

ASX Announcement

31 January 2025

Quarterly Activity Report and Appendix 4C Quarter Ended 31 December 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 31 December 2024.

Highlights

- The Company's order book remains strong with a significant number of term contracts beyond five years. The new business outlook also remains strong.
- Consolidation of buildings and manufacturing operations in New South Wales has recently been completed in accordance with cost reduction programme.
- The cost reduction program is continuing with annualised cost savings achieved in FY24 of \$2.2m and further annualised savings of \$2.0m achieved in the first half of FY25.
- Completed a Convertible Note Agreement for USD\$3m, share placement, a manufacturing service agreement and a loan with the Season Group in Q2.
- Additional \$8m trade finance facility provided by Season Group.
Season Group has also provided the Company with an additional loan facility of AUD \$3.4m at 12% interest to be received in February 2025 for the acquisition of additional equipment and materials from suppliers to meet existing contracts and for working capital.
- Entitlement offer of 1 share for every 2 shares held with 1 free attaching option, completed in Q2 raising \$175k, with the shortfall offer available to raise a further \$2.6m until 13 March 2025.

Trading Update

Revenue for the half year ended 31 December 2024 was \$9.9m and continued to be affected by capital constraints within the Company's working capital facilities. Demand for the Company's products and services however remains strong with significant investment by Federal and State governments in road infrastructure projects across Australia. The Company's order book remains significant with forward orders of over \$6.8m and several long-term customer term contracts extending up to 5 years with a value of over \$25m.

The Company recently announced that it had been awarded a contract to supply "Smart City IoT" ready LED streetlights to Sydney City Council. The contract is for an initial period of five years, extendable for further periods, up to a maximum contract term of nine years. The contract is estimated to be worth up to \$3.0m over the initial term of 5 years and up to \$5m if the option to extend is exercised.

Whilst revenue has continued to be adversely affected by capital constraints within the Company's working capital facilities, the Company has been addressing the issue with several initiatives. The Company completed a partial refinancing of its debt facilities in Q2, with a convertible note agreement for USD \$3m, a share placement and manufacturing service agreement with the Season Group, a Hong Kong-based electronic manufacturing services provider. The Company has also recently been provided with an additional \$8m trade finance facility by Season Group.

During Q2 the Company undertook an entitlement offer under which eligible shareholders were entitled to subscribe for 1 share for every 2 shares held, with 1 free attaching option for every 1 share issued under the entitlement offer. The entitlement offer closed on 13 December 2024, raising \$175k. In addition, under the terms of the entitlement offer, the Company will be seeking to place the balance of the shortfall amount of \$2.6 million to wholesale investors who are eligible to participate under the shortfall offer. The shortfall offer closing date is 13 March 2025.

The Company's cost saving program continues, involving consolidation with the relocation and re-organisation of the Company's manufacturing operations in New South Wales which is expected to lead to further cost savings. The Company's cost saving program resulted in annualised cost savings in FY24 of \$2.2m with further annualised savings of up to \$6.0m expected to be achieved in FY25.

Cash

Net operating cash outflow was \$3.3m for the quarter (Q2). Receipts from customers for the quarter were \$4.9m. 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. There was significant additional and abnormally high cash outflow during the quarter as a result of a number of catch up' payments to suppliers which were made , following the capital raising undertaken in Q2.

Net investing cash outflow was \$0.2m 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 \$3.7m for the quarter. The Company completed a partial refinancing of its debt facilities with the Season Group and an entitlement offer to eligible shareholders in Q2. The Company repaid its trade finance and term loan facilities with Early Pay in Q2, with only the Early Pay debtor finance facility remaining.

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 \$172,000 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:

Mr. Con Liosatos (Managing Director)
T: +61 3 9430 0222
E: con.liosatos@traffictld.com.au

To stay up to date on company news and announcements, please register your details on the [Traffic Technologies investor portal](#).

For personal use only

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")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,949	11,915
1.2 Payments for		
(a) research and development	(1)	(10)
(b) product manufacturing and operating costs	(3,884)	(6,254)
(c) advertising and marketing	(2)	(3)
(d) leased assets	(3)	(6)
(e) staff costs	(3,293)	(6,859)
(f) administration and corporate costs	(770)	(1,593)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(325)	(591)
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	(3,326)	(3,397)
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	(29)	(61)
(f) other non-current assets	(150)	(433)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	8	15
	(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	(171)	(479)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,079	1,079
3.2	Proceeds from issue of convertible debt securities	4,452	4,452
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(83)	(83)
3.5	Proceeds from borrowings	1,612	2,067
3.6	Repayment of borrowings	(3,363)	(3,753)
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	3,697	3,762
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	141	455
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,326)	(3,397)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(171)	(479)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,697	3,762
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	341	341

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	203	2
5.2	Call deposits	138	139
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)	341	141

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	172
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	23,763	11,365
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) – Bank guarantee – Westpac	-	-
		78	78
7.4	Total financing facilities	23,841	11,443
7.5	Unused financing facilities available at quarter end		12,398
7.6	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>Early Pay – AUD \$2.5m debtor finance facility – 11.35% secured to 28/2/26 First Samuel – AUD \$2.5m note deed – 12.00% - secured – to 15/12/25 Season Group – AUD \$4.5m convertible note – 12.00% - secured to 16/10/27 Season Group – AUD \$1.2m – loan – 12.00% - secured to 20/2/26 Season Group – AUD \$8.0m – trade finance facility 12.00% - secured to 31/1/28. Season Group additional loan facility of AUD \$3.4m at 12% interest to be received in February 2025 for additional equipment and materials from suppliers to meet existing contracts and for working capital – secured to 20/2/26 Loan provided by director - \$0.8m - comprising \$0.1m - 13% & \$0.7m - 12% - unsecured Loans provided by former director - \$0.9m - comprising \$0.1m - 13% & \$0.8m - 12% - unsecured Westpac bank guarantee and 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)	(3,326)	
8.2	Cash and cash equivalents at quarter end (item 4.6)	341	
8.3	Unused finance facilities available at quarter end (item 7.5)	12,398	
8.4	Total available funding (item 8.2 + item 8.3)	12,739	
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.8	
	<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: 31 January 2025.....

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.