

# AVADA Group Limited

ACN 648 988 783

ASX Code: AVD

## Appendix 4E for the full year ended 30 June 2025

### UNAUDITED RESULTS FOR ANNOUNCEMENT TO THE MARKET:

The appendix 4E should be read in conjunction with the attached Preliminary Financial Report (unaudited) including the notes to that report. AVADA Group Limited (the Company) currently expects to lodge audited accounts for the year ended 30 June 2025 by 30 September 2025.

AVADA Group Limited ("the Company") was incorporated on 25 March 2021 and was listed on the Australian Securities Exchange on 17 December 2021.

	% Change	Consolidated Year ended 30/06/2025 \$'000	Consolidated Year ended 30/06/2024 \$'000
Revenue from ordinary activities	-10.5%	183,095	204,537
Profit/(Loss) from ordinary activities after tax attributable to members	-1,264.8%	(17,600)	1,511
Profit/(Loss) for the year attributable to members	-1,264.8%	(17,600)	1,511

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 adjustments:

a) An impairment of intangible assets of \$9.7m in relation 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.

b) An impairment of the intangible assets of \$5.0m in relation to the New South Wales CGU. The impairment of the intangible asset of NSW reflects a prudent reassessment of future economic benefits in light of prevailing market conditions, including regulatory tightening, and sector-specific headwinds that have materially impacted projected cash flows. The goodwill impairment acknowledges that the premium paid during acquisition, which captured expectations of synergies and growth, no longer aligns with current market realities. This targeted write-down ensures our asset base remains credible and transparent, without undermining the operational value of our customer relationships.

Dividend details

## AVADA Group Limited | Appendix 4E

The Company is not proposing to pay a dividend for the year ended 30 June 2025.

### EXPLANATION OF KEY INFORMATION

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

The unaudited preliminary consolidated statement of profit or loss and other comprehensive income, preliminary consolidated statement of financial position, preliminary consolidated statement of changes in equity and the preliminary consolidated statement of cash flows for the year ended 30 June 2025 include the full year results of the Company and its operating subsidiaries. The comparative period results include the results of the Company and its subsidiaries for the year ended 30 June 2024, except STA Traffic Management No.2 Pty Ltd which has results from 23 October 2023.

#### *Details of entities over which control has been gained or lost during the year*

There were no changes in control of entities within the Group in the year ended 30 June 2025.

#### *Net tangible assets per share*

	<b>30/06/2025</b>	<b>30/06/2024</b>
Net tangible assets / (liabilities) per share <sup>1</sup>	_____ (\$0.06)	_____ (\$0.08)

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

The Appendix 4E Preliminary Financial Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Financial Report. The Financial Report is currently being audited.

# AVADA Group Limited

ACN 648 988 783

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**UNAUDITED Preliminary financial report for the year ended  
30 June 2025**

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## Commentary on results

### Principal activities

The Group's principal activities during the year ended 30 June 2025 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.

Integrated traffic management services include traffic control, equipment hire, plans and permits, event management and incident response. Traffic management services revenue is earned based on hourly or day rates billed for traffic controllers, vehicles and other equipment.

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 investments 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 deferral of work due to weather and planning impacts, along with other disruptions related to industrial action.

The Group has an established and extensive network strategically located in Queensland, New South Wales, Victoria and the South Island of New Zealand with the ability to share resources, service innovations and market sector experience along with enhanced efficiencies through economies of scale and procurement. During the financial year ended 30 June 2025, the Company's subsidiaries were consolidated into a single operating structure to create cost efficiencies, enhance service delivery and maximise the Group's competitive strengths.

### Dividends

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

### Review of operations

The Group loss for the year after providing for income tax was \$17.6m (2024: profit \$1.5m).

The statutory loss includes impairments of \$14.8m in relation to the carrying value of subsidiary companies in New Zealand and New South Wales and as a result of their financial performance in the year ended 30 June 2025; and a gain of \$0.5m which resulted from a decrease to the fair value of the contingent consideration financial liability upon the acquisition of STA Traffic Management No.2 Pty Ltd (STA Traffic) in October 2023.

Total revenue for the Group was \$183.1m (2024: \$204.5m).

The Group encountered challenging trading conditions across its operations during the year. This included severe weather events which reduced planned work volumes, project delays, margin compression as a result of intense price competition on government project tenders, engagement of unionised labour on major public sector infrastructure projects in Victoria which reduced the Group's success in winning new work, and economic weakness in New Zealand reducing the volume of government funded projects.

The Group completed the consolidation and re-branding of eleven Australian businesses into a single operating platform, to strengthen the competitive advantages of its substantial operating network.

New senior management appointments were made during the financial year with the Chief Executive Officer commencing in April 2025 and Chief Financial Officer commencing in May 2025. With these appointments, significant progress was made in transforming operations to streamline processes, reduce costs and enhance consistent service levels across the business.

The first phase of the transition of the Group's operating systems to a single ERP platform across the business was finalised. New payroll and financial management systems will be implemented in the 2025/26 financial year.

### New Zealand strategic review

The continuing weak economic outlook in New Zealand negatively impacted performance and led to an operating loss of \$11.7m (inclusive of impairments of \$9.7m). The Group has undertaken a strategic review of New Zealand operations which resulted in the \$9.7m write-down in the valuation of the business in the first half of the financial year and a management restructure. FY25 operating costs were reduced through the review and

## **AVADA Group Limited**

additional cost savings have been identified for FY26. The Directors have considered future options for the business, including sale and closure, and continue to support the current operations and improvement plans as the best economic option for shareholders.

The New Zealand business has been re-branded AVADA Traffic, in line with the Australian operations.

### **Business transformation**

Operating costs in FY25 have been reduced as a result of the transformation and further cost efficiencies are planned in FY26. The Group has also strengthened business development with a dedicated senior management resource and enhanced processes to build client relationships and grow revenue.

The consolidation and re-branding of eleven Australian businesses into a single operating platform, AVADA Traffic, was completed during the year. The transition to a single ERP platform across the business has also been finalised with new payroll and accounts functions to be implemented in FY26.

Independent business performance consultants have been engaged to work with senior management to implement a second phase of operational transformation. As of August 2024, a dedicated Business Development team has been established to strengthen the organisation's commercial capabilities. Their core responsibilities include driving strategic growth initiatives, enhancing the lead-to-contract process, and improving customer conversion rates through targeted engagement and opportunity management.

### **Outlook**

In a highly fragmented market, AVADA Group is increasingly recognised as an industry leader based on its significant operating presence, unified brand, and commitment to best practices in safety, governance and reporting.

The transformation of operations has created a solid operating platform and delivered initial efficiency improvements. The business also continues to proactively manage safety culture and performance, leveraging online resources to deliver safety training and updates across the network.

Going forward, the transformation is concentrating on further optimising resource deployment across our network and client projects, consistently delivering industry best practice standards for service and safety, enhancing business development activities, and leveraging our competitive strengths to build strong client relationships and grow revenue. The continued implementation of this project will strengthen the Group's capacity to adapt to prevailing market conditions in its key markets.

The underlying drivers of demand for traffic management services remain positive, underpinned by a substantial pipeline of infrastructure development and maintenance projects in our core markets.

Based on these factors, the Group is well-positioned and cautiously optimistic about revenue and earnings momentum.

### **Financial position and Impairment**

The net asset position of the Group decreased from \$54.5m as at 30 June 2024 to \$36.6m as at 30 June 2025.

The carrying amount of goodwill and intangible assets with indefinite useful lives is tested annually for impairment. As part of the restructure announced on 28 June 2024, the Directors have reassessed its Cash Generating Unit's ("CGU's") as part of assessing impairment in accordance with AASB 136 *Impairment of Assets*. The Directors have determined it appropriate to define and test a CGU at the State level rather than at the individual business unit level, reducing the number of CGU's being tested from seven to four.

The Directors, in reflecting on the trading performance, gross margins achieved and the infrastructure and maintenance pipeline have assessed the goodwill and intangible assets to be impaired for New Zealand at half-year and NSW at year end. The Directors deemed it appropriate to write off the carrying value of Brands, of \$3.6m in FY24 in light of the restructure, and goodwill and customer intangibles have been further impaired by \$14.8m in FY25.

### **Details of acquisitions**

There were no acquisitions for the Group in the current period.

## AVADA Group Limited

### Corporate Governance

The Group is committed to achieving and demonstrating effective standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) published by the ASX Corporate Governance Council.

A description of the Group's current corporate governance practices is set out in the Group's corporate governance charter, which can be viewed on AVADA's website at [www.avadagroup.com.au/corporate-governance](http://www.avadagroup.com.au/corporate-governance).

The Group's current Corporate Governance Statement released to the ASX is available on the Group's website at [www.avadagroup.com.au](http://www.avadagroup.com.au).

### Indemnity and insurance of officers

In accordance with the constitution of the Company, except as may be prohibited by the *Corporations Act 2001*, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the reporting year and since the end of the reporting year, the Company has paid premiums in respect of a contract insuring Directors and officers of the Group in relation to certain liabilities. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of liabilities insured against, and the amounts of premiums paid are confidential.

### Events after the reporting year

#### *Extension of Commonwealth Bank Facilities*

The Group has renewed its Term Facility and Working Capital Loan out to 29 September 2026.

#### *No other matters or circumstances*

The Directors of the Group are not aware of any other matter or circumstances that have arisen since the end of the financial year 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.

### Future Developments, Prospects and Business Strategies

The current areas of strategic focus continue to be on organic growth opportunities and margin improvement through improved resource utilisation and cost management.

#### *Organisational Restructure*

The organisational restructure announced on 28 June 2024 predominantly implemented the following changes during the first quarter of FY25:

- Optimized deployment of resources across the network of local projects and national clients
- Deliver industry best practice and public company standards for safety, governance and reporting across all operations
- Strengthening of the Group's employee value proposition to recruit, retain and develop traffic controllers and drive improved client service standards
- Reduced complexity and capitalised on economies of scale to drive service innovations and realise efficiencies.

The Group will seek to grow its procurement savings with the consolidation of the trading businesses under a single brand.

## AVADA Group Limited

### *Business Risks*

The Board is entrusted with the identification and management of key risks associated with the business that are vital to creating and delivering long-term shareholder value. The following exposures may affect the Group's ability to achieve the above prospects:

- Contraction in market size;
- Cyclical nature of services;
- Industrial relations issues;
- Reliance upon systems and technology;
- Severe weather patterns;
- Labour shortages and dependences
- Ability to raise capital and funds; and
- Inflationary pressures.

Contraction in market size – a reduction in the amount of capital investment in infrastructure and construction projects within Australia and New Zealand may impact the size of the market requiring traffic management services which may affect the Group's revenue growth opportunities. To mitigate this risk the Group's business development and operations teams work closely with existing and potential clients aiming to maintain a balanced pipeline of work including clients with union and non-unionised workforces.

Cyclical nature of services – traffic control is a service industry where day to day clients are affected by a range of factors which may reduce the requirement for resources. This impacts the Group's revenue opportunities and may lead to inefficiencies in its resource allocation which affect gross profit margins. To mitigate disruptions and timing of the services the Group regularly communicates with its clients to understand their priorities and needs ensuring resources are available for deployment or moved to other opportunities.

Industrial relations – industrial relations disruptions may affect the timing of clients' projects and the opportunity to tender for works. This may impact revenue growth opportunities and client relationships. The Group has a number of mitigation strategies to minimise the impacts, both working with clients to understand their project requirements, ensuring employees meet the industrial instruments pay rules.

Reliance on systems and technology – a cyber event has the potential to disrupt the Group's ability to access its systems and provide efficient service delivery to its customers. The Group mitigates this risk by maintaining and regularly updating its suite of information technology security measures to restrict access to the Group operating systems, including multi-factor authentication, firewalls, phishing software, offsite and cloud hosted solutions. The Group regularly provides cyber awareness training, testing and educating the workforce.

Weather – adverse weather events will affect the timing of client works, either delaying, deferring or cancelling works. The delay or cancellation of works has the potential to transfer works to other providers affecting both revenue and profitability. While works may be halted, the Group uses its relationships with their clients to divert resources to other opportunities to minimise the financial impacts.

Labour shortages – traffic control is a service industry requiring qualified staff to undertake the works. A tight labour market impacts the Group's ability to attract qualified traffic controllers and the ability for the Group to service its client's needs. A lack of service to clients may lead to a loss of work and revenue impacting the profitability of the Group. The Group minimises this risk with an employee reward, recognition and retention program to recognise and reward its people. This program is used to attract and hold talent within the Group.

Ability to raise capital and funds – raising capital is important to the Group future acquisition strategy. The inability to raise funds will slow the Group's growth opportunities. The Group works closely with its financiers, brokers and investors providing confidence in the Group's performance capabilities and keeping all stakeholders updated on performance and future opportunities to grow.

Inflationary pressures – while the Group seeks to pass through cost increases, there are times when it is not possible to do so. Rising input costs impact the Group's profit opportunity with lower margins being achieved. To mitigate the downside, the Group negotiates annual price rise clauses in its client contracts, tied to Fair work and CPI rate increases.

### **Environmental Issues**

The Board has considered the environmental impacts of the Group and determined the Group's environmental risks and regulations. The Board is not aware of any material environmental issues or regulations that affect the operations of the business.

# Preliminary consolidated statement of profit or loss and other comprehensive income (UNAUDITED)

for the full year ended 30 June 2025

	Note	Consolidated Year ended 30/06/2025 \$'000	Consolidated Year ended 30/06/2024 \$'000
Revenue	6	183,095	204,537
Other income/(losses)		(21)	365
Other gains/(losses)	7	538	4,610
Depreciation and amortisation expense		(10,914)	(11,317)
Direct equipment hire and consumables		(23,770)	(22,928)
Direct wages and salaries		(121,444)	(134,089)
Non-direct wages and salaries		(18,864)	(19,813)
Administration expenses	8	(3,232)	(6,493)
Impairment of intangible assets	9	(14,767)	-
Write off of intangible assets	9	-	(3,631)
Other expenses	10	(4,937)	(6,897)
Finance costs	11	(3,440)	(3,831)
Profit/(loss) before income tax		(17,756)	513
Income tax benefit	12	156	998
Profit/(loss) for the year		(17,600)	1,511
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		(220)	(56)
Other comprehensive income for the year, net of tax		(220)	(56)
<b>Total comprehensive profit/(loss) for the year</b>		<b>(17,820)</b>	<b>1,455</b>
<b>Total allocated to owners</b>		<b>(17,820)</b>	<b>1,455</b>
<b>Profit/(loss) per share</b>			
Basic (cents per share)	13	(21)	2
Diluted (cents per share)	13	(21)	2

The preliminary consolidated financial statements (UNAUDITED) should be read in conjunction with the accompanying notes.

## Preliminary consolidated statement of financial position (UNAUDITED) as at 30 June 2025

	Note	Consolidated Year ended 30/06/2025 \$'000	Consolidated Year ended 30/06/2024 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	7,327	8,500
Trade and other receivables	15	29,107	30,498
Current tax assets	16	1,729	-
Other current assets	17	1,813	1,118
<b>Total current assets</b>		<b>39,976</b>	<b>40,116</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	21,792	25,066
Right-of-use assets	19	4,565	5,931
Goodwill	20	28,851	38,643
Other intangible assets	21	12,856	21,577
Other non-current assets	17	135	133
<b>Total non-current assets</b>		<b>68,199</b>	<b>91,350</b>
<b>Total assets</b>		<b>108,175</b>	<b>131,466</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	23,960	17,793
Lease liabilities	24	1,830	1,696
Borrowings	25	4,699	3,835
Current tax liabilities	16	-	1,002
Provisions	26	2,654	4,035
Other financial liabilities	27	206	1,729
<b>Total current liabilities</b>		<b>33,349</b>	<b>30,090</b>
<b>Non-current liabilities</b>			
Lease liabilities	24	3,108	4,697
Borrowings	25	30,565	37,603
Deferred tax liabilities	22	4,180	4,166
Provisions	26	326	299
Other financial liabilities	27	-	143
<b>Total non-current liabilities</b>		<b>38,179</b>	<b>46,908</b>
<b>Total liabilities</b>		<b>71,528</b>	<b>76,998</b>
<b>Net Assets</b>		<b>36,647</b>	<b>54,468</b>
<b>Equity</b>			
Share capital	28	57,714	57,715
Reserves	29	13,603	13,822
Accumulated losses		(34,669)	(17,069)
<b>Total equity</b>		<b>36,647</b>	<b>54,468</b>

The preliminary consolidated financial statements (UNAUDITED) should be read in conjunction with the accompanying notes.

**Preliminary consolidated statement of changes in equity (UNAUDITED)**  
for the full year ended 30 June 2025

	Notes	Share Capital \$'000	Share- based payments reserve \$'000	Acquisition reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated losses \$'000	Total Equity \$'000
<b>Balance as at 1 July 2024</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(53)</b>	<b>(17,069)</b>	<b>54,468</b>
Profit/(loss) for the year		-	-	-	-	(17,600)	(17,600)
Other comprehensive income for the year		-	-	-	(221)	-	(221)
<b>Total comprehensive income for the year</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(274)</b>	<b>(34,669)</b>	<b>(36,647)</b>
Issue of share capital		-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
<b>Balance as at 30 June 2025</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(274)</b>	<b>(34,669)</b>	<b>36,647</b>

The preliminary consolidated financial statements (UNAUDITED) should be read in conjunction with the accompanying notes.

**Preliminary consolidated statement of changes in equity (UNAUDITED) (continued)**  
for the full year ended 30 June 2025

<b>Consolidated</b>	<b>Note</b>	<b>Share capital \$'000</b>	<b>Share-based payments reserve \$'000</b>	<b>Acquisition reserve \$'000</b>	<b>Foreign Currency Translation Reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Balance as at 1 July 2023</b>		51,160	3,700	10,175	3	(18,580)	46,458
Profit/(loss) for the year		-	-	-	-	1,511	1,511
Other comprehensive income for the year		-	-	-	(56)	-	(56)
Total comprehensive income for the year		51,160	3,700	10,175	(56)	1,511	1,455
Issue of share capital	28	7,000	-	-	-	-	7,000
Share issue costs	28	(445)	-	-	-	-	(445)
Total transactions with owners		6,555					6,555
<b>Balance as at 30 June 2024</b>		<b>57,715</b>	<b>3,700</b>	<b>10,175</b>	<b>(53)</b>	<b>(17,069)</b>	<b>54,468</b>

The preliminary consolidated financial statements (UNAUDITED) should be read in conjunction with the accompanying notes.

# Preliminary consolidated statement of cash flows (UNAUDITED)

for the full year ended 30 June 2025

	Note	Consolidated Year ended 30/06/2025 \$'000	Consolidated Year ended 30/06/2024 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		203,468	222,402
Payments to suppliers and employees (including GST)		(187,624)	(211,918)
Interest and other finance costs paid		(2,950)	(3,083)
Interest received		-	84
Income taxes paid		(2,561)	(780)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>10,333</b>	<b>6,705</b>
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,700)	(3,679)
Proceeds from sale of property, plant and equipment		567	547
Payment of contingent consideration		(1,249)	(3,006)
Acquisition of business and subsidiary (net of cash acquired)		-	(7,603)
<b>Net cash outflow from investing activities</b>		<b>(3,382)</b>	<b>(13,741)</b>
Cash flows from financing activities			
Proceeds from borrowings		3,463	7,795
Repayment of borrowings		(6,990)	(7,021)
Proceeds from asset finance borrowings		-	1,592
Repayments of asset finance borrowings		(2,730)	(2,698)
Proceeds from issue of shares (net of transaction costs)	28	-	6,555
Repayment of lease liabilities		(1,755)	(1,360)
<b>Net cash inflow from financing activities</b>		<b>(8,012)</b>	<b>4,863</b>
<b>Net increase in cash and cash equivalents</b>		<b>(1,062)</b>	<b>(2,173)</b>
Cash and cash equivalents at the beginning of the year		8,500	10,834
Effects of foreign exchange rate changes		(111)	(161)
<b>Cash and cash equivalents at the end of the year</b>	14	<b>7,327</b>	<b>8,500</b>

The consolidated preliminary financial statements (UNAUDITED) should be read in conjunction with the accompanying notes.

# Notes to the preliminary consolidated financial statements (UNAUDITED)

## 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 (unaudited) preliminary consolidated financial statements of the Company for the year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as "the Group").

### (a) Statement of compliance

These preliminary (unaudited) consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The (unaudited) preliminary financial statements comprise the preliminary consolidated financial statements of the Group. For the purposes of preparing the (unaudited) preliminary consolidated financial statements, the Company is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the (unaudited) preliminary financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this (unaudited) preliminary financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

### (b) Presentation currency and rounding

These (unaudited) preliminary financial statements are presented in Australian Dollars (\$) which is the Company's functional currency.

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

### (c) Basis of preparation

The (unaudited) preliminary consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss. Cost is generally based on the fair value of the consideration given in exchange for goods and services.

### (d) Going Concern

The Group incurred a net loss after tax of \$17.6m during the year ended 30 June 2025 compared to a net profit after tax of \$1.5m in the comparative period. This was primarily due to:

- an impairment charge of \$9.7m in relation to the New Zealand CGU and
- a \$0.5m 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.
- an impairment charge of \$5.0m in relation to the New South Wales CGU.

The Group generated cash inflows from operating activities of \$10.3m during the year ended 30 June 2025 compared to net cash inflows from operating activities of \$6.7m in the comparative period. The Group received a refund of \$0.2m in income tax for the period whereas it paid tax of \$1.0m in the comparative year.

As at 30 June 2025, the Group had \$7.3m of cash and cash equivalents, total bank borrowings of \$35.3m which includes asset finance loans of \$8.1m. These bank facilities are subject to various banking covenants.

## 1. General information (cont.)

Waivers in relation to the CBA and Kiwibank covenants were obtained for the period ending 28 September 2025.

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:

- the Group has demonstrated a steady approach to managing costs and sustaining profitability
- the Group's ability to manage its capital expenditure program;
- the Group's 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. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these (unaudited) preliminary consolidated financial statements are set out below. The Group's accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### (a) Basis of consolidation

The (unaudited) preliminary consolidated financial statements incorporate the preliminary financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 30 June 2025. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

## 2. Summary of significant accounting policies (cont.)

### (b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* ("AASB 112") and AASB 119 *Employee Benefits* ("AASB 119") respectively; and
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-based Payments* ("AASB 2") at the acquisition date (see below).

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

### (c) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in Note 21. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

## 2. Summary of significant accounting policies (cont.)

### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **(d) Goodwill**

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill and brands are tested annually for impairment, based on estimates made by Directors. The recoverable amount of goodwill and the intangible assets is based on the Value-in-use ("VIU") for the cash-generating units that they have been allocated to. VIU is assessed by the Directors through a discounted cash flow analysis which includes significant estimates and assumptions including growth rates, margins, and discount rates based on the current cost of capital. The above figures therefore reflect the estimate of the recoverable amounts post any impairment recognised during the year. Further information on the impairment testing and the impairment recognised in respect of goodwill and intangible assets can be found in Notes 20 and 21.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **(e) Revenue recognition**

The Group recognises revenue from the following major sources.

##### *Traffic management services*

Traffic management services, principally the provision of labour, vehicle hire, and equipment hire, which are recognised based on the period (typically hours) of service provided and contractually agreed periodic rates. Revenue is recognised on completion of the service with customer payment terms generally 30 days from end of month or per contract terms.

##### *Plans and permits*

Plans and permits revenues are recognised based on the contractually agreed rate per plan.

## 2. Summary of significant accounting policies (cont.)

### (f) Financial instruments

#### *Recognition, measurement and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables which are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Financial assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

### (f) Financial instruments

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

## 2. Summary of significant accounting policies (cont.)

### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the ECL. In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

The ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### *Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss ("FVTPL").

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; and

It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

## 2. Summary of significant accounting policies (cont.)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **(g) Taxation**

The tax position of the Group is in the process of being determined, and the amounts disclosed in these unaudited preliminary financial statements are initial estimates. The income tax expense represents the sum of the tax currently payable and deferred tax.

#### *Tax consolidation*

The Company and its Australian subsidiaries are considered as one Tax Consolidated Group. Consequently, all members of the Tax Consolidated Group will be taxed as a single entity, and the preliminary consolidated financial statements have been prepared on the basis that this has occurred. The head entity within the Tax Consolidated Group will be AVADA Group Limited.

The Group's New Zealand subsidiaries are excluded from the Tax Consolidated Group and treated as an individual tax entity under New Zealand tax jurisdiction.

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

## 2. Summary of significant accounting policies (cont.)

### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the preliminary consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the

temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **(h) Property, plant and equipment**

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

<b>Class of Property, plant and equipment</b>	<b>Method</b>	<b>Useful life</b>
Traffic control equipment	Straight line	3 – 7 years
Motor vehicles	Straight line	8 – 10 years
Office equipment	Straight line	2 – 10 years
Leasehold improvements	Straight line	1 – 15 years

## 2. Summary of significant accounting policies (cont.)

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

As at the date of this report, an independent valuation of the light vehicle fleet is in progress, being conducted by an external third-party specialist.

### (i) Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of

the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

### (i) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

## 2. Summary of significant accounting policies (cont.)

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the preliminary consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* ("AASB 137"). To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the preliminary consolidated statement of financial position.

The Group applies AASB 136 *Impairment of Assets* ("AASB 136") to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

## 2. Summary of significant accounting policies (cont.)

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

### k) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### l) Employee benefits

#### *Short-term employee benefits*

Provision is made for the Group's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salary and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the preliminary statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the preliminary statement of financial position.

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment or approved by the Board as part of a short-term incentive arrangement in the period of service and the amount can be reliably measured.

#### *Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its preliminary statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### (m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

## 2. Summary of significant accounting policies (cont.)

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### (n) Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of AVADA Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential

ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amounts of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

### (p) Foreign currencies

In preparing the preliminary financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 2. Summary of significant accounting policies (cont.)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting preliminary consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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

#### AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027, and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

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 preliminary financial statements.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the preliminary consolidated financial statements.

##### (a) Impairment testing of goodwill and other intangibles

Goodwill and intangible assets with indefinite lives are tested annually for impairment based on assumptions and judgements made by the Group's Directors. The only intangible assets with an indefinite life recognised by the Group are Brands which was fully impaired for the 2024 financial year due to the restructuring of the Group. The useful life of the customer contracts is recognised at acquisition and are amortised with its useful life of between 4 to 10 years.

The recoverable amount of goodwill and customer contracts are determined based on the Value-in-use ("VIU") calculated for the respective cash-generating units ("CGUs") that they have been allocated to. VIU is determined by the Directors through a discounted cash flow analysis which includes significant assumptions and judgements to be made on forecast growth rates, gross margins, and the post-tax discount rate, based on the current cost of capital.

Additionally, the Directors are also required to perform impairment testing on non-current assets with finite useful lives when impairment indicators have been identified.

A judgement has also been made in identifying the smallest level of assets that generate independent cash flows at the operating level. As part of the restructure announced on 28 June 2024, the Directors have assessed a Cash Generating Unit ("CGU") used in impairment testing as a state/segment as this has been determined to be the lowest level at which goodwill is internally monitored. This represents a departure from the prior year with the impact of this departure on impairment testing outcomes detailed in note 20.

##### (b) Accounting for the acquisition of businesses

There were no businesses or entities acquired during the current financial year.

##### (c) Calculation of loss allowances

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

AVADA Group provision for doubtful debt is the estimate of the loss arising on recovery from trade debtors. It is based on the difference between the contractual cash flows due and those that the AVADA Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

#### 4. Critical accounting judgements and key sources of estimation uncertainty (cont.)

##### (d) Restructuring Provision

On 28 June 2024, AVADA Group announced a complete restructure and strategic review of its operations, moving from a House of Brands to a Branded House Strategy operating as AVADA Traffic. As a part of this restructure, in the statement of financial position at 30 June 2024 a restructuring provision of \$1.5m was recognised based on an estimate of expected costs after seeking quotes and estimates from suppliers and consultants for the execution of the restructure plan. During the current financial year restructuring costs of \$0.4m were incurred and it was determined that \$1.0m of provided for costs were not reasonably likely to be incurred and were released. Consequently at 30 June 2025 the restructuring provision reduced to \$0.1m.

#### 5. 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 Victoria geography
- New Zealand Traffic Management – contains entities which operate in the New Zealand geography

The Group offers integrated traffic management services including planning and permits, 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.

## 5. Operating segments (cont.)

The following is an analysis of the Group's revenue and results by reportable operating segment for the full year ended 30 June 2025:

	Year Ended 30/06/2025					
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'000	Unallocated \$'000	Total \$'000
<b>Revenue</b>						
Sales to external customers	105,367	34,886	35,500	7,169	-	182,922
Inter-segment sales / (purchases)	158	2	13	-	-	173
<b>Total Revenue</b>	<b>105,525</b>	<b>34,888</b>	<b>35,513</b>	<b>7,169</b>	<b>-</b>	<b>183,095</b>
Other income	-	(33)	-	-	12	(21)
Other gains/(losses)	78	14	(29)	125	349	538
Wages and Salaries	(73,633)	(26,494)	(25,476)	(5,000)	(9,706)	(140,308)
Direct equipment hire and consumables	(12,403)	(5,594)	(3,620)	(2,077)	(76)	(23,770)
Administration and other expenses	(2,359)	(1,028)	(1,036)	(637)	(3,109)	(8,169)
Write-off of intangible assets	-	(5,023)	-	(9,743)	-	(14,767)
<b>EBITDA</b>	<b>17,208</b>	<b>(3,269)</b>	<b>5,351</b>	<b>(10,163)</b>	<b>(12,529)</b>	<b>(3,401)</b>
Depreciation and amortisation expense	(4,601)	(2,098)	(2,469)	(1,013)	(733)	(10,914)
<b>EBIT</b>	<b>12,607</b>	<b>(5,367)</b>	<b>2,883</b>	<b>(11,176)</b>	<b>(13,261)</b>	<b>(14,315)</b>
Finance costs	(185)	(65)	(58)	(611)	(2,521)	(3,440)
<b>Profit/(loss) before income tax</b>	<b>12,422</b>	<b>(5,432)</b>	<b>2,825</b>	<b>(11,787)</b>	<b>(15,782)</b>	<b>(17,756)</b>
Income tax benefit	-	-	-	116	41	156
<b>Profit/(loss) after tax for the year</b>	<b>12,422</b>	<b>(5,432)</b>	<b>2,835</b>	<b>(11,671)</b>	<b>(15,742)</b>	<b>(17,600)</b>

### Identification of reportable operating segments

	Year ended 30/06/2024					
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'000	Unallocated \$'000	Total \$'000
<b>Revenue</b>						
Sales to external customers	104,195	45,505	42,548	12,289	-	204,537
Inter-segment sales / (purchases)	1,615	-	166	-	(1,781)	-
<b>Total Revenue</b>	<b>105,810</b>	<b>45,505</b>	<b>42,714</b>	<b>12,289</b>	<b>(1,781)</b>	<b>204,537</b>
Other income	168	37	77	-	83	365
Other gains/(losses)	10	(16)	15	4,649	(48)	4,610
Wages and Salaries	(73,085)	(32,768)	(31,086)	(7,898)	(9,065)	(153,902)
Direct equipment hire and consumables	(12,216)	(5,859)	(3,018)	(1,835)	-	(22,928)
Administration and other expenses	(6,199)	(3,219)	(2,425)	(984)	(563)	(13,390)
Write-off of intangible assets	(1,080)	(443)	(1,668)	(440)	-	(3,631)
<b>EBITDA</b>	<b>13,408</b>	<b>3,237</b>	<b>4,609</b>	<b>5,781</b>	<b>(11,374)</b>	<b>15,661</b>
Depreciation and amortisation expense	(4,885)	(1,964)	(2,331)	(1,263)	(874)	(11,317)
<b>EBIT</b>	<b>8,523</b>	<b>1,273</b>	<b>2,278</b>	<b>4,518</b>	<b>(12,248)</b>	<b>4,344</b>
Finance costs	(260)	(82)	(64)	(723)	(2,702)	(3,831)
<b>Profit/(loss) before income tax</b>	<b>8,263</b>	<b>1,191</b>	<b>2,214</b>	<b>3,795</b>	<b>(14,950)</b>	<b>513</b>
Income tax benefit	(2,103)	(331)	(543)	127	3,848	998
<b>Profit/(loss) after tax for the year</b>	<b>6,160</b>	<b>860</b>	<b>1,671</b>	<b>3,922</b>	<b>(11,102)</b>	<b>1,511</b>

## 5. Operating segments (cont.)

The revenue reported above represents revenue generated from disaggregated external customers. The Group does not have any customers which provide more than 15% 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 represents the profit earned 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. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance.

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

Year ended 30/06/2025						
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'000	Unallocated \$'000	Total \$'000
Current assets	22,900	9,313	10,693	1,177	(4,106)	39,976
Non-current assets	36,866	3,097	22,406	3,486	2,344	68,199
<b>Total assets</b>	<b>59,766</b>	<b>12,410</b>	<b>33,099</b>	<b>4,662</b>	<b>(1,762)</b>	<b>108,175</b>
Current liabilities	25,561	5,963	7,387	3,368	(8,930)	33,349
Non-current liabilities	4,406	822	2,366	4,494	26,091	38,179
<b>Total liabilities</b>	<b>29,967</b>	<b>6,785</b>	<b>9,753</b>	<b>7,861</b>	<b>17,161</b>	<b>71,528</b>
<b>Net assets / liabilities</b>	<b>29,799</b>	<b>5,625</b>	<b>23,346</b>	<b>(3,199)</b>	<b>(18,923)</b>	<b>36,647</b>
Year ended 30/06/2024						
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'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. All assets are allocated to reportable segments, other than financial assets (except for trade and other receivables) and tax assets. Goodwill has been allocated to reportable segments as described in Note 20. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

## 6. 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 Operating Segments ("AASB 8"). Refer Note 5.

### Disaggregation of revenue

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>External revenue by location and customer type</b>		
<b>Queensland</b>		
Government (incl. councils)	26,152	62,965
Non-Government	79,373	41,230
	105,525	104,195
<b>New South Wales</b>		
Government (incl. councils)	11,679	15,444
Non-Government	23,209	30,061
	34,888	45,505
<b>Victoria</b>		
Government (incl. councils)	14,288	3,831
Non-Government	21,225	38,717
	35,513	42,548
<b>New Zealand</b>		
Government (incl. councils)	4,003	612
Non-Government	3,166	11,677
	7,169	12,289
	183,095	204,537
	<b>Year ended 30/06/2025 \$'000</b>	<b>Year ended 30/06/2024 \$'000</b>
<b>External revenue by service line</b>		
Traffic management services	180,908	201,464
Plans and permits	2,187	3,073
	183,095	204,537
<b>External revenue by timing of revenue</b>		
Services transferred over time	180,903	201,455
Services transferred at a point in time	2,192	3,082
	183,095	204,537

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

## 7. Other gains/(losses)

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Gain/(loss) on movement in contingent consideration	484	4,602
Gain on disposal of assets	54	8
	538	4,610

## 8. Administration expenses

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Professional fees	2,426	4,211
Acquisition related costs - STA	-	224
Acquisition related costs - abandoned acquisitions	102	975
Rent and other occupancy expenses	568	976
Other administration expenses	136	107
	3,232	6,493

## 9. Impairment of intangible assets

	Note	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Impairment of goodwill	20	9,738	-
Write off other intangibles - brands	21	-	3,631
Impairment of other intangibles	21	5,029	-
		14,767	3,631

The Directors, in reflecting on the trading performance, gross margins achieved and the infrastructure and maintenance pipeline, have assessed the goodwill and intangible assets to be impaired for New Zealand at half-year and NSW at year end 30 June 2025. The Directors deemed it appropriate to write off the carrying value of Brands of \$3.6m at 30 June 2024 due to the restructure from house of brands to a branded house.

## 10. Other expenses

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Other corporate costs	959	2,254
Insurance	525	1,021
Restructure provision	-	1,492
Technology expenses	2,261	1,210
Membership fees	797	557
Travel & accommodation	394	363
	4,937	6,897

Comparative numbers were impacted by the restructuring provision raised in 2024.

## 11. Finance costs

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Bank charges on bank overdrafts and loans	521	749
Interest on bank overdrafts and loans	2,680	2,833
Interest on lease liabilities	239	249
	<u>3,440</u>	<u>3,831</u>

## 12. Income tax benefit

Income tax benefit comprises current and deferred tax. Current and deferred tax is recognised in the Preliminary consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

## 13. Profit/(loss) per share

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Profit/(loss) for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	(17,600)	1,511
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic (loss) per share	84,935,025	82,800,496
Basic earnings per share (cents)	(21)	2
Diluted earnings per share (cents)	(21)	2

## 14. Cash and cash equivalents

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Cash at bank	<u>7,327</u>	<u>8,500</u>
	<u>7,327</u>	<u>8,500</u>

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## 15. Trade and other receivables

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Trade receivables	26,266	29,590
Accrued income	2,817	971
Other receivables	130	43
Less: expected credit loss	(106)	(106)
	29,107	30,498

The average credit period on provision of services is 45 to 52 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed in liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off are subject to enforcement activities. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

### **Allowance for expected credit losses**

The Group has recognised a loss of \$0.1m in relation to expected credit losses for the full year ended 30 June 2025. The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

Year ended 30 June 2025	Expected credit rate loss	Carrying amount \$'000	Allowance for expected credit loss \$'000
Current	0%	3,238	-
30+ days overdue	0%	14,023	-
60+ days overdue	0%	3,745	-
90+ days overdue	0.4%	5,173	106
Total trade receivables		26,179	106

Year ended 30 June 2024	Expected credit rate loss	Carrying amount \$'000	Allowance for expected credit loss \$'000
Current	0%	23,756	-
30+ days overdue	0%	3,678	-
60+ days overdue	0%	697	-
90+ days overdue	0.4%	1,459	106
Total trade receivables		29,590	106

## 16. Current tax assets and liabilities

Current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax assets and liabilities have not been offset as they relate to different taxation authorities.

## 17. Other assets

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>Current</b>		
Prepayments	1,317	1,118
Other Current Assets	496	-
	<u>1,813</u>	<u>1,118</u>
<b>Non-Current</b>		
Investment in joint venture <sup>1</sup>	31	12
Security deposits	104	121
	<u>135</u>	<u>133</u>

<sup>1</sup> The Group owns a 49% interest in a joint venture arrangement called Bilingarra Indigenous Services Pty Ltd. The joint venture is owned by AVADA IS QLD No.1 Pty Ltd, a wholly owned subsidiary of the Group which was created for the purpose of holding an interest in the joint venture. The Group's share of profit in the joint venture for the year is \$105,947. The principal place of business of the joint venture operation is in Australia.

## 18. Property, plant and equipment

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>Traffic control equipment</b>		
Traffic control equipment - at cost	4,183	3,788
Less accumulated depreciation	(2,742)	(1,771)
	<u>1,441</u>	<u>2,017</u>
<b>Motor vehicles</b>		
Motor vehicles - at cost	34,979	33,633
Less accumulated depreciation	(15,014)	(11,092)
	<u>19,965</u>	<u>22,541</u>
<b>Office equipment</b>		
Office equipment - at cost	711	660
Less accumulated depreciation	(423)	(274)
	<u>288</u>	<u>386</u>
<b>Leasehold improvements</b>		
Leasehold improvements - at cost	141	140
Less accumulated depreciation	(43)	(18)
	<u>98</u>	<u>122</u>
<b>Total property, plant and equipment</b>	<u>21,792</u>	<u>25,066</u>

**18. Property, plant and equipment (cont.)**
**Movements in carrying amounts**

		Year ended 30/06/2025				
		\$'000				
	Note	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 from acquisitions of subsidiaries	31	-	-	-	-	-
Additions		379	2,270	49	1	2,700
Disposals		-	(974)	-	-	(974)
Exchange differences		15	50	1	-	66
At 30 June 2025		4,183	34,979	711	141	40,014
<b>Depreciation</b>						
At 1 July 2024		1,771	11,093	274	18	13,155
Charge for the year		965	4,363	148	26	5,503
Disposals		-	461	-	-	461
Exchange differences		(5)	(19)	(1)	-	(25)
At 30 June 2025		2,742	15,014	423	44	18,221
<b>Carrying amount</b>						
At 30 June 2025		1,442	19,965	288	98	21,792
		Year ended 30/06/2024				
		\$'000				
		Traffic control equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
<b>Cost</b>						
At 1 July 2023		3,081	27,640	400	9	31,130
Additions from acquisitions of subsidiaries		270	4,032	45	-	4,347
Additions		455	2,880	213	131	3,679
Disposals		(14)	(906)	-	-	(920)
Exchange differences		(4)	(13)	2	-	(15)
At 30 June 2024		3,788	33,633	660	140	38,221
<b>Depreciation</b>						
At 1 July 2023		925	6,553	131	2	7,611
Charge for the period		859	4,917	143	16	5,935
Disposals		(10)	(374)	-	-	(384)
Exchange differences		(3)	(4)	-	-	(7)
At 30 June 2024		1,771	11,092	274	18	13,155
<b>Carrying amount</b>						
At 30 June 2024		2,017	22,541	386	122	25,066

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## 19. Right-of-use assets

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>Buildings</b>		
Buildings – right-of-use assets	6,813	6,419
Less accumulated depreciation	(2,734)	(1,353)
	4,079	5,066
<b>Motor vehicles</b>		
Motor vehicles - right-of-use assets	1,772	1,811
Less accumulated depreciation	(1,309)	(951)
	463	860
<b>Office equipment</b>		
Property - right-of-use assets	49	10
Less accumulated depreciation	(26)	(5)
	23	5
<b>Total Right-of-use assets</b>	4,565	5,931

### Movements in carrying amounts

Note	Year ended 30/06/2025 \$'000			
	Buildings	Motor Vehicles	Office equipment	Total
At 1 July 2024	5,066	860	5	5,931
Remeasurement of lease term	40	-	-	40
Additions	853	-	34	887
Disposals	(284)	(39)	-	(323)
Depreciation charge	(1597)	(358)	(16)	(1,971)
Exchange differences	1	-	-	1
At 30 June 2025	4,079	463	23	4,565
	<b>Year ended 30/06/2024 \$'000</b>			
	Buildings	Motor Vehicles	Office equipment	Total
At 1 July 2023	3,258	1,234	8	4,500
Remeasurement of lease term	11	-	-	11
Additions	2,947	10	-	2,957
Disposals	(26)	-	-	(26)
Depreciation charge	(1,122)	(384)	(3)	(1,509)
Exchange differences	(2)	-	-	(2)
At 30 June 2024	5,066	860	5	5,931

The Group leases several assets including buildings and motor vehicles. The average lease term is 4 years. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in Note 24.

## 19. Right-of-use assets (cont.)

### Amounts recognised in profit or loss

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Depreciation expense on right-of-use asset	1,750	1,509
Interest expense on lease liabilities	276	249

Total cash outflow for leases amount to \$1.8m (2024: \$1.4m).

## 20. Goodwill

	Note	Year ended 30/06/2025 \$'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		(54)	(26)
Impairment of goodwill	9	(9,738)	-
Balance at end of the year		<u>28,851</u>	<u>38,643</u>

### Impairment of Assets

Goodwill allocated to the Group's CGUs is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs. In the previous reporting period, CGUs were identified as the individual operating entities which were acquired by the Group during the IPO and subsequently, as these operated as independent business units and represented the lowest level at which goodwill was internally monitored. In the prior financial year, the Group conducted an operational review which resulted in the Group operating under a new national operating structure under a single brand. This operational change effective from 28 June 2024 constitutes a reorganisation of the Group's reporting structure which has changed the composition of cash-generating units to which goodwill has been allocated. Consequently, the Group has reallocated goodwill to a state level which now represents the lowest level at which goodwill is now monitored for internal management purposes.

### Allocation of goodwill

Below we have presented the allocation of goodwill to the identified individual operating entities prior to the reorganisation and reallocation in June 2024.

	Year ended 30/06/2024 \$'000
Verifact Traffic (VTC)	13,861
Arid to Oasis Traffic Solutions (A2O)	5,570
D&D Traffic Management (D&D)	3,432
STA Traffic Management No.2 (STA)	2,136
Construct Traffic No.2 (CT)	7,283
Wilsons TM (WTM)	6,361
	<u>38,643</u>

## 20. Goodwill (cont.)

The table below represents how goodwill had been reallocated as at 30 June 2024 to the new CGUs:

Operating Entity	Queensland	New South Wales	Victoria	New Zealand
	\$'000	\$'000	\$'000	\$'000
Verifact Traffic (VTC)	13,861	-	-	-
Arid to Oasis Traffic Solutions (A2O)	5,570	-	-	-
D&D Traffic Management (D&D)	-	3,432	-	-
Construct Traffic No.2 (CT)	-	-	7,283	-
STA Traffic Management No.2 (STA)	-	-	2,136	-
Wilson's (WTM)	-	-	-	6,361
<b>Total allocated to State</b>	<b>19,431</b>	<b>3,432</b>	<b>9,419</b>	<b>6,361</b>

  

	Year ended 30/06/2024 \$'000
Queensland	19,431
New South Wales	3,432
Victoria	9,419
New Zealand	6,361
	<b>38,643</b>

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 year ended 30 June 2025, all of the Group's CGUs were tested for impairment in accordance with AASB 136 *Impairment of Assets*.

### Key assumptions used for VIU 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: 12.7%) 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.

## 20. Goodwill (cont.)

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.

	QLD	NSW	VIC	NZ
Revenue Growth Yr 1	-10.9%	17.3%	4.4% <sup>1</sup>	12.0%

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

<sup>1</sup> STA Traffic Management No.2 Pty Ltd was only operational for 9 months in the 2024 financial year resulting in a relatively larger year 1 growth rate.

## 21. Other intangible assets

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>Customer lists</b>		
Customer lists - at cost	33,473	33,412
Less accumulated amortisation	(12,420)	(9,215)
Less accumulated impairment	(8,197)	(2,620)
	<u>12,856</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>	<u>12,856</u>	<u>21,577</u>

### Movements in carrying amounts

	Year ended 30 June 2025 \$'000		
Note	Customer lists	Brands	Total
At 1 July 2024	21,577	-	21,577
Exchange differences	(32)	-	(32)
Amortisation for the year	(3,660)	-	(3,660)
Impairment loss for the year	(5,029)	-	(5,029)
At 30 June 2025	<u>12,856</u>	<u>-</u>	<u>12,856</u>

## 21. Other intangible assets (cont.)

	Year ended 30 June 2024		
	\$'000		
	Customer lists	Brands	Total
At 1 July 2023	23,471	3,181	26,652
Additions from acquisitions of subsidiaries	1,992	448	2,440
Exchange differences	(17)	2	(15)
Amortisation for the year	(3,869)	-	(3,869)
Impairment loss for the year	-	(3,631)	(3,631)
At 30 June 2024	<u>21,577</u>	<u>-</u>	<u>21,577</u>

The customer lists are amortised over their useful lives which has been determined to be 4 - 10 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 indefinite life and are not amortised.

## 22. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Included in the net deferred tax liability total, is a net deferred liability balance of \$1.0m relating to the Group's New Zealand operations which cannot be offset against deferred tax assets and liabilities of the Group's Australian operations.

## 23. Trade and other payables

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Trade payables	3,770	3,937
Accrued expenses	4,832	4,402
GST payable	4,006	3,354
Employee related payables	2,360	3,102
PAYG payable	8,028	2,221
Other payables	964	777
	<u>23,960</u>	<u>17,793</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The typical credit period taken for trade purchases is between 7 – 30 days. For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 24. Lease liabilities

### Maturity analysis

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Year 1	2,055	1,978
Year 2	1,621	1,985
Year 3	880	1,460
Year 4	334	870
Year 5	195	342
Onwards	385	613
	5,470	7,248
<b>Undiscounted lease liabilities analysed as:</b>		
Current	2,055	1,978
Non-current	3,415	5,270
	5,470	7,248
<b>Discounted lease liabilities analysed as:</b>		
Current	1,830	1,696
Non-current	3,108	4,697
	4,938	6,393

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

## 25. Borrowings

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b><u>Current</u></b>		
<b><i>Secured</i></b>		
Bank loans	2,013	1,290
Equipment finance	2,686	2,545
	4,699	3,835
<b><u>Non-Current</u></b>		
<b><i>Secured</i></b>		
Bank loans (term facility / working capital loan)	25,107	29,313
Equipment finance	5,457	8,290
	30,565	37,603
Total borrowings	35,264	41,438

### Description of the Banking facilities

The Group has its banking facilities with Commonwealth Bank in Australia and Kiwibank in New Zealand. These facilities include the provision of term facilities, asset finance facilities, and a working capital facility. The Group's financing arrangements in place as at 30 June 2025 are set out below.

## 25. Borrowings (cont.)

Year ended 30 June 2025

Facility	Currency	Facility Limit \$'000	Drawn Amount Current \$'000	Drawn Amount Non-current \$'000	Maturity date
<b><u>Commonwealth Bank of Australia</u></b>					
Term Facility <sup>2</sup>	AUD	9,500	-	9,500	22 August 2026
Working Capital Loan <sup>2</sup>	AUD	17,500	-	14,088	22 August 2026 23 August 2027
Asset Finance Facility <sup>3</sup>	AUD	5,000	984	1,227	23 August 2027
Asset Finance Facility <sup>3</sup>	AUD	6,416	1,185	2,702	Variable <sup>4</sup>
Overdraft Facility <sup>3</sup>	AUD	2,500	-	-	
Bank Guarantees <sup>3</sup>	AUD	521	-	521	Variable <sup>5</sup>
Corporate Credit Cards <sup>3</sup>	AUD	250	42	-	
<b><u>Kiwibank (New Zealand)</u></b>					
Term Facility <sup>6</sup>	NZD	4,000	861	1,636	5 May 2028
Asset Finance Facility <sup>6</sup>	NZD	3,400	557	1,645	5 May 2028
Overdraft Facility <sup>6</sup>	NZD	1,000	639	-	5 May 2028
Corporate Credit Cards <sup>6</sup>	NZD	50	-	-	5 May 2028

<sup>2</sup> Current maturity date is 22 August 2026.

<sup>3</sup> Current maturity date is 22 August 2026.

<sup>4</sup> The drawn amounts are comprised of asset financing arrangements with maturity dates to 27 June 2029.

<sup>5</sup> The drawn amounts 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>6</sup> The undrawn portion of the facility is available until the loan maturity date.

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## 25. Borrowings (cont.)

Year ended 30 June 2024

Facility	Currency	Facility Limit \$'000	Drawn Amount Current \$'000	Drawn Amount Non-current \$'000	Maturity date
<b><u>Commonwealth Bank of Australia</u></b>					
Term Facility <sup>2</sup>	AUD	9,500	-	9,500	25 August 2025
Working Capital Loan <sup>2</sup>	AUD	17,500	-	17,500	25 August 2025
Asset Finance Facility <sup>3</sup>	AUD	5,000	1,107	3,916	Variable <sup>4</sup>
Asset Finance Facility <sup>3</sup>	AUD	3,257	961	2,296	23 August 2027
Overdraft Facility <sup>3</sup>	AUD	2,500	-	-	
Bank Guarantees <sup>3</sup>	AUD	546	-	546	Variable <sup>5</sup>
Corporate Credit Cards <sup>3</sup>	AUD	250	67	-	
<b><u>Kiwibank (New Zealand)</u></b>					
Term Facility <sup>6</sup>	NZD	4,000	746	2,527	5 May 2028
Asset Finance Facility <sup>6</sup>	NZD	3,400	521	2,270	5 May 2028
Overdraft Facility <sup>6</sup>	NZD	1,000	-	-	5 May 2028
Corporate Credit Cards <sup>6</sup>	NZD	50	25	-	5 May 2028

<sup>2</sup> The term facility and working capital loan have a three-year term.

<sup>3</sup> The undrawn portion of the facility is annually reviewed and renewed in July each year.

<sup>4</sup> The drawn amounts are comprised of asset financing arrangements with maturity dates to 28 April 2028.

<sup>5</sup> The drawn amounts 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>6</sup> The undrawn portion of the facility is available until the loan maturity date.

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.

## 25. Borrowings (cont.)

### Bank covenants

The Group was compliant with its loan covenants at 30 June 2025.

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 2.25 times.

### Kiwibank (New Zealand)

- The term facility can be used for financing of acquisitions and earn-out 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 30 June 2025. Security is provided over each asset acquired under the facility.

### Bank covenants

The Group passed the covenants requirements for Kiwibank as at 30 June 2025. The following criteria were used in assessing the covenants requirements:

The loan covenants are assessed quarterly on a rolling 12-month basis and are:

- Funding cost cover ratio – not less than 2.5 times
- Debt cover ratio – Waived for the period 1 July 2024 to 31 December 2024 and not less than 1.0 times from 1 January 2025 up to 30 June 2025 and thereafter not less than 1.5 times; and
- Equity ratio – not less than 30% (tested annually on the 30 June 2024)

## 26. Provisions

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b><u>Current</u></b>		
Annual leave	2,298	2,425
Long service leave	100	86
Make good provision	161	32
Restructuring provision	95	1,492
	2,654	4,035
<b><u>Non-Current</u></b>		
Long service leave	326	299
	326	299
Total provisions	2,980	4,334

## 26. Provisions (cont.)

### Movements in provisions

	Year ended 30/06/2025		
	\$'000		
	Employee benefits	Other	Total
At 1 July 2024	2,810	1,524	4,334
Additions from acquisitions of subsidiaries	-	-	-
Charges to profit or loss	2,663	(1,268)	1,395
Amounts used during the period	(2,749)	-	(2,749)
At 30 June 2025	<u>2,724</u>	<u>256</u>	<u>2,980</u>

  

	Year ended 30/06/2024		
	\$'000		
	Employee benefits	Other	Total
At 1 July 2023	3,099	32	3,131
Additions from acquisitions of subsidiaries	120	-	120
Charges to profit or loss	2,700	1,492	4,192
Amounts used during the period	(3,109)	-	(3,109)
At 30 June 2024	<u>2,810</u>	<u>1,524</u>	<u>4,334</u>

In recognition of the restructure announced on 28 June 2024 a provision of \$1.5m was provided for the cost to implement the restructure.

## 27. Other financial liabilities

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b><u>Current</u></b>		
Fixed retention – Wilsons (WTM)	-	1,178
Contingent consideration – STA Traffic Management No.2	206	551
	<u>206</u>	<u>1,729</u>
<b><u>Non-Current</u></b>		
Contingent consideration – Wilsons (WTM)	-	143
	-	143
Total other financial liabilities	<u>206</u>	<u>1,872</u>

## 28. Issues of equity securities

	Year ended 30/06/2025	
	No. of shares	\$'000
<b>Ordinary shares</b>		
Balance at beginning of the year	84,935,025	57,715
Shares issues	-	-
Transaction costs arising on share issues	-	-
Balance at the end of the year	84,935,025	57,715
<b>Year ended 30/06/2024</b>		
	No. of shares	\$'000
<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)
Balance at the end of the year	84,935,025	57,715

### 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.

## 29. Reserves

	Year ended	Year ended
	30/06/2025	30/06/2024
	\$'000	\$'000
Share-based payments reserve	3,700	3,700
Acquisition reserve	10,175	10,175
Foreign currency translation reserve	(271)	(53)
	13,603	13,822

## 29. Reserves (cont.)

### Movement in each class of reserve

	Year ended 30/06/2025		
	\$'000		
	Share based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve
At 1 July 2024	3,700	10,175	(51)
Exchange differences on translation of foreign operations	-	-	(220)
At 30 June 2025	3,700	10,175	(271)

  

	Year ended 30/06/2024		
	\$'000		
	Share based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve
At 1 July 2023	3,700	10,175	3
Exchange differences on translation of foreign operations	-	-	(54)
At 30 June 2024	3,700	10,175	(51)

### Details of reserves

#### *Share-based payment reserve*

The share-based payment reserve arose as a result of shares issued to Directors, managers and advisors for their services in the IPO listing in lieu of cash payment.

As the given value of the services could not be reliably measured, the fair value of the equity issued at valuation date, was used to value the share-based payment, after applying management's assessment of the probability of the outcome of the IPO.

#### *Acquisition reserve*

The acquisition reserve arose as a result of the acquisition of subsidiaries during the prior period and comprises the difference between the consideration the vendors paid for 563 shares (prior to the share split) in the Company prior to IPO and the fair value of the shares at the date of listing of the Company.

#### *Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## 30. Dividends

### Details of dividends

No final or interim fully franked or unfranked dividend was paid during the year ended 30 June 2025 (2024: NIL).

### Proposed dividends

There are no dividends proposed to be paid as at the date of this report.

### 30. Dividends (cont.)

#### Franking credits

The franking account balance available to the shareholders of the Company at year-end is \$8,720,348. (2024: \$8,720,348).

### 31. Notes to the statement of cash flows

#### Reconciliation of profit/(loss) for the year to net cash flows from operating activities

Note	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<b>Profit/(loss) for the year</b>	(17,600)	1,511
<b>Adjustments for:</b>		
Depreciation and amortisation	10,914	11,317
Movement in expected credit loss	-	98
Movement in foreign exchange	-	33
(Gains)/loss on sale of fixed assets	(54)	(8)
(Gains)/loss on remeasurement of contingent liability	(484)	(4,602)
Impairment of goodwill and other intangibles	9 14,767	3,631
<b>Movements in working capital:</b>		
(Increase)/decrease in Trade and other receivables	1,390	(3,882)
(Increase)/decrease in Other assets	(678)	(188)
(Increase)/decrease in Deferred tax liabilities	14	(3,085)
Increase/(decrease) in Trade and other payables	4,881	(511)
Increase/(decrease) in Current tax payable	(2,730)	1,308
Increase/(decrease) in Other liabilities	(87)	1,083
<b>Net cash generated from / (used in) operating activities</b>	<b>10,333</b>	<b>6,705</b>

#### Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

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### 31. Notes to the statement of cash flows (cont.)

Non-cash changes						
	1 July 2024 \$'000	Financing & Investing cash flows <sup>1</sup> \$'000	Acquisition of subsidiaries \$'000	New lease commitments \$'000	Remeasurements \$'000	30 June 2025 \$'000
Bank loan	30,603	(4,167)	-	-	44	26,480
Chattel mortgage	10,835	(2,730)	-	-	38	8,143
Lease liabilities	6,393	(1,755)	-	579	(279)	4,938
Contingent consideration <sup>2</sup>	1,985	(1,249)	-	-	(530)	206
<b>Total liabilities from financing activities</b>	<b>49,816</b>	<b>(9,901)</b>	<b>-</b>	<b>579</b>	<b>(727)</b>	<b>39,767</b>

<sup>1</sup> The cash flows from bank loans, loans from related parties and other borrowings make up the net amount proceeds from borrowings and repayments of borrowings in the cash flow statement and repayment for contingent consideration.

<sup>2</sup> Refer to note 27 for further details.

Non-cash changes						
	1 July 2023 \$'000	Financing & Investing cash flows <sup>1</sup> \$'000	Acquisition of subsidiaries \$'000	New lease commitments \$'000	Remeasurements \$'000	30 June 2024 \$'000
Bank loan	29,871	774	-	-	(42)	30,603
Chattel mortgage	11,980	(1,106)	-	-	(39)	10,835
Lease liabilities	4,810	(1,360)	-	2,957	(14)	6,393
Contingent consideration <sup>2</sup>	9,012	(3,006)	1,438	-	(5,459)	1,985
<b>Total liabilities from financing activities</b>	<b>55,673</b>	<b>(4,698)</b>	<b>1,438</b>	<b>2,957</b>	<b>(5,554)</b>	<b>49,816</b>

<sup>1</sup> The cash flows from bank loans, loans from related parties and other borrowings make up the net amount proceeds from borrowings and repayments of borrowings in the cash flow statement and repayment for contingent consideration.

<sup>2</sup> Refer to note 27 for further details.

### 32. Key management personnel

	Year ended 30/06/2025 \$	Year ended 30/06/2024 \$
Short-term employee benefits	1,607,304	1,332,927
Post-employment benefits	109,671	120,600
Long-term benefits	5,566	1,034
Termination Pay	123,387	257,992
	<u>1,845,928</u>	<u>1,712,553</u>

The term 'key management personnel' (KMP) refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

## 32. Key management personnel (cont.)

### *Short-term employee benefits*

These amounts include salaries, fees, cash bonuses and fringe benefits paid to Key Management Personnel including executive and non-executive Directors.

### *Post-employment benefits*

These amounts include the cost of superannuation contributions made during the year.

### *Long-term benefits*

These amounts represent long service leave and long-term annual leave benefits accruing during the year.

## 33. Related party balances or transactions

The Company'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. For details of disclosures relating to Key Management Personnel, refer to Note 32.

### *Other related parties*

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

### *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. Refer to Note 17 for details of the joint venture.

### **Trading transactions**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, Group entities entered into the following transactions with related parties who are not members of the Group:

### 33. Related party balances or transactions (cont.)

#### Year ended 30/06/2025

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 Petersen <sup>1</sup>	Advisory Services	Director	\$145,317	-

1. Includes amounts paid to GPL (Aust) Pty Ltd

#### Year ended 30/06/2024

Related party	Purpose	Relationship	Transactions with related parties	Amounts owed to related parties
Midmarlar c/o Bromley Real Estate	Rent	Controlled by a Director	\$220,646	-

### 34. Remuneration of auditors

	Year ended 30/06/2025 \$	Year ended 30/06/2024 \$
<b>Deloitte</b>		
Audit or review of financial reports	-	563,089
<b>Total Deloitte audit services</b>	-	563,089
<b>BDO</b>		
Audit or review of financial reports	280,283	208,116
<b>Total BDO audit services</b>	280,283	208,116
<b>Total audit services</b>	<b>280,283</b>	<b>771,205</b>
<b>Deloitte</b>		
Financial and tax due diligence	-	151,422
<b>Total Deloitte non-audit services</b>	-	151,422
<b>Total amount payable to BDO</b>	<b>280,283</b>	<b>208,116</b>
<b>Total amount payable to Deloitte</b>	<b>-</b>	<b>714,511</b>

### 35. Events Occurring after the reporting date

#### *Extension of Commonwealth Bank Facilities*

The Company has renewed its Term Facility and Working Capital Loan to 29 September 2026.

#### **No other matters or circumstances**

The Directors of the Company are not aware of any other matter 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.