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ASX Announcement

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AVADA Group Limited FY26 RESULTS

AVADA Group Limited (ASX: **AVD**) has reported an improving operating performance driven by strong revenue growth in its two largest markets, Queensland and New South Wales, and the initial benefits of its ongoing business transformation.

Overview

- Group revenue increased 14.6% to $209.8m for FY26 (FY25: $183.1m) reflecting strong growth in New South Wales and Queensland with new customers and new locations.
- Operating costs ahead of expectations but position the Group for profitable growth: mobilisation costs to support projects in new customer locations, one-off costs for business transformation initiatives, and H2 fuel cost escalation.
- Statutory loss after tax of $15.2m included a $15.0m non-cash impairment to intangible assets in the Victorian business (FY25: net loss after tax $15.6m).
- Adjusted EBITDA(1) of $13.1m (FY25: $12.8m).
- Successful refinancing and expansion of banking facilities with CBA.
- Transformation initiatives have substantially improved operational disciplines and financial resilience.

Strong performances in key markets

Queensland delivered a strong operational performance during FY26, with revenue increasing by 6.4% to $112.3m (FY25: $105.5m). The region continues to benefit from a strong forward project pipeline including major infrastructure investment such as the auxiliary works in preparation for the Brisbane 2032 Olympic and Paralympic Games in addition to the commencement of the major road infrastructure improvement programs.

New South Wales reported revenue of $65.1m, driven by contract wins with new customers and in new regional areas, representing 86.7% year-on-year growth (FY25: $34.9m). The region returned to profit for the year, reporting EBITDA (1) of $7.1m (FY25: -$3.3m) even whilst incurring mobilisation costs to support newly awarded regional contracts.

Operating conditions in Victoria remained challenging with a mandate requiring unionised labour on major government infrastructure contracts. The business has responded by focussing on growth in new regions and re-allocating resources to other parts of the Group where project utilisation and returns are greater.

The carrying value of the Victorian operations was impaired by $15.0 million to account for the impacts of continuing market challenges on business performance. A range of operational, commercial and leadership initiatives are being implemented to improve performance and position the business for recovery.

Continuing weakness in the New Zealand economic outlook reduced the amount of government project work and impacted business performance. A new management team was put in place during the year to drive initiatives to strengthen operations and position the business to benefit as market conditions improve.

The Board continues to monitor the performance of the New Zealand business and supports the current operations and improvement plans as the best economic option for shareholders.

(1) **Adjusted EBITDA / EBITDA**: *Adjusted EBITDA and EBITDA are non-IFRS measures used by management to assess underlying operating performance. EBITDA is generally defined as 'Earnings less interest, taxes, depreciation and amortisation'. Adjusted EBITDA may then exclude one-off, non-recurring and certain non-cash items from EBITDA to provide a clearer view of core trading activity. As with all non-IFRS measures, Adjusted EBITDA and EBITDA should be considered supplementary to statutory results. These measures have not been subject to audit or review. A reconciliation of statutory net loss after tax to EBITDA and Adjusted EBITDA can be found in Appendix 1*

While operating cost increases for the Group during the year were greater than revenue growth, they largely position the Group for profitable growth. Expansion into new regional areas in New South Wales led to increased mobilisation costs. The Group also incurred a range of one-off costs to strengthen the business, mostly in business transformation, leadership and capability uplift, and operational improvements. The business absorbed most of the fuel cost escalation resulting from the Middle East conflict.

Business transformation strengthening operational disciplines and financial resilience

Significant progress in the Group's business transformation has created a solid operating platform and delivered initial efficiency improvements during the year.

Operational efficiency remains a key focus for leadership. Fleet utilisation improvements were delivered in the first half, and margin improvement and resource optimisation programs were implemented across the business in the second half.

Leadership capability has been further strengthened with the recruitment of a new Executive General Manager of Strategic Execution and Operations and Commercial Manager, both in October 2025.

Business development capability was reinforced during the year with Daniel Crowley's transition to the role of Executive Director and Founder, utilising his extensive industry knowledge and client relationships. Dedicated business development resources were also added in Queensland and Victoria to improve pipeline visibility and opportunities.

The Group completed the refinancing and expansion of its banking facilities with CBA in April 2026, providing greater financial flexibility on improved commercial terms.

Outlook

The outlook for the traffic management industry continues to be broadly positive with ongoing investment in infrastructure development supporting growing demand for the Group's services.

AVADA continues to uphold industry best practice standards for safety, governance and public accountability which is a distinct competitive advantage for government and private sector contracts.

During FY26, the Group progressed strategic initiatives focused on operational and systems improvements, enhanced leadership capability, commercial optimisation and future growth opportunities. As a result of these initiatives, AVADA is a commercially stronger, more resilient and better positioned business.

The Group's focus in the current financial year is to continue to improve operational and commercial disciplines across the business, to ensure that our operating model is resilient to market challenges and that we can leverage our leading market position to achieve profitable growth.

The Board remains confident that the Group has strengthened the foundations to deliver sustainable growth and long-term shareholder value.

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

About AVADA Group Limited

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

Visit us at avadagroup.com.au

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Appendix 1 Reconciliation of statutory net loss after tax to Adjusted EBITDA

$'000s	FY26 Statutory	Non-reoccuring/ Non-operating items	Contingent Consideration	Impairment of Intangibles	FY26 Adjusted (1)
Traffic Management Revenue	209,757	-	-	-	209,757
Other income	853	(26)	-	-	827
Other gains	219	(13)	(206)	-	-
Total Revenue	**210,829**	(39)	(206)	-	**210,584**
Cost of Sales	(171,372)	-	-	-	(171,372)
Gross Profit	**39,457**	(39)	(206)	-	**39,212**
Employee benefit expenses	(17,293)	1,279	-	-	(16,014)
General and admin expenses	(3,221)	1,830	-	-	(1,391)
Other expenses	(8,882)	203	-	-	(8,679)
Impairment of intangibles	(15,005)	-	-	15,005	-
Operating expenses	**(44,401)**	**3,312**	**-**	**15,005**	**(26,084)**
EBITDA (1)	(4,944)	3,273	(206)	15,005	13,128
Depreciation and amortisation	(6,323)	-	-	-	(6,323)
EBIT (1)	(11,267)	3,273	(206)	15,005	6,805
Net finance income / (expense)	(4,690)	588	-	-	(4,102)
Profit before tax	**(15,957)**	**3,861**	**(206)**	**15,005**	**2,703**
Income benefit / (expense)	775	-	-	-	775
Net Profit after tax	**(15,182)**	**3,861**	**(206)**	**15,005**	**3,478**
Exchange differences on translation of foreign operations	226	-	-	-	226
Add back: amortisation (net of tax)	N/A	N/A	N/A	N/A	1,737
NPATA (1)	**(14,956)**				**5,441**

$'000s	FY25 Statutory	Non-reoccuring/ Non-operating items	Contingent Consideration	Impairment of Intangibles	FY25 Adjusted (1)
Traffic Management Revenue	183,095	-	-	-	183,095
Other Revenue	538	-	(484)	-	54
Total Revenue	**183,633**	-	(484)	-	**183,149**
Cost of Sales	(145,214)	-	-	-	(145,214)
Gross Profit	**38,419**	-	(484)	-	**37,935**
Employee benefit expenses	(18,864)	622	-	-	(18,242)
General and admin expenses	(3,232)	956	-	-	(2,276)
Other expenses	(4,958)	376	-	-	(4,582)
Impairment of intangibles	(14,767)	-	-	14,767	-
Operating expenses	**(41,821)**	**1,954**	-	**14,767**	**(25,100)**
EBITDA (1)	(3,402)	1,954	(484)	14,767	12,835
Depreciation and amortisation	(10,914)	-	-	-	(10,914)
EBIT (1)	(14,316)	1,954	(484)	14,767	1,921
Net finance income / (expense)	(3,440)	-	-	-	(3,440)
Profit before tax	**(17,756)**	**1,954**	**(484)**	**14,767**	**(1,519)**
Income benefit / (expense)	2,194	-	-	-	2,194
Net Profit after tax	**(15,562)**	**1,954**	**(484)**	**14,767**	**675**
Exchange differences on translation of foreign operations	(220)	-	-	-	(220)
Add back: amortisation (net of tax)	N/A	N/A	N/A	N/A	2,562
NPATA (1)	**(15,782)**				**3,017**

(1) **EBITDA / EBIT / NPATA / Adjusted EBITDA**: *All of these terms are non-IFRS measures used by management to assess underlying operating performance. EBITDA is generally defined as 'Earnings less interest, taxes, depreciation and amortisation'. Adjusted EBITDA may then exclude one-off, non-recurring and certain non-cash items from EBITDA to provide a clearer view of core trading activity. EBIT is generally defined as 'Earnings less interest and taxes'. NPATA is generally defined as 'net profit after tax and amortisation'. As with all non-IFRS measures, these measures should be considered supplementary to statutory results. These measures have not been subject to audit or review*