<b>2020</b>
	<b>\$'m</b>	<b>\$'m</b>
Revenue	27.1	26.1
EBITDA+	2.2	2.2
Depreciation and amortisation	(1.2)	(1.2)
EBIT+	1.0	1.0
Finance costs	(1.3)	(1.0)
NPAT+	(0.3)	(0.1)
EPS (cents per share)	(0.06)	(0.01)
Net assets++	14.6	8.3
Net debt++	8.0	11.8
Operating cash flows	(0.2)	0.1

+ 2020 included \$0.5m "cash boost" (COVID-19 Federal Government incentive).

++ Comparatives for net assets and net debt as at 30 June 2021. Net debt excludes \$0.8m relating to capitalised property leases.

Trading revenue for the half-year to 31 December 2021 improved by 4% to \$27.1m, whilst EBITDA was \$2.2m. Excluding the \$0.5m 'cash boost' received in the prior corresponding period, operating EBITDA increased by 30% in the first half. NPAT was a loss of \$327,000. NPAT included increased finance costs of \$0.3m (now expected to reduce following repayment of debt in December 2021).

Management has assessed the impact of COVID-19. The Group has been able to continue operating in all states throughout the coronavirus pandemic and associated lockdowns. Indeed, demand for the Group's products and services has seen an increase, despite COVID-related lockdowns, supply chain issues and travel restrictions. The Group's order book is convincingly solid with the increase in road infrastructure expenditure announced by federal and state governments and especially following a number of recent contract wins. Further improvement is expected as government expenditure on infrastructure is increased and international restrictions eased.

Delays have however been experienced in the supply chain caused by lockdowns affecting local and overseas suppliers and disruptions caused by shutdowns of the construction industry in New South Wales and Victoria, delaying some sales.

The Company conducted a capital raising in Q2, raising a total of \$7.2m at 3 cents per share, through a rights issue and placements to sophisticated and institutional investors. The purpose of the capital raising was to repay existing debt, provide working capital, pay share issue costs and fund strategic and accretive acquisitions.

The Company has been able to repay \$6m of the ADM facility including interest from the recent capital raising and we continue to explore options to refinance the balance of the ADM debt (due 30 June 2022) as well as the First Samuel facility (due 18 October 2022). Net debt reduced in the period by 32% compared to 30 June 2021, with an estimated annualised interest saving of up to \$1.2m.

# Traffic Technologies Ltd

## Half-year Financial Report

### Directors' Report for the half-year ended 31 December 2021

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#### Business Strategies and Prospects

We have continued to invest in research and development with a major emphasis being the roll-out of our “Smart City” platform, “TST”. Our system continues to gain traction across several states with implementation of large-scale infrastructure projects going live in the coming quarters and especially the adoption of increasing recurring annuity revenue with new and current contracts where the focus moves to a SaaS and annual subscription and service fees.

Our “Smart City” platform enables users to monitor and control thousands of assets linked through a secure private network to a central control system. Applications include control of traffic management assets such as street lights, as well as detection of traffic flows, parking availability, environmental conditions, waste management, theft and critical assets.

The Company’s LED streetlight business has seen significant growth with our “Smart City”-ready lighting products across Australia and now entering the UK where future earnings are underpinned by a number of recent contract wins, long term supply contracts and orders from state and local government agencies, power companies and the newly released next generation LED street lights for roads, streets, tunnels with lower wattages, making them “smarter and greener” delivering greater economic benefits. This next generation of “smarter and greener” luminaires will also deliver the added benefit of running on solar and performing to a high standard across the roadways of Australia.

The recent acquisitions of the L&M and ITS businesses, with accreditations in Victoria, New South Wales and Queensland, have been positive contributors to the Group. L&M has enhanced the capability within the Group to undertake installation and maintenance work and has opened a new channel to market for our IoT devices and traffic management products. L&M has enabled the Group to win larger infrastructure projects including level crossing removals and freeway upgrades within the Intelligent Transport sector. The ITS business, which is involved in the design, development and manufacture of electronic infrastructure signage and software systems which directly interact with the Group’s “Smart City Platform” TST, allows the Group to further expand into the lucrative Intelligent Transport sector and has expanded the Group’s ability to supply sophisticated “Smart City” ready electronic signage products across the east coast of Australia.

#### Outlook

The outlook is positive and we are well positioned to benefit in the years ahead from increased investment by government on infrastructure programs to assist economic recovery, new products being developed by the Group and the Group’s diversification program into “Smart Cities” technology, IoT devices and annuity streams from SaaS. Although the Group is not yet in a position to issue earnings guidance for the full financial year to 30 June 2022, it expects to see a positive contribution in the second half from recent strategic initiatives, a strong order book and reduced finance costs.

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, 24 February 2022

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for**  
**the half-year ended 31 December 2021**

	Note	Half-Year to 31 Dec 2021 \$'000	Half-Year to 31 Dec 2020 Restated \$'000
Revenue	3	27,126	26,059
Cost of materials and direct labour		(18,942)	(18,508)
Gross profit		8,184	7,551
Other income	3	121	991
Employee benefits expense		(4,601)	(4,006)
Occupancy costs		(712)	(529)
Advertising and marketing expense		(11)	(12)
Impairment loss on financial assets		-	(164)
Loss on derivatives held for trading		-	(468)
Other expenses		(808)	(1,198)
Depreciation and amortisation expenses		(1,179)	(1,177)
<b>Earnings before interest and tax (EBIT)</b>		994	988
Finance costs		(1,317)	(1,045)
<b>Loss for the period before income tax expense</b>		(323)	(57)
Income tax expense		(4)	(4)
<b>Net loss for the period</b>		(327)	(61)
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		(327)	(61)
<b>Loss per share</b>		<b>Cents</b>	Cents
- Basic earnings per share	4	(0.06)	(0.01)
- Diluted earnings per share	4	(0.06)	(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 2021**

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,119	2,602
Trade and other receivables	5	9,803	9,927
Inventories	6	13,785	12,176
<b>Total Current Assets</b>		25,707	24,705
<b>Non-Current Assets</b>			
Property, plant and equipment		2,105	1,749
Goodwill		1,144	1,144
Intangible assets	7	10,146	9,796
<b>Total Non-Current Assets</b>		13,395	12,689
<b>TOTAL ASSETS</b>		39,102	37,394
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	10,110	10,724
Interest-bearing liabilities	9	10,102	11,259
Provisions		3,338	3,158
<b>Total Current Liabilities</b>		23,550	25,141
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	9	760	3,709
Provisions		225	204
<b>Total Non-Current Liabilities</b>		985	3,913
<b>TOTAL LIABILITIES</b>		24,535	29,054
<b>NET ASSETS</b>		14,567	8,340
<b>EQUITY</b>			
Contributed equity	10	61,309	54,755
Accumulated losses		(46,742)	(46,415)
<b>TOTAL EQUITY</b>		14,567	8,340

*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 2021**

	<b>Ordinary Shares \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total \$'000</b>
<b>At 1 July 2020</b>	54,755	(47,617)	7,138
Prior period adjustment – deferred tax (see note 1d)	-	1,001	1,001
<b>At 1 July 2020 adjusted</b>	<u>54,755</u>	<u>(46,616)</u>	<u>8,139</u>
Loss for the period	-	(211)	(211)
Prior period adjustment – deferred tax (see note 1c)	-	150	150
Loss for the period adjusted	<u>-</u>	<u>(61)</u>	<u>(61)</u>
Other comprehensive income	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>(61)</u>	<u>(61)</u>
<b>At 31 December 2020 adjusted</b>	<u>54,755</u>	<u>(46,677)</u>	<u>8,078</u>
<b>At 1 July 2021</b>	54,755	(46,415)	8,340
Loss for the period	-	(327)	(327)
Other comprehensive income	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>(327)</u>	<u>(327)</u>
Transactions with owners in their capacity as owners:			
Placement	2,170	-	2,170
Rights issue	3,400	-	3,400
Shortfall placement	1,629	-	1,629
Share issue costs	(645)	-	(645)
<b>At 31 December 2021</b>	<u>61,309</u>	<u>(46,742)</u>	<u>14,567</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**  
**2021**

	<b>Half-Year to 31 Dec 2021 \$'000</b>	Half-Year to 31 Dec 2020 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	29,363	28,506
Payments to suppliers and employees	(28,558)	(27,715)
Interest received	-	11
Interest paid	(997)	(691)
Income tax paid	(4)	(4)
Acquisition costs	-	(9)
	<hr/>	<hr/>
Net cash from operating activities	(196)	98
	<hr/>	<hr/>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	28	4
Purchase of property, plant and equipment	(68)	(106)
Purchase of intangible assets	(976)	(859)
Purchase of businesses (further instalments)	(502)	(288)
	<hr/>	<hr/>
Net cash from investing activities	(1,518)	(1,249)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of equity securities	7,199	-
Transaction costs relating to issues of equity securities	(157)	-
Proceeds from borrowings	515	525
Repayment of borrowings	(5,707)	-
Repayment of finance leases	(470)	(396)
Payment of borrowing costs	(149)	-
	<hr/>	<hr/>
Net cash from financing activities	1,231	129
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(483)</b>	<b>(1,022)</b>
Cash and cash equivalents at beginning of the period	<hr/> 2,602	<hr/> 3,636
<b>Cash and cash equivalents at end of the period</b>	<hr/> <b>2,119</b>	<hr/> <b>2,614</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 2021**

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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 2021 was authorised for issue in accordance with a resolution of the directors on 24 February 2022. 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 2021 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 2021 and any public announcements made by Traffic Technologies Ltd during the half-year ended 31 December 2021 and subsequently to 24 February 2022, 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 2021 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, except for the classification of the ADM Capital and First Samuel facilities as current liabilities.

The ADM Capital facility falls due on 30 June 2022 and the First Samuel facility falls due on 18 October 2022. Because this is less than 12 months after the balance date of 31 December 2021, there is material uncertainty that may cast significant doubt whether the Group can continue as a going concern if these facilities are not refinanced by that date.

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

- The Group has been able to continue trading throughout the COVID-19 pandemic.
- The Group is expected to continue to generate positive earnings before interest, tax, depreciation and amortisation (EBITDA) in the 2022 financial year.
- The directors are working on a strategy to refinance the Company's debt facilities.

**c) Prior period adjustment**

The Group had previously recognised a deferred tax liability in previous periods. However, because the Group has available tax loss carry forwards and R&D tax credits, the prior period deferred tax liability has been derecognised. This has resulted in a credit to opening reserves as at 1 July 2020 of \$1,001,000 and a credit to tax expense of \$150,000 in the income statement for the period ended 31 December 2020.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2021**

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

The Group has adopted all of 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 2021 \$'000</b>	Consolidated 2020 \$'000
<b>Revenue</b>		
Sale of goods – recognised at point in time	24,491	23,655
Sale of services – recognised over period of time	2,635	2,404
Revenue from contracts with customers	27,126	26,059
<b>Other income</b>		
Net gain on disposal of fixed assets	20	-
Net exchange gain on foreign currency borrowings	-	420
Cash boost (COVID-19 Federal Government incentive)	-	500
Other income	101	71
Total	121	991

**4. EARNINGS PER SHARE**

	<b>Consolidated 2021 \$'000</b>	Consolidated 2020 \$'000
Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net loss attributable to ordinary equity holders of the parent	(327)	(61)
<b>Weighted average number of shares</b>		
	<b>Consolidated 2021 Thousands</b>	Consolidated 2020 Thousands
Weighted average number of ordinary shares used in calculating basic earnings per share	519,928	482,225
Weighted average number of ordinary shares adjusted for the effect of dilution	519,928	482,225

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2021**

**5. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated 31 Dec 2021 \$'000</b>	Consolidated 30 Jun 2021 \$'000
Trade receivables	7,117	7,165
Allowance for expected credit loss	(107)	(104)
	7,010	7,061
Prepaid stock	1,824	1,899
Prepayments	533	577
Other receivables	436	390
<b>Total</b>	<b>9,803</b>	<b>9,927</b>

**6. INVENTORIES**

	<b>Consolidated 31 Dec 2021 \$'000</b>	Consolidated 30 Jun 2021 \$'000
Raw materials	5,489	4,934
Work in progress	131	172
Finished goods	8,165	7,070
<b>Total</b>	<b>13,785</b>	<b>12,176</b>

**7. INTANGIBLE ASSETS**

	Development Costs \$'000	Other Intangible Assets \$'000	Total \$'000
At 30 June 2021			
Cost	18,946	2,701	21,647
Accumulated amortisation	(9,226)	(2,625)	(11,851)
<b>Carrying amounts at 30 June 2021</b>	<b>9,720</b>	<b>76</b>	<b>9,796</b>
At 31 December 2021			
Cost	19,815	2,809	22,624
Accumulated amortisation	(9,738)	(2,740)	(12,478)
<b>Carrying amounts at 31 December 2021</b>	<b>10,077</b>	<b>69</b>	<b>10,146</b>

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2021**

**8. TRADE AND OTHER PAYABLES**

	<b>Consolidated 31 Dec 2021 \$'000</b>	Consolidated 30 Jun 2021 \$'000
Trade creditors	6,864	5,539
Sundry creditors and accruals	3,246	5,185
<b>Total</b>	<b>10,110</b>	<b>10,724</b>

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

	<b>Consolidated 31 Dec 2021 \$'000</b>	Consolidated 30 Jun 2021 \$'000
<b>Current borrowings</b>		
Term facility (ADM Capital)	1,275	6,274
Note facility (First Samuel)	3,500	-
Debtor & trade finance facility (Octet Finance)	4,897	4,382
Equipment lease liabilities	95	107
Property lease liabilities	335	496
<b>Total</b>	<b>10,102</b>	<b>11,259</b>
<b>Non-current borrowings</b>		
Note facility (First Samuel)	-	3,500
Equipment lease liabilities	323	124
Property lease liabilities	437	85
<b>Total</b>	<b>760</b>	<b>3,709</b>

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**31 December 2021**

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**10. CONTRIBUTED EQUITY**

	<b>Number of Shares (‘000)</b>	<b>\$’000</b>
<b>Ordinary shares</b>		
At 1 July 2021	482,225	54,755
a) Placement	72,333	2,170
b) Rights issue	113,320	3,400
c) Shortfall placement	54,292	1,629
Share issue costs	-	(645)
At 31 December 2021	722,170	61,309

a) Placement

On 3 November 2021 the Company completed a placement to sophisticated and institutional investors of ordinary shares at an issue price of \$0.03 per share, with such shares issued on and ranking for dividends after 10 November 2021.

b) Rights issue

On 3 December 2021 the Company completed a rights issue at an issue price of \$0.03 per share on the basis of seven shares for every ten fully paid ordinary shares held, with such shares issued on and ranking for dividends after 10 December 2021.

c) Shortfall placement

On 10 December 2021 the Company completed a placement to sophisticated and institutional investors of ordinary shares following the rights issue at an issue price of \$0.03 per share, with such shares issued on and ranking for dividends after 15 December 2021.

**11. EVENTS AFTER BALANCE DATE**

On 18 February 2022 the Company replaced its existing working capital facility with \$8 million debtor and trade finance facilities with Timelio Pty Ltd (Timelio). The facilities provided by Timelio have a base discount rate of 7.3% pa, have no fixed term expiry and will continue to revolve at the Company’s discretion.

Subsequent to balance date, an entity associated with the Company's Managing Director, Mr. Con Liosatos arranged a bank guarantee of \$500,000 to provide security for purchases by the Group from an overseas supplier. The Company has agreed to indemnify the entity in the event that the bank guarantee is called upon by the overseas supplier. After the on-charge of interest costs and bank charges at the same rate, no profit will be made by the related party.

**12. COMMITMENTS AND CONTINGENCIES**

There have been no material changes to the commitments and contingent liabilities disclosed in the 30 June 2021 annual financial report.

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**13. RELATED PARTY TRANSACTIONS**

a) Transactions with Shareholders

First Samuel Limited (one of the Company's lenders – see note 9) owns 37,361,252 ordinary shares in the Company.

b) Transactions with Directors or Director-related entities

There were no transactions with Directors or Director-related entities in the period ended 31 December 2021.

In the period ended 31 December 2020 the Company entered into a related party transaction with an entity associated with the Company's Managing Director, Mr. Con Liosatos. Inventory was purchased by the related entity and sold to the Company at cost price. After the application of foreign exchange and interest costs, no profit was made by the related party.

As a result, the related party transaction was within the arm's length exception under Part 2E of the Corporations Act 2001.

Inventory purchases and associated finance charges from the related entity amounted to \$Nil (2020: \$69,000), with \$Nil was included in trade payables at 31 December 2021 (30 June 2021: \$Nil).

**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.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Declaration for the half-year ended 31 December 2021**

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**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 2021 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, 24 February 2022

# Independent Auditor's Review Report

To the Members of Traffic Technologies Limited

Report on the review of 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 2021, 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 description of 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 the Group 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 2021 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 Group 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.

## Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report, which indicates the Group's debt facilities fall due 30 June 2022 and 18 October 2022. As stated in Note 2(b), these events or conditions 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 Group 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 2021 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



Michael Climpson  
Partner

Melbourne, 24 February 2022

## 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 2021, 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



Michael Climpson  
Partner

Melbourne, 24 February 2022