

ASX Announcement

30 April 2025

AVADA Group Limited Appendix 4C for the period 1 January 2025 to 31 March 2025

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 March 2025.

Key Highlights

- Seasonally low cash flow quarter with positive operating cash flows achieved.
- Reduction in operating cash expenditures, as a response to seasonal trading conditions.
- Ongoing capital investment program funded from internal cash reserves.
- Ongoing strategic review of NZ operations.

HIGHLIGHTS OF CASH FLOW

	A\$'000	Change on prior quarter	Change on prior period
		Q2 FY25	Q3 FY24
Cash Receipts	42,149	down 20.7%	down 9.6%
Operating Cash Expenditures	40,288	down 21.6%	down 22.5%
Net Operating Cash Flow	1,861	up 5.1%	up 134.8%
Cash and cash equivalents at end of period	1,675	down 59.6%	down 11.7%
Unused financing facilities available at end of quarter	7,369	down 3.6%	down 2.8%

An explanation of operations during the quarter and cashflow movements follows:

COMMERCIAL OPERATIONS

- The Group has focused on the ongoing organisational restructure, implementing a significant cost reduction program resulting in a large decrease in corporate functions and expenditure, in order to realign the company's operating cost base to trading conditions and support the realisation of efficiencies and synergies from business consolidation. A focus on implementing operational efficiencies resulted in net operating cashflow increasing for the March quarter on prior year March quarter as well as against the December quarter with further benefits expected to flow through during Q4 FY25 and in full year FY26.
- An expected seasonal reduction in trading performance was attributable to slower activity in January across the country due to a prolonged summer holiday season. Extraordinary rains in Queensland caused widespread flooding across parts of the state and subsequent delays in contracted and pipeline road and infrastructure works. Based on the Bureau of Meteorology, March 2025 was the third wettest on record for Queensland since 1900. It is anticipated that June quarter revenues are expected to improve due to these timing delays and seasonally higher volumes of activity.
- Capital investment has continued with internal cash reserves used to fund the renewal of ageing fleet and equipment upgrades to maintain the high level of employee safety, reinforce customer confidence, support ongoing business development activity, and tender processes.
- The New Zealand economy remains challenging due to the protracted recession. Commercial confidence remains low with the NZ Government allocating funding to critical infrastructure maintenance works with much of the focus on the North Island where AVADA does not operate. Mr Donald Montgomery, who commenced as CEO in April, is undertaking a strategic review of operations and market positioning in New Zealand and the Board expects to update the market by 30 June 2025.
- The process to centralise and consolidate core operating systems continues with the integrated payroll system at an advanced stage and finance system implementation in final stages of go-live. These are expected to drive further efficiencies and greater productivity for the Group.
- The Company continued to reduce debt and paid down a further \$3.1m; with payments to related parties for salaries, director fees and consulting fees for the quarter totalling \$293k.

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

Yours faithfully

Donald Montgomery
Chief Executive Officer

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:

Donald Montgomery
Chief Executive Officer
+61 427 516 855
dmontgomery@avadagroup.com.au

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")

31/03/2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	42,149	149,835
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(26)	(79)
(d) leased assets		
(e) staff costs	(33,394)	(103,420)
(f) administration and corporate costs	(6,382)	(39,320)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	9
1.5 Interest and other costs of finance paid	(773)	(2,314)
1.6 Income taxes received / (paid)	284	(1,807)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,861	2,904
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		(1,246)
(c) property, plant and equipment	(1,250)	(2,579)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	51	398
	(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	(1,199)	(3,426)

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
3.6	Repayment of borrowings	(3,117)	(9,213)
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	(3,117)	(6,390)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,148	8,500
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,861	2,904
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,199)	(3,426)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,117)	(6,390)
4.5	Effect of movement in exchange rates on cash held	(18)	87
4.6	Cash and cash equivalents at end of period	1,675	1,675

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	4,268	4,832
5.2	Call deposits		
5.3	Bank overdrafts	(2,593)	(684)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,675	4,148

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	293
6.2	Aggregate amount of payments to related parties and their associates included in item 2	N/A
<p><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></p> <p>Payments related to Director Salaries, superannuation and consulting services.</p>		

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	45,244	38,035
7.2 Credit standby arrangements		
7.3 Other (business credit cards)	250	90
7.4 Total financing facilities	45,494	38,125
7.5 Unused financing facilities available at quarter end		7,369
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 7.1 - Financing facilities including credit cards	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,861
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,675
8.3 Unused finance facilities available at quarter end (item 7.5)	7,369
8.4 Total available funding (item 8.2 + item 8.3)	9,044
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	2,177,635	Commonwealth Bank	7.35%	21/08/2026	Secured
Working capital loan	17,500,000	14,088,000	Commonwealth Bank	5.89%	21/08/2026	Secured
Market Rate Loan	9,500,000	4,500,000	Commonwealth Bank	4.14%	21/08/2026	Secured
Market Rate Loan		5,000,000	Commonwealth Bank	4.17%	21/08/2026	Secured
Asset Finance - ABZD001258001	5,000,000	80,071	Commonwealth Bank	6.59%	13/12/2027	Secured
Asset Finance - AEKH003438001		42,444	Commonwealth Bank	5.90%	12/05/2027	Secured
Asset Finance - AEKH003439001		64,566	Commonwealth Bank	5.90%	13/05/2027	Secured
Asset Finance - AEKH003440001		174,997	Commonwealth Bank	7.63%	13/05/2027	Secured
Asset Finance - AIJG000609001		214,502	Commonwealth Bank	7.64%	11/04/2027	Secured
Asset Finance - AIJG000611001		711,840	Commonwealth Bank	7.68%	3/05/2027	Secured
Asset Finance - AKEY000030		2,128,144	Commonwealth Bank	6.94%	28/04/2028	Secured
Asset Finance - ABZD001473		367,855	Commonwealth Bank	7.67%	27/06/2029	Secured
Asset Finance - ABZD001474		416,765	Commonwealth Bank	7.67%	27/06/2029	Secured
Asset Finance - AKEY00006001 ***	2,518,918	2,518,918	Commonwealth Bank	6.17%	23/08/2027	Secured
Kiwi Bank Loan	3,635,042	2,457,067	Kiwi Bank	8.25%	5/05/2028	Secured
Overdraft facility	908,760	414,925	Kiwi Bank	9.60%	5/05/2028	Secured
Asset Finance loan	3,089,786	2,121,738	Kiwi Bank	7.75%	5/05/2028	Secured
Corporate Credit Cards	45,438	9,513	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 Street, 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	45,494,108	38,125,387				

*** Non revolving facility - No redraw available

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: 30 April 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.