

ASX Announcement

29 January 2025

AVADA Group Limited Appendix 4C for the period 1 October 2024 to 31 December 2024

Dear Sir or Madam

In accordance with ASX Listing Rule 4.7B and 4.7C AVADA Group Limited (ASX: AVD, "AVADA" or "the Company") and its controlled entities ("the Group") is pleased to provide its quarterly activities report, together with its Appendix 4C, for the three-month period ended 31 December 2024.

Key Highlights

- Strong closing cash at bank and total available funding.
- Increase in quarterly collections and reduction in trade receivables.
- Reduction in trade payables.
- Reduction in capital investment program during the quarter.
- Income tax payments of \$1.2m.

HIGHLIGHTS OF CASH FLOW

	\$A'000
Cash Receipts	53,184
Operating Cash Expenditures	51,413
Net Operating cash flow	1,771
Cash and cash equivalents at end of period	4,148
Unused financing facilities available at end of quarter	7,642

COMMERCIAL OPERATIONS

Operationally, the Group has been focused on the consolidation of the independent trading operations into the single operating structure and brand, AVADA Traffic. The Group has consolidated 11 Australian businesses while rebranding the New Zealand operations under AVADA Traffic NZ.

Operating under a single brand has provided the Group with the opportunity to leverage work with clients on a national scale to grow its footprint, particularly as a result of preferred supplier agreements. Furthermore, having a national pipeline of work allows AVADA Traffic to optimise its operational base resulting in efficiencies and revenue synergies.

However, the last quarter saw the continued redirection of government funding to manage cost-of-living pressures, with revenue diverted between priorities, leading to delays in maintenance work streams and project commencement dates. This has resulted in project and revenue streams being moved towards the second half of the financial year, away from the first half. This trend is being experienced across a range of industries and not just traffic management.

Union activity continues to challenge the right to tender for Victorian infrastructure projects with the Victorian State Government position in support of unionised labour. The Queensland Government has suspended the Best Practice Industry Conditions (BPIC) for new government projects leading to greater confidence and flexibility with future projects within the State.

The New South Wales market shows good prospects with several high value rail and road infrastructure tenders recently entering the market. The Group anticipates these infrastructure maintenance programs will be awarded during the second half of the financial year.

New Zealand is currently in recession with commercial confidence low and funding allocation to only critical infrastructure maintenance works to be awarded before the end of the financial year. The Group continues to consolidate its position and work through these market conditions.

This announcement has been approved for release to the ASX by the Board.

Yours faithfully



Daniel J Crowley
Chief Executive Officer & Managing Director

About AVADA Group Limited

AVADA Group is a leading, independent, Australian traffic management operator and ancillary service provider with an established and extensive network throughout Queensland, New South Wales, Victoria, and New Zealand. AVADA Group provides services to government clients and major contractors in the civil infrastructure and maintenance sector.

Visit us at avadagroup.com.au

For further information contact the following:

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Appendix 4C

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

Name of entity

AVADA Group Limited

ABN

57 648 988 783

Quarter ended ("current quarter")

31/12/2024

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	53,184	107,678
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(33)	(53)
(d) leased assets		
(e) staff costs	(33,782)	(70,026)
(f) administration and corporate costs	(15,628)	(35,203)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	6
1.5 Interest and other costs of finance paid	(771)	(1,541)
1.6 Income taxes received / (paid)	(1,202)	(2,091)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,771	(1,230)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		(1,246)
(c) property, plant and equipment	(586)	(1,329)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

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	41	348
	(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	(545)	(2,227)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	2,823	7,436
3.6	Repayment of borrowings	(3,777)	(8,436)
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	(954)	(1,000)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,862	8,500
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,771	(1,230)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(545)	(2,227)

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)	(954)	(1,000)
4.5	Effect of movement in exchange rates on cash held	15	105
4.6	Cash and cash equivalents at end of period	4,148	4,148

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	4,148	3,862
5.2	Call deposits		
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)	4,148	3,862

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	157
6.2	Aggregate amount of payments to related parties and their associates included in item 2	N/A

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.

Payments related to Director Salaries, superannuation and working capital payments.

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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	45,706	38,064
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	45,706	38,064
7.5 Unused financing facilities available at quarter end		7,642
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.		
Refer Appendix 1 for facilities.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,771
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,148
8.3 Unused finance facilities available at quarter end (item 7.5)	7,642
8.4 Total available funding (item 8.2 + item 8.3)	11,790
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: NA	
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: NA	
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	
<i>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.</i>	

Appendix 1 – Notes to 7.6

Description	Facility Limit	Amount	Lender	Interest Rate	Maturity Date	Secured / Unsecured
Overdraft facility	2,500,000	-	Commonwealth Bank	7.60%	25/08/2025	Secured
Working capital loan	17,500,000	15,100,000	Commonwealth Bank	5.84%	25/08/2025	Secured
Market Rate Loan	9,500,000	4,500,000	Commonwealth Bank	4.47%	25/08/2025	Secured
Market Rate Loan		5,000,000	Commonwealth Bank	4.51%	25/08/2025	Secured
Asset Finance -ABZD001258001	5,000,000	86,644	Commonwealth Bank	6.59%	13/12/2027	Secured
Asset Finance -AEKH003438001		47,012	Commonwealth Bank	5.90%	11/05/2027	Secured
Asset Finance -AEKH003439001		70,834	Commonwealth Bank	5.90%	13/05/2027	Secured
Asset Finance -AEKH003440001		193,418	Commonwealth Bank	7.74%	13/05/2027	Secured
Asset Finance -AIJG000609001		238,100	Commonwealth Bank	7.75%	11/04/2027	Secured
Asset Finance -AIJG000611001		786,932	Commonwealth Bank	7.75%	3/05/2027	Secured
Asset Finance - AKEY000030		2,235,129	Commonwealth Bank	7.05%	28/04/2028	Secured
Asset Finance - ABZD001473		386,102	Commonwealth Bank	7.68%	27/06/2029	Secured
Asset Finance - ABZD001474		437,456	Commonwealth Bank	7.68%	27/06/2029	Secured
Asset Finance -AKEY00006001 ***	2,759,325	2,759,325	Commonwealth Bank	6.17%	23/08/2027	Secured
Kiwi Bank Loan	3,621,548	2,628,636	Kiwi Bank	8.75%	5/05/2028	Secured
Overdraft facility	905,387	709,233	Kiwi Bank	10.35%	5/05/2028	Secured
Asset Finance loan	3,078,316	2,235,348	Kiwi Bank	8.50%	5/05/2028	Secured
Corporate Credit Cards	45,269	13,148	Kiwi Bank	8.00%	5/05/2028	Secured
AVADA Lease - 69 Percival Road Smithfield		158,446	Commonwealth Bank	2.50%	2/03/2029	Secured
AVADA Lease - 39 Matheson Streer, Virginia QLD		82,734	Commonwealth Bank	2.50%	1/02/2029	Secured
AVADA Lease - 224 Whitehall Street, Yarraville VIC		80,667	Commonwealth Bank	2.50%	31/01/2027	Secured
AVADA Lease - Ground Floor, 116 Ipswich Road, Woolloongabba QLD	546,164	66,000	Commonwealth Bank	2.50%	1/08/2027	Secured
Bank Guarantees - Ventia Performance Guarantee		25,000	Commonwealth Bank	2.50%	20/06/2025	Secured
Bank Guarantees - AVADA property Lease		81,067	Commonwealth Bank	2.50%	1/02/2033	Secured
Bank Guarantees - CTM property Lease		52,250	Commonwealth Bank	2.50%	1/05/2033	Secured
Corporate Credit Cards	250,000	90,243	Commonwealth Bank	17.57%	25/08/2025	Secured
Total	45,706,009	38,063,724				

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: 29 January 2025

Authorised by: By the board

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.