

# AVADA Group Limited

ACN: 648 988 783

ASX Code: AVD

## Appendix 4D for the half-year ended 31 December 2024

### RESULTS FOR ANNOUNCEMENT TO THE MARKET:

	<b>% Change</b>		<b>Consolidated Half-year ended 31/12/2024 \$'000</b>	<b>Consolidated Half-year ended 31/12/2023 \$'000</b>
Total revenue from ordinary activities	-10%	to	91,061	101,633
Profit/(Loss) from ordinary activities after tax attributable to members	-332%	to	(9,573)	4,128
Total comprehensive Profit/(Loss) for the period attributable to members	-334%	to	(9,624)	4,115

The above results for AVADA Group Limited ("the Company") and its subsidiaries ("the Group") reflect the business operational performance in the current market conditions. Also included in the financial results are the following two adjustments:

- A reduction to the contingent consideration purchase price of \$483,975 in relation to the acquisition of the business and all the assets of STA Traffic Management ("STA Traffic") for the half-year ended 31 December 2024; and
- An impairment of intangible assets to \$9,723,149 in relation to the New Zealand CGU. The impairment adjustment reflects the wider economic and market condition and recession faced by New Zealand. These conditions have led to cuts in government funding for infrastructure projects and maintenance works programs and are impacting commercial confidence in the market. With no visibility on future pipelines and positive market conditions the decision was made to impair the intangible assets resulting from the acquisition.

#### *Dividend details*

The Company is not proposing to pay dividends in respect of the half-year ended 31 December 2024.

### EXPLANATION OF KEY INFORMATION

#### *Composition of the condensed consolidated financial statements*

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended 31 December 2024 include the results of the Company and all its operating subsidiaries. The comparative period results include the results of the

## AVADA Group Limited | Appendix 4E

Company and its subsidiaries for the six months ended 31 December 2024, which included the acquisition of STA Traffic Management from 23 October 2023.

### *Net tangible assets per share*

	<b>31/12/2024</b>	<b>31/12/2023</b>
Net tangible assets per share <sup>1</sup>	<u>\$(0.04)</u>	<u>\$(0.03)</u>

<sup>1</sup> Right of use assets and liabilities have been included in the net tangible assets per share calculation.

### *Independent audit review report*

The independent auditor's review report is attached to the financial report for the half-year ended 31 December 2024 ("Financial Report").

The independent auditor's review report contains an unmodified opinion.

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# AVADA Group Limited

ACN: 648 988 783

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Financial report for the half-year ended  
31 December 2024

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# Directors' report

The Directors of AVADA Group Limited ("the Company") submit herewith the financial report of the Company and its subsidiaries ("the Group") for the half-year ended 31 December 2024. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the Company who held office during or since the end of the half-year are:

<b>Name</b>	<b>Position</b>	<b>Directorship period</b>
Lance Hockridge	Chair	Appointed 25 March 2021
Ann-Maree Robertson	Non-Executive Director and Deputy Chair	Appointed 9 November 2021
Joanne Willoughby	Non-Executive Director	Appointed 9 November 2021
Daniel Crowley	Managing Director	Appointed 25 March 2021
Courtney Black	Non-Executive Director	Appointed 19 June 2023
Neil Scales OBE	Non-Executive Director	Appointed 25 July 2023
Lindsay Barber	Non-Executive Director	Appointed 26 September 2024

## Dividends

There were no dividends paid or declared in the current or previous financial period.

## Principal activities

The Group's principal activities were the provision of integrated traffic management services with operations throughout Queensland, New South Wales, Victoria and the South Island of New Zealand, delivering services to major public and private sector clients and commercial operators.

Integrated traffic management services include the provision of traffic control, equipment hire, plans and permits, event management and incident response. Traffic management is a legislative requirement with regulations prescribing the operational requirements for work on or adjacent to roads. Traffic management is an essential service for civil infrastructure and maintenance works with consistent workflow provided by investment in new projects and recurring maintenance requirements. Clients include state and local governments, federally funded contractors and major contractors in the utilities, infrastructure, construction, telecommunications and other industrial sectors. The outdoor nature of these services can result in the deferral of work due to weather and planning impacts, along with other disruptions related to industrial action.

Traffic management services revenue is earned based on hourly or day rates billed for traffic controllers, vehicles and other equipment.

The consolidation of the operating brands under AVADA Traffic has established an extensive network of shared resources strategically located through Queensland, New South Wales, Victoria and South Island of New Zealand with the ability to share resources, service innovations and market sector expertise along with enhanced efficiencies through economies of scale and procurement opportunities. These initiatives are providing the delivery of a more consistent client experience and service level.

## Review of operations

The loss for the half-year for the Group after providing for income tax ("net profit after tax" or "NPAT") amounted to \$9,572,951.

The statutory loss includes \$483,975 of other gains resulting from a reduction in the fair value of the contingent consideration financial liability in relation to the acquisition of STA Traffic Management and an impairment of \$9,723,149 in relation of the New Zealand Cash Generating Unit ("CGU") resulting from economic factors affecting the operational performance in this region.

The first half of FY24 has seen a noticeable shift in market conditions with project and budget delays changing the revenue profiles with the redirection of government funding to manage cost-of-living pressures, and revenue diverted between priorities, leading to delays in maintenance work streams and project commencement dates.

**Review of operations (cont'd)**

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 to traffic management. The Group's total revenue was \$91.06m compared to \$101.63m in prior corresponding period.

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

While resource availability remained competitive in a tight labour market the Group has remained focused on developing staff retention strategies. Operating under a single brand has provided the Group with the opportunity to provide employees consistency of work profiles and to leverage work with clients on a national scale. A national footprint provides the opportunity to expand the national pipeline of work and preferred supplier arrangements.

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.

While gross margins have remained consistent from the prior corresponding period, it has been challenging to manage with competitors in both New South Wales and Victoria reducing schedules of rates to guarantee work or to acquire specific projects. The Group has focused on efficiencies through its fleet utilisation and cost control measures resulting from the integration of the operational businesses to a national platform, operating under AVADA Traffic. Systems and business reporting improvements continue to enhance the Group's operating performance. The Group is managing an efficient organisational cost structure with systems and platform in place to accommodate the future growth and acquisition strategy.

During the six months to 31 December 2024, management continued the implementation of the Group's IT strategy with the AVADA Traffic operational systems operating on one platform. Improved cyber security and data analytics information and insights continue to be developed during the reporting period and providing improved information and insights to the Group. The development and implementation of the Group's new payroll and financial management systems are progressing well with 'go live' for both systems planned for the first quarter of the 2025 calendar year.

**Financial position and impairment**

The net asset position of the Group decreased from \$54,468,443 as at 30 June 2024 to \$44,844,893 as at 31 December 2024. The Group adjusted for the final contingent consideration calculation for the STA Traffic Management acquisition of its business and assets, including impairment of \$9,723,149 in relation to the value of the New Zealand CGU resulting from economic factors affecting the operational performance in this region. The impairment adjustment reflects the wider economic and market condition and recession faced by New Zealand. These conditions have led to cuts in government funding for infrastructure projects and maintenance works programs and are impacting commercial confidence in the market. With no visible impact on future pipelines and positive market conditions, the decision was made to write down the value of the acquisition.

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment or more regularly where indicators of impairment exist. The Directors have, in assessing impairment in accordance with AASB 136: *Impairment of Assets* ("AASB 136"), concluded that impairment indicators existed, therefore the relevant cash-generating units have been tested for impairment.

## AVADA Group Limited

### Outlook

While revenue growth was subdued for the reporting period, the pipeline for maintenance projects and civil services work remains strong due to recurring maintenance requirements of essential infrastructure and government funding of new projects. While there have been delays in government funding and project priorities in the first half there continues to remain strong growth opportunities for the second half. Early indicators from operational teams suggest positive momentum and an improvement in revenue performance. Preferred supplier arrangements provide an opportunity for the Group to work with clients in allocating resources and supporting their project pipelines.

The ongoing low unemployment rate continues to provide constraints, (affecting all operators in the traffic management and civil construction sectors) in meeting demand, however operational initiatives are in place to maintain and increase our team to meet the high demand in the market.

The Group continues to deliver industry best practice and public accountability standards for safety, governance and reporting across its operations. The governance framework provides a platform to drive performance and the evaluation of future acquisition and diversification opportunities, which provide synergies to the Group in line with its strategic priorities.

Organisational overhead and cost structures have been reviewed, ensuring an appropriate overhead base is maintained.

### Events after the reporting period

The Directors of the Group are not aware of any other matter or circumstances that have arisen since the end of the financial reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

### Auditor's independence declaration

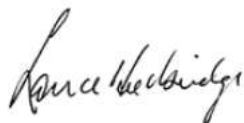
The auditor's independence declaration is included on page 5 of the Interim Financial Report.

### Rounding off amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this Directors' report and financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors



Lance Hockridge  
Chairman

Brisbane, 24<sup>th</sup> February 2025

# Auditor's independence declaration



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## DECLARATION OF INDEPENDENCE BY N I BATTERS TO THE DIRECTORS OF AVADA GROUP LIMITED

As lead auditor for the review of Avada Group Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Avada Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'N I Batters', is written over a light grey rectangular background.

**N I Batters**  
Director

**BDO Audit Pty Ltd**

Brisbane, 24 February 2025

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Avada Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Avada Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, 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:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

### **Material uncertainty relating to going concern**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### **Responsibility of the directors for the 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 is true and fair and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2024 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.

**BDO Audit Pty Ltd**

BDO  


**N I Batters**  
Director

Brisbane, 24 February 2025

# Directors' declaration

The Directors of AVADA Group Limited declare that:

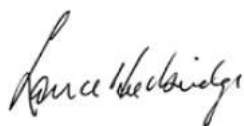
- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debts in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the company and the companies to which ASIC Corporations (Wholly owned Companies) Instrument 2016/785 applies will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of Directors made pursuant to s.305(5) of the *Corporations Act 2001*.

On behalf of the Directors



Lance Hockridge  
Chairman

Brisbane, 24<sup>th</sup> February 2025

# Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2024

	Note	Consolidated Half-year ended 31/12/2024 \$'000	Consolidated Half-year ended 31/12/2023 \$'000
Revenue	5	91,061	101,633
Other income		75	265
Other gains/(losses)	6	480	3,345
Depreciation and amortisation expense		(4,960)	(5,282)
Direct equipment hire and consumables		(11,079)	(10,878)
Direct wages and salaries		(60,349)	(67,326)
Non-direct wages and salaries		(9,688)	(9,115)
Administrative expenses	7	(2,374)	(3,374)
Impairment of intangible assets	8	(9,723)	-
Other expenses		(2,527)	(2,464)
Finance costs		(1,826)	(1,931)
<b>Profit/(Loss) before income tax</b>		<b>(10,910)</b>	<b>4,873</b>
Income tax (expense)/benefit	9	1,337	(745)
<b>Profit/(Loss) for the period</b>		<b>(9,573)</b>	<b>4,128</b>
<b>Other comprehensive loss, net of tax</b>		<b>(51)</b>	<b>(13)</b>
<b>Total comprehensive Profit/(Loss) for the period</b>		<b>(9,624)</b>	<b>4,115</b>
<b>Profit/(Loss) per share</b>			
Basic (cents per share)	10	(12)	5
Diluted (cents per share)	10	(12)	5

The condensed consolidated financial statements should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of financial position

as at 31 December 2024

	Note	Consolidated Half-year ended 31/12/2024 \$'000	Consolidated Year ended 30/06/2024 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,148	8,500
Trade and other receivables		23,540	30,498
Current tax assets		2,917	-
Other current assets		5,097	1,118
<b>Total current assets</b>		<b>35,702</b>	<b>40,116</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	23,878	25,066
Right-of-use assets	12	5,143	5,931
Goodwill	13	32,282	38,643
Other intangible assets	14	16,161	21,577
Other non-current assets		175	133
<b>Total non-current assets</b>		<b>77,639</b>	<b>91,350</b>
<b>Total assets</b>		<b>113,341</b>	<b>131,466</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		14,639	17,793
Lease liabilities		1,743	1,696
Borrowings	15	5,644	3,835
Current tax liabilities		-	1,002
Provisions		4,070	4,035
Other financial liabilities	16	206	1,729
<b>Total current liabilities</b>		<b>26,302</b>	<b>30,090</b>
<b>Non-current liabilities</b>			
Lease liabilities		3,920	4,697
Borrowings	15	33,329	37,603
Deferred tax liabilities		4,657	4,166
Provisions		289	299
Other financial liabilities	16	-	143
<b>Total non-current liabilities</b>		<b>42,195</b>	<b>46,908</b>
<b>Total liabilities</b>		<b>68,497</b>	<b>76,998</b>
<b>Net Assets</b>		<b>44,844</b>	<b>54,468</b>
<b>Equity</b>			
Share capital	17	57,715	57,715
Reserves		13,771	13,822
Accumulated losses		(26,642)	(17,069)
<b>Total equity</b>		<b>44,844</b>	<b>54,468</b>

The condensed consolidated financial statements should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2024

		Share capital	Share-based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2024</b>		57,715	3,700	10,175	(53)	(17,069)	54,468
Profit for the period		-	-	-	-	(9,573)	(9,573)
Other comprehensive income for the period		-	-	-	(51)	-	(51)
<b>Total comprehensive income for the period</b>		-	-	-	(51)	(9,573)	(9,624)
Issue of share capital		-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-
Amounts recognised in business combinations		-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-
<b>Total transactions with owners</b>		-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(104)</b>	<b>(26,642)</b>	<b>44,844</b>
		Share capital	Share-based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2023</b>		51,160	3,700	10,175	3	(18,580)	46,458
Profit for the period		-	-	-	-	4,128	4,128
Other comprehensive income for the period		-	-	-	(13)	-	(13)
<b>Total comprehensive income for the period</b>		-	-	-	(13)	4,128	4,115
Issue of share capital	17	7,000	-	-	-	-	7,000
Share issue costs	17	(445)	-	-	-	-	(445)
Amounts recognised in business combinations		-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>6,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,555</b>
<b>Balance as at 31 December 2023</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(10)</b>	<b>(14,452)</b>	<b>57,128</b>

The condensed consolidated financial statements should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of cash flows

for the half-year ended 31 December 2024

	Note	Consolidated Half-year ended 31/12/2024 \$'000	Consolidated Half-year ended 31/12/2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (including GST)		107,686	114,212
Payments to suppliers and employees (including GST)		(103,016)	(110,048)
Interest and other finance costs paid		(1,541)	(1,466)
Interest received		6	79
Income taxes refund/(paid)		(2,091)	1,142
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,044</b>	<b>3,919</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	11	(1,329)	(2,013)
Proceeds from sale of property, plant and equipment		348	118
Payment of contingent consideration	19	(1,246)	(3,006)
Acquisition of subsidiaries (net of cash acquired)		-	(7,603)
<b>Net cash outflow from investing activities</b>		<b>(2,227)</b>	<b>(12,504)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,823	971
Repayments of borrowings		(3,917)	(3,723)
Proceeds from asset finance borrowings		-	-
Repayments of asset finance borrowings		(1,349)	(1,115)
Repayment of lease liabilities		(831)	(549)
Proceeds on issue of shares (net of transaction costs)	17	-	6,555
<b>Net cash inflow from financing activities</b>		<b>(3,274)</b>	<b>2,139</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,457)</b>	<b>(6,446)</b>
Cash and cash equivalents at beginning of the period		8,500	10,834
Effects of foreign exchange rate changes		105	(93)
<b>Cash and cash equivalents at the end of the period</b>		<b>4,148</b>	<b>4,295</b>

The condensed consolidated financial statements should be read in conjunction with the accompanying notes.

# Notes to the condensed consolidated financial statements

## 1. General information

AVADA Group Limited ("the Company") is a company domiciled in Australia. It was incorporated on 25 March 2021 and undertook an initial public offering and was listed on the Australian Securities Exchange on 17 December 2021.

The condensed consolidated financial statements of the Company for the half-year ended 31 December 2024 comprises the Company and its subsidiaries (together referred to as "the Group").

### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IFRS Accounting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the Group's preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2024 annual financial report for the financial year ended 30 June 2024. The accounting policies are consistent with Australian Accounting Standards and with IFRS Accounting Standards.

### Going concern

The Group incurred a net loss after tax of \$9,572,951 during the 6 months ended 31 December 2024 compared to a net profit after tax of \$4,128,280 in the comparative period. This was primarily due to:

- an impairment charge of \$9,723,149 in relation to the New Zealand CGU and amount is offset against;
- \$483,975 gain on the remeasurement of the contingent consideration liabilities associated with the acquisition of STA Traffic in FY24, due to EBITDA targets not being met during the period.

The Group generated cash inflows from operating activities of \$1,043,458 during the 6 months ended 31 December 2024 compared to net cash inflows from operating activities of \$3,918,423 in the comparative period. The Group paid \$2,091,436 in income tax for the period whereas it received a refund of \$1,142,000 in the comparative period.

## 1. General information (cont'd)

### Going concern (cont'd)

As at 31 December 2024, the Group has \$4,147,840 of cash and cash equivalents, total bank loans of \$29,496,446 and asset finance loans of \$9,476,301. These bank loans are subject to various banking covenants, as disclosed in Note 15. As at 31 December 2024, the covenants for the CBA were compliant. A waiver in relation to the Kiwibank covenants was obtained for the period ending 31 December 2024.

The ability of the Group to continue as a going concern is principally dependent upon meeting banking covenants throughout the upcoming period, which is related to the Group's ability to:

- meet its internal cash flow forecasts, in particular the Group's revenue growth targets;
- reduce operating costs through efficiencies as planned as part of the strategic direction of the Group;
- reduce its level of capital expenditure;
- renegotiate banking terms and covenants if required; and
- raise sufficient capital if required.

Given the challenging market conditions, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- proven ability of the Group to historically manage its cost structures and profit margins;
- the Group's ability to manage its capital expenditure program;
- the Group's proven ability to raise funds via share capital placements; and
- the Group has prepared a cash flow forecast based on reasonable assumptions that the directors believe are achievable.

Although it is not certain that these plans and measures will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and may be required to realise its assets and extinguish its liabilities at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

## 2. Adoption of new and revised Australian Accounting Standards

### (a) New and amended Accounting Standards that are effective for the current period

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to their operations and effective for the current year.

The Directors of the Company do not anticipate that the amendments will have a material impact on the Group.

### (b) New and amended Accounting Standards and Interpretations on issue that are not yet effective

At the date of authorisation of the condensed consolidated financial statements, the Group has not applied new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective from 1 July 2024.

## 2. Adoption of new and revised Australian Accounting Standards (cont'd)

### (b) New and amended Accounting Standards and Interpretations on issue that are not yet effective (cont'd)

Standard/amendment	Effective for annual reporting periods beginning on or after	Nature of the change and expected impact
AASB 18 – Presentation and Disclosure in Financial Statements	1 January 2027	<p>New defined subtotals ('operating profit' and 'profit before financing and income taxes') and categories (operating, investing and financing) in the statement of profit or loss</p> <p>New disclosures about management-defined performance measures (MPMs), limited to subtotals of income and expenses</p> <p>The amendments will require a disclosure of reconciliation between non-GAAP performance measures with subtotals required by AASB 18</p>

The Directors of the Company do not anticipate that the amendments will have a material impact on the Group but may change the disclosure of accounting policies included in the financial statements.

## 3. Significant Changes from the annual financial statements

Significant changes which have occurred since the annual financial statements were provided in the Annual Report for the year ended 30 June 2024 are:

### (a) Fair value of contingent consideration

Revised forecast EBITDA testing has resulted in changes to the fair value of the STA Traffic Management contingent consideration. The group is expected to pay a reduced contingent consideration in respect to the earn out consideration as per the agreement. Consequently, an uplift of \$483,975 has been recognised to the net assets.

### (b) Impairment of assets

An impairment loss of \$9,723,149 in relation to the write down in the value of the New Zealand CGU resulting from economic factors affecting the operational performance in this region. Consequently, reduction of \$9,723,149 has been recognised to the net assets. The impairment adjustment reflects the wider economic and market condition and recession faced by New Zealand. These conditions have led to cuts in government funding for infrastructure projects and maintenance works programs and are impacting commercial confidence in the market. With no visibility on future pipelines and positive market conditions the decision was made to write down the value of the acquisition.

## 4. Operating segments

### Identification of reportable operating segments

The Group is organised into four operating segments, based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker (“CODM”)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group’s reportable segments under AASB 8 *Operating Segments* (“AASB 8”) are as follows:

Queensland Traffic Management	– contains entities which operate in the Queensland geography
New South Wales Traffic Management	– contains entities which operate in the New South Wales geography
Victoria Traffic Management	– contains entities which operate in the Victorian geography
NZ Traffic Management	– contains entities which operate in the New Zealand geography

The Group offers integrated traffic management services including planning and permit, traffic control, equipment hire, event management and incident response. The Group’s client portfolio includes government clients at state and local council levels, federally funded contractors and major contractors in the utilities, infrastructure, construction and other industrial sectors.

The following is an analysis of the Group’s results by reportable operating segment for the half-year ended 31 December 2024:

	Half-year ended 31/12/2024					
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	Total \$'000
<b>Revenue</b>						
Sales to external customers	51,969	16,365	18,779	3,948	-	91,061
<b>Total revenue</b>						
Other income	63	06	14	(14)	6	75
Other gains/(losses)	10	04	327	139	-	480
Wages and Salaries	(36,629)	(12,439)	(13,251)	(2,935)	(4,783)	(70,037)
Direct equipment hire and consumables	(5,839)	(2,689)	(1,663)	(810)	(78)	(11,079)
Administration and other expenses	(1,223)	(458)	(515)	(310)	(2,395)	(4,901)
Impairment of intangible assets	-	-	-	(9,723)	-	(9,723)
<b>EBITDA</b>	8,351	789	3,691	(9,705)	(7,250)	(4,124)
Depreciation and amortisation expense	(1,910)	(838)	(1,240)	(606)	(366)	(4,960)
<b>EBIT</b>	6,441	(49)	2,451	(10,311)	(7,616)	(9,084)
Finance costs	(101)	(56)	(32)	(324)	(1,313)	(1,826)
<b>Profit/(loss) before income tax</b>	6,340	(105)	2,419	(10,635)	(8,929)	(10,910)
Income tax (expense) benefit	(777)	13	(296)	1,303	1,094	1,337
<b>Profit/(loss) after tax for the year</b>	5,563	(92)	2,123	(9,332)	(7,835)	(9,573)

#### 4. Operating segments (cont'd)

##### Identification of reportable operating segments (cont'd)

	Half-year ended 31/12/2023					
	QLD Traffic Management	NSW Traffic Management	VIC Traffic Management	NZ Traffic Management	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
Sales to external customers	52,856	24,423	17,788	6,566	-	101,633
<b>Total revenue</b>	52,856	24,423	17,788	6,566	-	101,633
Other income	117	26	19	-	103	265
Other gains/(losses)	(19)	17	6	3,387	(46)	3,345
Wages and Salaries	(37,720)	(17,385)	(13,252)	(4,041)	(4,044)	(76,442)
Direct equipment hire and consumables	(5,929)	(2,805)	(1,198)	(946)	-	(10,878)
Administration and other expenses	(1,289)	(842)	(597)	(262)	(2,847)	(5,837)
Impairment of intangible assets	-	-	-	-	-	-
<b>EBITDA</b>	8,016	3,434	2,766	4,704	(6,834)	12,086
Depreciation and amortisation expense	(2,510)	(984)	(973)	(661)	(154)	(5,282)
<b>EBIT</b>	5,506	2,450	1,793	4,043	(6,988)	6,804
Finance costs	(161)	(43)	(28)	(374)	(1,325)	(1,931)
<b>Profit/(loss) before income tax</b>	5,345	2,407	1,765	3,669	(8,313)	4,873
Income tax (expense) benefit	(2,961)	(1,333)	(978)	(78)	4,605	(745)
<b>Profit/(loss) after tax for the year</b>	2,384	1,074	787	3,591	(3,708)	4,128

The revenue reported above represents revenue generated from external customers. The Group does not have any individual customer contracts which provide more than 10% of its external revenue. Each segment is not reliant on any of the Group's major customers. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit/(loss) represents the profit/(loss) generated by each segment without allocation of central administration costs including Directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax benefit. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance.

#### 4. Operating segments (cont'd)

##### Identification of reportable operating segments (cont'd)

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Half-Year ended 31/12/2024					Total \$'000
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	
Current assets	15,546	6,329	7,892	1,133	4,802	35,702
Non-current asset	38,650	8,910	23,927	3,761	2,391	77,639
<b>Total assets</b>	<b>54,196</b>	<b>15,239</b>	<b>31,819</b>	<b>4,894</b>	<b>7,193</b>	<b>113,341</b>
Current liabilities	8,320	3,207	2,704	2,451	9,620	26,302
Non-current liabilities	8,813	2,227	2,620	3,941	24,594	42,195
<b>Total liabilities</b>	<b>17,133</b>	<b>5,434</b>	<b>5,324</b>	<b>6,392</b>	<b>34,214</b>	<b>68,497</b>
<b>Net assets/(liabilities)</b>	<b>37,063</b>	<b>9,805</b>	<b>26,495</b>	<b>(1,498)</b>	<b>(27,021)</b>	<b>44,844</b>
	Year ended 30/06/2024					
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	Total \$'000
Current assets	15,676	9,905	10,726	1,907	1,902	40,116
Non-current asset	39,748	10,083	26,129	14,220	1,170	91,350
<b>Total assets</b>	<b>55,424</b>	<b>19,988</b>	<b>36,855</b>	<b>16,127</b>	<b>3,072</b>	<b>131,466</b>
Current liabilities	14,953	5,571	5,504	3,605	457	30,090
Non-current liabilities	5,722	1,409	1,377	7,236	31,164	46,908
<b>Total liabilities</b>	<b>20,675</b>	<b>6,980</b>	<b>6,881</b>	<b>10,841</b>	<b>31,621</b>	<b>76,998</b>
<b>Net assets/(liabilities)</b>	<b>34,749</b>	<b>13,008</b>	<b>29,974</b>	<b>5,286</b>	<b>(28,549)</b>	<b>54,468</b>

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive Officer monitors the tangible, intangible and financial assets attributable to each segment. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

## 5. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following geographies and customer types. The disclosure of revenue by geography is consistent with the revenue information that is disclosed for each reportable segment under AASB 8. Refer Note 4 for further details.

### Disaggregation of revenue

	Half-year ended 31/12/2024	Half-year ended 31/12/2023
	\$'000	\$'000
<b>External revenue by location and customer type</b>		
<b>Queensland</b>		
Government (incl. councils)	14,996	31,499
Non-government	36,973	21,357
	51,969	52,856
<b>New South Wales</b>		
Government (incl. councils)	6,440	7,681
Non-government	9,925	16,742
	16,365	24,423
<b>Victoria</b>		
Government (incl. councils)	6,732	1,812
Non-government	12,047	15,976
	18,779	17,788
<b>New Zealand</b>		
Government (incl. councils)	28	209
Non-government	3,920	6,357
	3,948	6,566
	91,061	101,633
<b>External revenue by service line</b>		
Traffic control services	73,808	81,797
Plans and permits	1,111	1,540
Equipment Hire	16,136	18,215
Training	5	49
Security guard services	1	32
	91,061	101,633
<b>External revenue by timing of revenue</b>		
Services transferred over time	89,945	100,063
Services transferred at a point in time	1,116	1,570
	91,061	101,633

Plans and permits and training are the only services provided at a point in time. All other services are provided over time.

## 6. Other gains/(losses)

	Half-year ended 31/12/2024 \$'000	Half-year ended 31/12/2023 \$'000
Gain/(loss) on movement in contingent consideration	484	3,342
Gain/(loss) on disposal of assets	(4)	3
	<u>480</u>	<u>3,345</u>

## 7. Administrative expenses

	Half-year ended 31/12/2024 \$'000	Half-year ended 31/12/2023 \$'000
Professional fees	2,024	2,289
Acquisition related costs	-	495
Rent and other occupancy expenses	311	549
Other administrative expenses	39	41
	<u>2,374</u>	<u>3,374</u>

## 8. Impairment of intangible assets

	Note	Half-year ended 31/12/2024 \$'000	Half-year ended 31/12/2023 \$'000
Impairment of goodwill	13	6,293	-
Impairment of other intangibles	14	3,430	-
		<u>9,723</u>	<u>-</u>

## 9. Income tax (Expense)/benefit

### Numerical reconciliation between tax benefit and pre-tax accounting loss

	Half-year ended 31/12/2024	Half-year ended 31/12/2023
	\$'000	\$'000
Accounting profit/(loss) before tax	(10,910)	4,873
Prima facie tax (expense)/benefit on profit/(loss) before income tax at 30%	(3,273)	(1,462)
Non-deductible expenses	(1,846)	(306)
Non-assessable income	-	1,016
Effect of differing tax rates	(90)	7
Income tax (expense)/benefit	<u>1,337</u>	<u>(745)</u>

## 10. Profit/(loss) per share

	Half-year ended 31/12/2024	Half-year ended 31/12/2023
	\$'000	\$'000
<b>Profit/(loss)</b>		
Profit/(loss) for the purposes of basic and diluted earnings per share	(9,573)	4,128
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>82,800,496</u>	<u>81,114,648</u>
Basic earnings/(loss) per share (cents)	(12)	5
Diluted earnings/(loss) per share (cents)	(12)	5

## 11. Property, plant and equipment

	Half-Year ended 31/12/2024 \$'000	Year ended 30/06/2024 \$'000
<b>Traffic control equipment</b>		
Traffic control equipment – at cost	3,898	3,788
Less accumulated depreciation	(2,122)	(1,771)
	<u>1,776</u>	<u>2,017</u>
<b>Motor vehicles</b>		
Motor vehicles – at cost	34,148	33,633
Less accumulated depreciation	(12,522)	(11,092)
	<u>21,626</u>	<u>22,541</u>
<b>Office equipment</b>		
Office equipment – at cost	695	660
Less accumulated depreciation	(328)	(274)
	<u>367</u>	<u>386</u>
<b>Leasehold improvements</b>		
Leasehold improvements – at cost	140	140
Less accumulated depreciation	(31)	(18)
	<u>109</u>	<u>122</u>
<b>Total property, plant and equipment</b>	<u>23,878</u>	<u>25,066</u>

### Movements in carrying amounts

	Half-year ended 31/12/2024 \$'000				
	Traffic control equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
<b>Cost</b>					
At 1 July 2024	3,788	33,633	660	140	38,221
Additions	120	1,173	36	-	1,329
Disposals	-	(621)	-	-	(621)
Exchange differences	(10)	(37)	(1)	-	(48)
At 31 December 2024	<u>3,898</u>	<u>34,148</u>	<u>695</u>	<u>140</u>	<u>38,881</u>
<b>Depreciation</b>					
At 1 July 2024	1,771	11,092	274	18	13,155
Charge for the period	355	1,693	54	13	2,115
Disposals	-	(257)	-	-	(257)
Exchange differences	(4)	(6)	-	-	(10)
At 31 December 2024	<u>2,122</u>	<u>12,522</u>	<u>328</u>	<u>31</u>	<u>15,003</u>
<b>Carrying amount</b>					
At 31 December 2024	<u>1,776</u>	<u>21,626</u>	<u>367</u>	<u>109</u>	<u>23,878</u>

## 11. Property, plant and equipment (cont'd)

### Assets pledged as security

For the six months ending 31 December 2024 the group did not draw down from asset finance facility to purchase motor vehicles and plant and equipment. The balances for these asset finance facilities are reflected at Note 15.

The Group is not allowed to pledge these specific assets as security for other borrowings or to sell them to another entity.

The Commonwealth Bank of Australia also holds a general security over all assets of the Australian Group against the borrowing facilities provided.

Kiwibank also holds a general security over all assets of the New Zealand Group against the borrowing facilities provided.

## 12. Right-of-use assets

	Half-year ended 31/12/2024 \$'000	Year ended 30/06/2024 \$'000
<b>Buildings</b>		
Buildings – right-of-use assets	6,335	6,419
Less accumulated depreciation	(1,862)	(1,353)
	4,473	5,066
<b>Motor vehicles</b>		
Motor vehicles – right-of-use assets	1,811	1,811
Less accumulated depreciation	(1,144)	(951)
	667	860
<b>Equipment</b>		
Equipment – right-of-use assets	10	10
Less accumulated depreciation	(7)	(5)
	3	5
<b>Total right-of-use assets</b>	5,143	5,931

## 12. Right-of-use assets (cont'd)

### Movements in carrying amounts

Cost	Half-year ended 31 December 2024			
	Buildings	Motor Vehicles	Equipment	Total
	\$'000			
At 1 July 2024	6,419	1,811	10	8,240
Remeasurement of lease term	32	-	-	32
Additions	368	-	-	368
Disposals	(477)	-	-	(477)
Exchange differences	(7)	-	-	(7)
At 31 December 2024	6,335	1,811	10	8,156
<b>Depreciation</b>				
At 1 July 2024	1,353	951	5	2,309
Remeasurement of lease term	8	-	-	8
Charge for the period	696	193	2	891
Disposals	(193)	-	-	(193)
Exchange differences	(2)	-	-	(2)
At 31 December 2024	1,862	1,144	7	3,013
<b>Carrying amount</b>				
At 31 December 2024	4,473	667	3	5,143

The Group's leased assets include buildings, motor vehicles and equipment. The average lease term is 4 years.

The total cash outflow for leases amounted to \$831,583 for the half-year ended 31 December 2024.

## 13. Goodwill and impairment testing

	Note	Half-year ended 31/12/2024 \$'000	Year ended 30/06/2024 \$'000
<b>Movement - Goodwill</b>			
Balance at beginning of year		38,643	36,533
Amounts recognised from business combinations occurring during the year		-	2,136
Exchange differences		(68)	(26)
Impairment of goodwill	8	(6,293)	-
Balance at end of the year		32,282	38,643

### 13. Goodwill and impairment testing (cont'd)

#### Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs, which is at the operating entity level. Each CGU to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes. This testing methodology was adopted on acquisition as each business operated relatively on a stand-alone basis due to legal earn-out considerations in place.

Below we have presented the allocation of goodwill to the identified CGUs for the Group.

#### Allocation of goodwill

	<b>Goodwill</b>	
	<b>Half-year ended</b>	<b>Year ended</b>
	<b>31/12/2024</b>	<b>30/06/2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Queensland	19,431	19,431
New South Wales	3,432	3,432
Victoria	9,419	9,419
New Zealand	-	6,361
	32,282	38,643

The recoverable amount of a CGU to which goodwill is allocated is determined based on the greater of its value-in-use ("VIU") and its fair value less costs of disposal ("FVLCD").

The VIU assessment is conducted using a discounted cash flow ("DCF") methodology requiring the Directors to estimate the future cash flows expected to arise from the CGUs and then applying a post-tax discount rate to calculate the present value.

FVLCD is determined as being the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties at the balance date. If relevant, this fair value assessment less costs of disposal is conducted by the Directors based on their extensive knowledge of the traffic management services industry including the current market conditions prevailing in the industry.

During the half-year ended 31 December 2024, all of the Group's CGUs were tested for impairment in accordance with AASB 136 *Impairment of Assets*.

### 13. Goodwill and impairment testing (cont'd)

The DCF models adopted by the Directors utilises cash flow forecasts derived from the FY25 budgets approved by the Board, with a 3.6% growth rate applied to the Australia entities and 4.0% to the NZ entities for Year 2 to Year 5. Year 1 growth rates have been detailed in the Table 1 below. A growth rate of 2.5% is applied from the terminal period, which does not exceed the long-term average growth rate for the industry and generally accepted future consumer price index ("CPI") rate. The forecasts consider all available sources of information (both external and internal).

The Group acknowledges in its forecasting that industry and general market conditions remain a challenge with weather events having the capacity to impact the regions in which it operates. Inflation pressures, continued interest rate impacts, and the recession affecting the New Zealand operations, are expected for a further 12 months. It is anticipated that future inflationary pressures will start to reduce in future years.

#### Key assumptions used for value-in-use calculations

Key assumptions are those to which the recoverable amount of the CGU is most sensitive. The Directors have determined that the key assumptions used in the DCF models and VIU calculations are the post-tax discount rate, the projected revenue growth rates and forecast gross margins.

A post-tax discount rate of 12.7% (2024: 13%) was applied to the cash flows for its Australian based entities and a post-tax discount rate of 12.5% (2024:12.8%) was applied to the cash flow for its New Zealand based entities CGUs, incorporating the impact of AASB 16 Leases on the Group's cost of debt. Management engaged a third-party specialist to provide the post-tax discount rate utilised in the DCF VIU models.

The projected revenue growth rates have been based on consideration of historical performance and the expected future operating conditions in both road and bridge infrastructure works and maintenance of roads, rail, bridge and utilities infrastructure.

The forecast gross margins are based on a combination of historical averages, current and anticipated economic considerations, business and market opportunities.

Revenue growth for Year 1 has been determined based on inflation growth, and the known approved rate increases with customers. The revenue growth rates assumed in Year 1 for each CGU in calculating the recoverable amount is presented below.

**Table 1**

	QLD	NSW	VIC	NZ
Revenue Growth Yr 1	3.6%	10%	3.6%	4.0%

As disclosed above, gross margin has been identified as a key assumption but is not disclosed as management considers it to be commercially sensitive.

#### Sensitivity analysis

Any variation in the key assumptions used to determine the recoverable amount would result in a change to the estimated recoverable amount. If variations in assumptions had a negative impact on recoverable amount it could indicate a requirement for some impairment of goodwill and non-current assets. If variations in assumptions had a positive impact on recoverable amount it could indicate a requirement for a reversal of previously impaired non-current assets, with the exception of goodwill.

### 13. Goodwill and impairment testing (cont'd)

#### Sensitivity analysis (cont'd)

Estimated reasonable possible changes in the key assumptions would have the following approximate impact on impairment at 31 December 2024.

	Reasonable possible change	QLD (\$'000)	NSW (\$'000)	VIC (\$'000)	NZ (\$'000)
<b>Change in post-tax discount rate<sup>1</sup></b>	increased by 5.0%	nil	2,074	7,077	nil
<b>Change in revenue growth rate Y1<sup>1</sup></b>	decreased by 5.0%	nil	nil	267	nil
<b>Change in revenue growth rate Y2-Y5<sup>1</sup></b>	decreased by 5.0%	nil	5,306	7,749	nil
<b>Change in gross profit margin %<sup>1</sup></b>	decreased by 5.0%	nil	5,306	13,467	nil

<sup>1</sup> Percentage change presented above represent the absolute change in the assumption value.

Whilst the above outline management's best estimates of key assumptions and reasonably possible changes in key value drivers, changes in the level of business activity outside the control of the Group including severe weather events may also materially impact the determination of the recoverable amount. Should the regulatory macroeconomic factors that are specific to the Australian and New Zealand domestic markets. This could impact the level of activity in the market, as well as competition, and thereby affect the Group's revenue and cost initiatives. Additionally, given the outdoor nature of the Group's operations, any significant weather event would also impact the Group's revenue and therefore, forecast cash flows. If conditions change unfavourably, changes in recoverable amount estimates may arise.

Each of the assumptions above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption. Action is usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of such a change.

Modelling incorporating the assumptions identified in the key assumptions table provides that the recoverable amount exceeds the carrying amount (headroom) as outlined below. The recoverable amount of the CGUs would equal its carrying amount if the key assumptions were to change as follows:

31 December 2024	QLD	NSW	VIC	NZ
<b>Headroom (\$'000)</b>	<b>45,884</b>	<b>3,338</b>	<b>3,500</b>	<b>nil</b>
Increase in discount rate <sup>2</sup>	11.27%	2.59%	1.25%	nil
Decrease in revenue growth rate Y1 <sup>2</sup>	26.04%	5.70%	4.65%	nil
Decrease in revenue growth rate Y2-Y5 <sup>2</sup>	9.23%	1.69%	1.48%	nil
Decrease in gross profit margin % <sup>2</sup>	5.34%	1.25%	1.03%	nil

<sup>2</sup> Percentage change presented above represent the absolute change in the assumption value.

## 14. Other intangible assets

	Half-year 31/12/2024 \$'000	Year ended 30/06/2024 \$'000
<b>Customer lists</b>		
Customer lists – at cost	33,367	33,412
Less accumulated amortisation	(11,156)	(9,215)
Less accumulated impairment	(6,050)	(2,620)
	<u>16,161</u>	<u>21,577</u>
<b>Brands</b>		
Brands – at cost	3,847	3,847
Less accumulated impairment	(216)	(216)
Less write off	(3,631)	(3,631)
	<u>-</u>	<u>-</u>
<b>Total other intangible assets</b>	<b><u>16,161</u></b>	<b><u>21,577</u></b>

### Movements in carrying amounts

		Half-year ended 31/12/2024 \$'000		
	Note	Customer lists	Brands	Total
Carrying amount at beginning of the period		21,577	-	21,577
Exchange differences		(45)	-	(45)
Less amortisation for the period		(1,941)	-	(1,941)
Less impairment loss during the period	8	(3,430)	-	(3,430)
Carrying amount at end of the period		<u>16,161</u>	<u>-</u>	<u>16,161</u>

The customer lists are amortised over their useful lives which has been determined to be 4 - 7 years. This useful life is based off a pool of 500+ customers, with the majority of the customers being repeat customers year on year. Brands have an indefinite life and are not amortised but are tested annually for impairment together with goodwill.

## 15. Borrowings

	Half-year 31/12/2024	Year ended 30/06/2024
	\$'000	\$'000
<b>Current</b>		
<i>Secured</i>		
Bank loan (term facility) <sup>1</sup>	3,014	1,290
Asset finance facility <sup>2</sup>	2,630	2,545
	<u>5,644</u>	<u>3,835</u>
<b>Non-current</b>		
<i>Secured</i>		
Bank loan (term facility) <sup>1</sup>	26,483	29,313
Asset finance facility <sup>2</sup>	6,846	8,290
	<u>33,329</u>	<u>37,603</u>
Total borrowings	<u>38,973</u>	<u>41,438</u>

### Description of the Banking facilities

The Group has its banking facilities with the Commonwealth Bank of Australia for the Australian entities and Kiwibank for the New Zealand entities in respect of the provision of a term facility, an asset finance facility, and a working capital facility. The Group's financing arrangements in place as at 31 December 2024 are set out below:

#### Year ended 31 December 2024

Facility	Currency	Facility Limit \$'000	Drawn Amount Current \$'000	Drawn Amount		Maturity date
				Non-current \$'000		
<b><u>Commonwealth Bank of Australia</u></b>						
Term Facility <sup>1</sup>	AUD	9,500	-	9,500		21 August 2026
Working Capital Loan <sup>1</sup>	AUD	17,500	-	15,100		21 August 2026
Asset Finance Facility <sup>2</sup>	AUD	5,000	1,149	3,333		Variable <sup>3</sup>
Asset Finance Facility <sup>2</sup>	AUD	2,759	982	1,777		23 August 2027
Overdraft Facility <sup>2</sup>	AUD	2,500	-	-		
Bank Guarantees <sup>2</sup>	AUD	546	-	546		Variable <sup>4</sup>
Corporate Credit Cards <sup>2</sup>	AUD	250	90	-		
<b><u>Kiwibank (New Zealand)</u></b>						
Term Facility <sup>5</sup>	NZD	4,000	824	2,080		5 May 2028
Asset Finance Facility <sup>5</sup>	NZD	3,400	551	1,918		5 May 2028
Overdraft Facility <sup>5</sup>	NZD	1,000	-	-		5 May 2028
Corporate Credit Cards <sup>5</sup>	NZD	50	15	-		

<sup>1</sup> The term facility and working capital loan have a three-year term. The Group has received Credit Approved Terms to extend the maturity date to 21 August 2026.

<sup>2</sup> The undrawn portion of the facility is annually reviewed and renewed in July each year. The Group has received approved terms to extend the maturity date to 21 August 2026.

<sup>3</sup> The drawn amount are comprised of asset financing arrangements with maturity dates to 27 June 2029.

<sup>4</sup> The drawn amount are comprised of bank guarantee arrangements with maturity dates to 1 May 2033. No liability was recognised by the parent entity or the Group in relating to these guarantees.

<sup>5</sup> The undrawn portion of the facility is available until the loan maturity date.

## 15. Borrowings (cont'd)

The key terms of the banking facilities are:

### Commonwealth Bank of Australia

- The term facility can be used for financing acquisitions and earn-out payments. Interest is payable monthly with principal payable at maturity. Interest is charged at 1.60% above the base rate (referencing 90-day BBSY rate). The facility has an establishment fee of 0.75% of the facility limit and a line fee of 1.6%. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The asset finance facility can be used to fund motor vehicle acquisitions or leases. Interest and principal is payable on a per contract basis. Additionally, the facilities have an establishment fee of 0.75% of the facility limit payable at financial close. The terms relating to the undrawn portion of the facilities are reviewed annually. Security is provided over each asset acquired under the facility.
- The overdraft facility can be used to fund working capital. Interest is charged quarterly at the lenders overdraft index rate minus a margin of 3.68%. The facility has an establishment fee of 0.75% of the facility limit payable at financial close and a line fee of 0.75%. The term is reviewed annually. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The working capital loan facility can be used to fund working capital and for funding the acquisition of any other permitted acquisition as agreed by the Lender from time to time. The facility has a line fee of 1.4% and interest is charged monthly. Drawdown and repayment is subject to monthly assessment of total eligible receivables as defined in the facility agreement. The term is renewable every 3 years.

### **Bank covenants**

The Group was compliant with its loan covenants at 31 December 2024.

Loan covenants are assessed on a rolling 12-month basis every six months and are:

- Net leverage ratio – no more than 2.5 times; and
- Debt service cover ratio – more than 2.5 times.

### Kiwibank (New Zealand)

- The term facility can be used for financing of acquisitions and earn-out consideration payments. Principal and Interest is payable monthly. Interest is charged at 1.10% below the lender's base rate. The facility has an establishment fee of NZ\$0.05m. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The overdraft facility can be used to fund working capital. Interest is charged monthly at the lenders overdraft base rate minus a margin of 1.50%. The facility has a shared establishment fee with the term facility and a line fee of 0.1% per month on the overdraft facility amount. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The asset finance facilities can be used to fund motor vehicle acquisitions or leases. Principal and Interest is payable monthly at the floating interest which is 9% at 31 December 2024. Security is provided over each asset acquired under the facility.

### **Bank covenants**

The Group received a waiver in relation to the covenant requirements for Kiwibank as at 31 December 2024. The following criteria were used in assessing the covenant requirements:

The loan covenants are assessed quarterly on a rolling 12-month basis and at 31 December 2024 are:

- Funding cost cover ratio – not less than 2.5 times;
- Debt service cover ratio – 1.0 times; and
- Equity ratio – not less than 30% (tested annually on the 30<sup>th</sup> June 2024).

## 16. Other financial liabilities

	Half-year ended 31/12/2024 \$'000	Year ended 30/06/2024 \$'000
<b>Current</b>		
Fixed retention – Wilsons TM	-	1,178
Contingent consideration – STA	206	551
	206	1,729
<b>Non-Current</b>		
Contingent consideration – Wilsons TM	-	143
	-	143
	206	1,872
Total other financial liabilities	206	1,872

### Wilsons TM Limited

Retention and contingent consideration were payable on the acquisition of Wilsons TM. A portion of retention represents a deferred payment consideration with no attached conditions. Another portion of retention is contingent as described below. At acquisition, both retention and contingent consideration have been discounted using a post-tax IRR of 17.5% which was determined to be Wilsons TM's weighted average cost of capital (WACC).

Under the retention arrangement, a fixed amount of NZD \$1,372,150 with a net present value of AUD \$1,246,242 was paid on 9 July 2024.

Under the contingent consideration arrangement, no amount of contingent consideration in relation to Year 2 has been determined. The contingent consideration payable has been determined by using a predetermined earn-out multiple that have been applied to the surplus of a predetermined EBITDA threshold with a probability factor applied. The results of the predetermined EBITDA indicated that the contingent consideration thresholds will not be met.

At each reporting date, the estimated consideration is revalued to reflect its fair value.

### STA Traffic Management

Contingent consideration is payable on the acquisition of STA Traffic Management Pty Ltd. At acquisition, contingent consideration have been discounted using a post-tax IRR of 16.5% which was determined to be STA Traffic Management Pty Ltd weighted average cost of capital (WACC).

Under the first contingent arrangement, consideration maybe payable after 12 months of trading. The value of payable is determined by using a predetermined earn-out multiple that is applied to the surplus of a predetermined EBITDA threshold to a maximum amount of \$884,000. As at 31 December 2024, the net present value is calculated at 206,416.

Under the second contingent consideration arrangement, consideration may be payable after 12 months of trading if a second higher predetermined EBITDA threshold is met. The value of contingent consideration payable is determined using a predetermined Earn-Out multiple that is be applied to the surplus of this second higher predetermined EBITDA. There is no cap in respect of the second contingent consideration. The results has indicated that that threshold of the second contingent consideration has not been met.

## 17. Issues of equity securities

	<b>Half-year ended 31/12/2024</b>	
	<b>No. of shares</b>	<b>\$'000</b>
<b>Ordinary shares</b>		
Balance at beginning of the period	84,935,025	57,715
	<u>84,935,025</u>	<u>57,715</u>
	<b>Year ended 30/06/2024</b>	
	<b>No. of shares</b>	<b>\$'000</b>
<b>Ordinary shares</b>		
Balance at beginning of the year	73,268,358	51,160
Shares issues	11,666,667	7,000
Transaction costs arising on share issues	-	(445)
	<u>84,935,025</u>	<u>57,715</u>

#### **Terms and conditions of contributed equity**

##### *Ordinary shares*

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of surplus assets in proportion to the number of shares held.

Each shareholder present has one vote and on a poll, one vote for each fully paid share held, and for each partly paid share, a fraction of a vote equivalent to the proportion to which the share has been paid up. Voting may be in person or by proxy, attorney, or representative.

## **18. Related party balances or transactions**

The Group's main related parties are as follows:

#### **Entities exercising control over the Group**

The ultimate parent entity that exercises control over the Group is AVADA Group Limited, which is incorporated in Australia.

#### **Key management personnel**

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, are considered Key Management Personnel.

#### **Other related parties**

Other related parties include entities controlled by the ultimate parent entity and entities over which Key Management Personnel have joint control.

## 18. Related party balances or transactions (cont'd)

### Joint venture accounted for under the equity method

The Group has a 49% interest in Bilingarra Indigenous Services Pty Ltd. The interest in the joint venture is accounted for under the equity method of accounting.

### Related party transactions

During the half-year ended 31 December 2024, Group entities entered into the following transactions with related parties who are not members of the Group:

			Half-Year ended 31/12/2024	
Related party	Purpose	Relationship	Transactions with related parties	Amounts owed to related parties
Midmarlar c/o Bromley Real Estate	Rent	Controlled by a Director	\$36,265	-
Courtney Black	Consulting	Controlled by a Director	\$62,250	-

			Half-Year ended 31/12/2023	
Related party	Purpose	Relationship	Transactions with related parties	Amounts owed to related parties
FNQ Traffic Hire Pty Ltd	Equipment hire	Controlled by a Director	\$144,819	-
James Bowe Family Trust	Rent	Controlled by a Director	\$25,781	-
Midmarlar c/o LJ Hooker	Rent	Controlled by a Director	\$111,852	-
The Bowe Family Trust	Rent	Controlled by a Director	\$84,621	-
EXFX	Equipment purchase	Controlled by a Director	\$3,511	-
The Trustee at Masbro Unit	Rent	Controlled by a Director	\$2,381	-

For details on related party balances and transaction for the year ended 30 June 2024, refer to the Annual Report.

## 19. Fair value of financial instruments

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at 31/12/2024 \$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration – STA Traffic Management	Liabilities (FVTPL) - \$206	Level 3	Present Value of expected future cash outflow	Forecast EBITDA	Liability capped at \$884,000. An increase in the forecast profits used in isolation would result no movement in the fair value of the liability.

- (i) A 5% increase/decrease in the forecast EBITDA while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration by \$287,821

The Directors consider that the carrying amount of all financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The following table represents the movement in fair value measurements of financial instruments.

Year ended 30 June 2024	Note	STA Traffic Management	Wilsons	Total
		No.2 Pty Ltd	TM	
		\$'000	\$'000	\$'000
<b>Opening balance</b>		551	1,321	1,872
Fair Value Adjustment:				
- In profit or loss	<b>6</b>	(345)	(139)	(484)
Acquisitions		-	-	
Foreign Exchange Loss/(Gain)		-	64	64
Disposals/Settlements		-	(1,246)	(1246)
<b>Closing balance</b>	<b>16</b>	206	-	206

## 20. Contingent assets and contingent liabilities

The Group enters into arrangements for new leases in the normal course of business. The security bond for these leases are guaranteed in the form of bank guarantees issued by the Group's financial institution. As of 31 December 2024, the Group had issued \$546,164 in bank guarantees. The probability of having to make a payment in respect to these security bonds are considered to be highly unlikely. As such, no provisions have been made in the consolidated financial statements in respect to these contingencies.

The Group had no contingent assets or contingent liabilities as of 31 December 2024 in relation to bank guarantees.

## 21. Events occurring after the reporting date

The Directors of the Company are not aware of any matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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