



AVADA

ANNUAL REPORT
2025

**All lanes
covered safely**



CONTENTS

Financial Performance	2	Independent Auditor's Report	33
Chairman's Letter	3	Directors' Declaration	37
What We Do	4	Financial Statements	38
CEO's Report	6	Consolidated Entity Disclosure Statement	100
Sustainability	10	Shareholder Information	102
Directors' Report	12	Corporate Directory	104
Auditor's Independence Declaration	32		

Our Vision

To become Australia and New Zealand's leading provider of traffic management and ancillary services.

AVADA Group Limited is Australia's largest listed integrated traffic management provider, with established operations throughout Queensland, New South Wales, Victoria and New Zealand servicing major public and private sector clients.

With an extensive network of more than 22 depots, 1,028 vehicles and 1,652 active traffic controllers the Group is well positioned in the integrated traffic management and associated civil sectors.

**At the heart of every
project is safety.**

**We bring trusted
traffic safety to the
biggest infrastructure
projects and events.**

FINANCIAL PERFORMANCE

TOTAL REVENUE

\$183.1m

FY24 \$204.5m

Challenging trading conditions impacted revenue.

ADJUSTED EBITDA (excluding impairments)

\$12.8m

FY24 \$18.8m

Completed consolidation into single operating structure, re-branding and ERP implementation.

Completed Phase 1 of business transformation with Phase 2 ongoing.

NET LOSS AFTER TAX

\$15.6m

FY24 net profit after tax \$1.5m

Impairments of \$9.7m on New Zealand and \$5.0m on New South Wales operations.

BORROWINGS REPAID IN FY25

\$6.2m

Borrowings closing balance \$35.3m



CHAIRMAN'S LETTER



Lance Hockridge
CHAIRMAN

Dear Shareholders

I am pleased to present AVADA Group's annual report for the year to 30 June 2025.

The 2025 financial year was a period of consolidation for AVADA as we progressed with the transformation of the business and the business responded to challenging trading conditions in all of our markets.

Revenue for the year was \$183.1 million, a 10.5% decline from \$204.5 million in 2023/24. The Group reported adjusted EBITDA of \$12.8 million compared to \$18.8 million for the previous financial year. The outcome directly correlates to market challenges including severe weather events in Queensland and New South Wales during the March quarter of 2025 and delays to government infrastructure projects. The carrying values of our New South Wales and New Zealand operations were written down by \$14.8 million to account for this financial performance, resulting in a Group statutory net loss after tax of \$15.6 million.

The Group undertook a strategic review of the New Zealand operations during the year which resulted in the impairment to the valuation of that business in the first half of the financial year. The Directors considered all options for the future of the business, including sale and closure, and continue to support the current operations and improvement plans to restore its profitability.

AVADA announced the outcomes from a comprehensive operational review in late June 2024 and commenced a transition to a national operating structure. The consolidation and re-branding of eleven

Australian businesses into a single operating platform under the AVADA Traffic brand was completed during the year. Additionally, the business has moved to a single ERP platform. These changes have created a robust competitive foundation with 1,652 active traffic controllers, 1,028 vehicles and 22 depots across Queensland, New South Wales, Victoria and the South Island of New Zealand.

The Group also completed the first phase of a business transformation during the year, to streamline processes, reduce costs and enhance consistent client service levels. The transformation reduced operating costs during 2024/25 and has identified further efficiencies that are being implemented in the current year.

These improvements to our operating performance have been assisted with changes to our senior leadership team. Donald Montgomery joined AVADA as CEO in April 2025 and Ben-Louis Ludik commenced as CFO in May 2025. Dan Crowley remains as Managing Director, strengthening business development with a dedicated team and enhanced processes to build client relationships and grow revenue.

The Board underwent some changes during the year, with the resignations of Jo Willoughby and Lindsay Barber as Non-Executive Directors in May 2025. We are grateful for their important contributions to the Group's strategy and governance. The Group does not intend to recruit additional directors as the current Board size and composition is appropriate to the scale and market capitalisation of the business.

The traffic management industry continues to face risks including project delays, pricing pressures, weather disruptions to operations and trade union activity. The transformation of the Group's operations will enhance our ability to effectively respond to these challenges.

AVADA is increasingly seen by clients and prospects as an industry leader in a highly fragmented market based on our substantial operating footprint and demonstrated commitment to best practices in safety, client service and governance. The continued transformation of business performance will capture the benefits of this operating structure for our people, clients and shareholders.

The outlook for traffic management services remains positive with substantial planned investments in infrastructure development and maintenance projects in our major markets. Based on these factors, the Group is well-positioned and cautiously optimistic about revenue and earnings momentum.

I would like to thank AVADA's people and our Board and leadership team for their efforts and commitment during a challenging year for the business.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Lance Hockridge'. The signature is fluid and cursive, written over a light background.

Lance Hockridge
Chairman
AVADA Group Limited

WHAT WE DO

AVADA offers integrated traffic management services including planning and permits, traffic control, equipment hire, event management and incident response.

Traffic management is a legislative requirement and essential to all civil infrastructure projects and maintenance work schedules, resulting in consistent workflow from both new project investment and recurring maintenance requirements.



Traffic management plans and permit services



Traffic control equipment for hire



Onsite traffic control



Incident response



1,652

Active traffic controllers



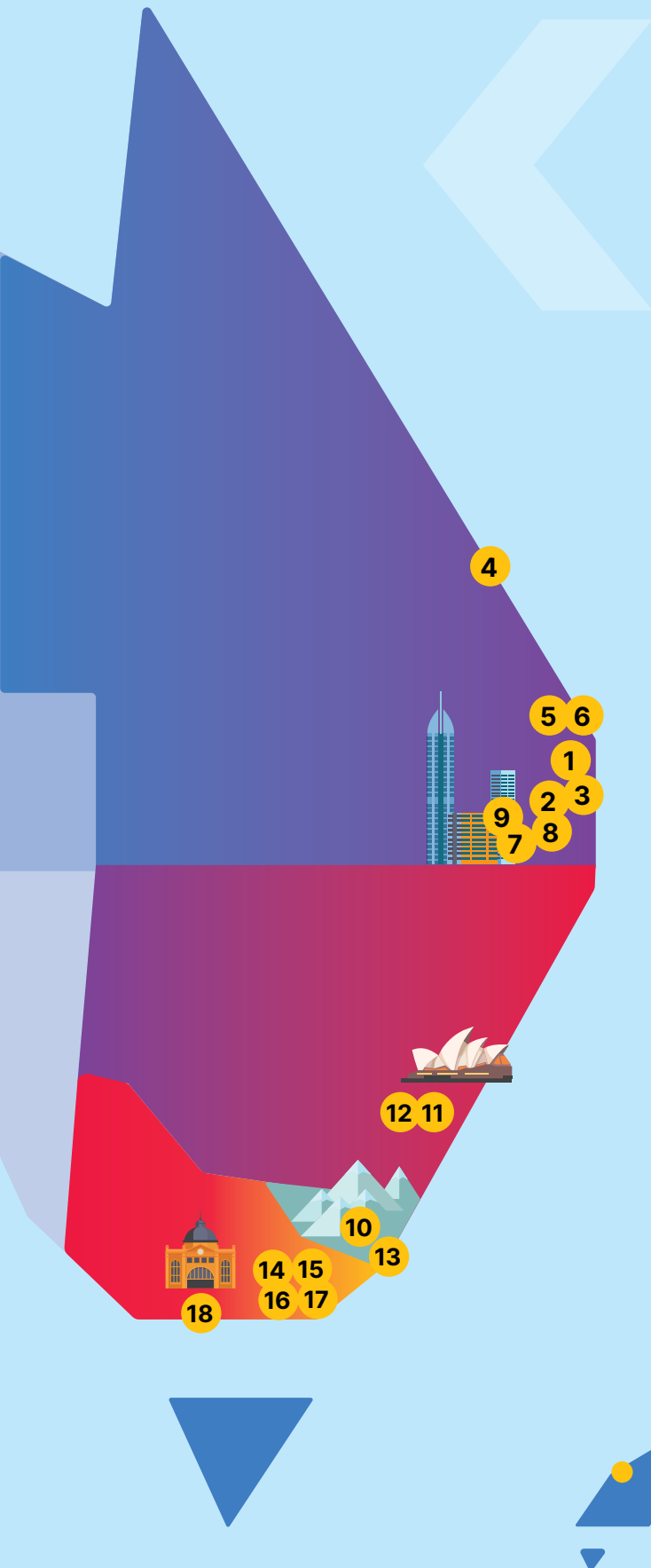
1,028

Vehicles



22

Depots



KEY PROJECTS

QUEENSLAND

- 01**
Banyo Station
Laing O'Rourke
- 02**
Centenary Bridge Project
BMD Group/Georgiou JV
- 03**
Brisbane Athletes Village
BMD Group
- 04**
Rockhampton Ring Road
BMD Bielby JV
- 05**
Memorial Drive Upgrade
Roadtek
- 06**
Eumundi Kenilworth
Road Upgrade
Sunshine Coast Council
- 07**
Cunningham Hwy Upgrade
Civil Mining and
Construction Pty Ltd
- 08**
Logan Train Station
Relocation Project
Martinus Degnan JV
- 09**
New England Hwy
Rehabilitation Project
Queensland Bridge & Civil

NEW SOUTH WALES

- 10**
Snowy Hydro Project
Snowy Hydro Ltd
- 11**
M7/M12 Integration Project
John Holland
- 12**
Moorebank Avenue
Realignment
BMD Group
- 13**
Wallaga Lake
Restoration Project
TfNSW

VICTORIA

- 14**
West Gate Tunnel Project
CPB/John Holland JV
- 15**
Bridge-In Project
Laing O'Rourke
- 16**
Rail Level Crossing
Removal Project
Acciona
- 17**
VRMC Network support
Service Stream
- 18**
Surf Coast
Highway Upgrade
Built Group

AVADA Group has a large and established footprint in Queensland, New South Wales, Victoria and New Zealand delivering services to major public and private sector clients.

3 depots

CEO'S REPORT



Donald Montgomery
CHIEF EXECUTIVE OFFICER

Dear Shareholders

2024/25 has been a year of focusing internally on consolidating and strengthening our operations, and externally on reinforcing our competitive position as an industry leader.

Financial performance was behind 2023/24 as we managed the impacts of external events and competitive pressures on our operations.

Safety is a critical priority for the Group and we reported a 41% reduction in the key safety performance indicator, Total Recordable Injury Frequency Rate from 8.29 to 5.65 per million hours worked. While this is a pleasing improvement, we are not complacent and continue to proactively manage safety culture and performance, leveraging online resources to deliver training and updates across the network.

OPERATIONAL PERFORMANCE

The Group has responded to challenging trading conditions in each of our markets during the year.

Revenue from our Queensland business was consistent with the previous financial year, despite disruptions to our operations because of severe weather events including Tropical Cyclone Alfred in March 2025. The pipeline of planned projects relating to public infrastructure and the Brisbane 2032 Olympic Games present strong growth prospects for AVADA.

The evolving competitive landscape for transport projects is presenting new opportunities based on AVADA's commitment to best practices for governance and transparency.





SNOWY HYDRO

(FUTURE GENERATION JOINT VENTURE)

As Australia's largest renewable energy project, Snowy Hydro's iconic \$12 billion Scheme is 'one of the civil engineering wonders of the world'*, involving eight power stations, 16 major dams, 80 kilometres of aqueducts and 145 kilometres of interconnected tunnels. AVADA secured the contract for traffic management and safety services, to maintain safe access during complex project operations.

The Group operates convoy escorts along mountainous Ravine Road, and manages winter traffic warnings on Snowy Mountains Highway. AVADA provides traffic management along unsealed roads and for heavy equipment movement, and traffic response across the whole project.

* www.snowyhydro.com.au/generation/the-snowy-scheme/

New South Wales operations were also affected by severe weather in the third quarter of the financial year. Intense price competition also compressed margins throughout the year. These factors led to an operating loss and a write-down to the carrying value of the NSW business. Regional management has been restructured and the evolving competitive landscape for transport projects is presenting new opportunities based on AVADA's commitment to best practices for governance and transparency.

The Victorian business continues to participate in key tenders but experienced a reduced rate of new project wins during the year because of support for unionised labour on major public sector infrastructure projects.

NEW ZEALAND STRATEGIC REVIEW

The Group undertook a strategic review of New Zealand operations as the business continued to contend with weak economic conditions. The business reported an operating loss of \$11.8 million including impairments. The review resulted in a \$9.7m write-down in the valuation of the business.

As part of the review, regional management underwent a restructure and operating costs were reduced. Additional cost savings are currently being implemented to further streamline the business and improve its competitive position.

CEO'S REPORT

BUSINESS TRANSFORMATION

During the year, we consolidated a diverse set of standalone traffic management brands into a single operating structure under a unified brand, AVADA Traffic. This has reinforced our competitive position as a significant national operator in a fragmented market and allowed us to create efficiencies from centralised corporate functions and capitalise on scale economies. It has also improved our ability to set the industry standard for client service delivery across our operations.

Building on this platform, we completed the first phase of work to transform the performance of our operations. We have focused on streamlining processes within the business to reduce operating expenses

and improve efficiency, and further cost savings are being rolled out in the current financial year. We also moved all operations onto a single ERP platform which has improved productivity, workflows and real-time reporting.

In addition, a dedicated business development function has been established under Dan Crowley's leadership as Managing Director to strengthen the Group's commercial capabilities. This team is focused on driving strategic growth initiatives, enhancing lead to contract processes, and improving customer conversion rates through targeted engagement and opportunity management.

The business transformation process is ongoing and independent business performance consultants have been



engaged to work with our senior management team. Our focus is on further optimising how we deploy our traffic management resources across client projects, consistently delivering industry best practice for service and safety, and driving revenue growth.

CONCLUSION

During the year we have built a sound operating structure and national market position. Continuing to transform business performance is our priority so that we can capture the operational and financial benefits and make the business more resilient and competitive.

The progress we have achieved in transforming business performance and responding to challenging trading

conditions would not have been possible without the hard work and focus of AVADA's people, and we thank them for their efforts. We are also grateful to the Board for their guidance and stewardship through a challenging year and into the future. Thank you also to our shareholders for your continued support of AVADA.

We look forward to updating you on progress and the Group's achievements in the year ahead.



Donald Montgomery
Chief Executive Officer
AVADA Group Limited

ROCKHAMPTON RING ROAD

(STAGE 4 NORTH)

Stretching 17.4km around Rockhampton, this \$1.98 billion long-term critical infrastructure project will improve flood resilience, road safety, and traffic flow across the region. AVADA secured the traffic management contract to maintain community access during major construction phases.

The Group operated 24/7, managing heavy vehicle coordination through active construction zones and traffic flow at high-volume intersections with minimal community disruption. Service delivery also included pedestrian safety protocols, business access coordination, and Traffic Guidance Schemes.



Continuing to transform business performance is our priority so that we can capture the operational and financial benefits and make the business more resilient and competitive.

SUSTAINABILITY

AVADA is committed to sustainable business operations and has developed a sustainability strategy and ESG framework and policies that define our objectives and guide our actions.

The table below sets out our objectives, FY25 actions and FY26 plans for each of the Group's identified material issues.

MATERIAL ISSUE	OBJECTIVE	FY25 ACTIONS
ENVIRONMENTAL		
Greenhouse gas emissions 	Measure and track total greenhouse gas emissions from vehicles to establish baseline data and inform reduction strategies.	- Commenced data analysis and monthly board reporting for emissions metrics such as vehicle utilisation and fuel usage. - Consolidated vehicle fuel supply relationship to improve reporting and achieve buying power benefits.
SOCIAL		
Social policy and people     	Strengthen Indigenous participation, leadership capability, inclusion and workforce safety through targeted programs and policy implementation.	- Worked closely with Bilingarra Indigenous Services to grow its business, supporting its goal to be a leading Indigenous employer in traffic management. - Commenced RAP activities, including internal awareness programs. - Updated Modern Slavery Statement. - Developed safety and inclusion initiatives. - Developed and trialled AVADA Reward and Recognition programme.
GOVERNANCE		
Integrity and responsibility    	Embed robust governance, compliance, and ESG reporting frameworks across all operations.	- Implemented Phase 1 of ERP system implementation. - Continued work on key metrics and governance framework. - Delivered ESG responsibilities education across business units. - Completed cyber security review and audit.

Spotlight on safety

Keeping our people safe is a critical daily element of our operations every day. Workplace safety is also one of our commitments under the ESG framework.

In FY25, we delivered strong safety outcomes, with Recordable Injuries reduced by 41% year-on-year, which drove a significant improvement in our Total Recordable Injury Frequency Rate from 8.29 to 5.65 per million work hours. This reflects the effectiveness of our proactive engagement in the field, strengthening hazard awareness, and ensuring that corrective actions are embedded quickly. Our expanded Drug & Alcohol testing program reinforced our zero-tolerance stance, while driver training initiatives targeted high-risk behaviours, improving both safety and operational performance.

Our capability and compliance with safety reporting requirements also strengthened significantly. The rollout of online training tools improved accessibility, completion rates and reporting accuracy, ensuring teams are equipped with the right knowledge and that gaps are visible and addressed. These outcomes have enhanced confidence with clients and regulators, while reducing organisational risk.

During FY26, the Group will continue to strengthen workplace safety systems and processes.

SYSTEM/INITIATIVE	KEY BENEFITS
UPDATED HSEQ ACTION PLAN	
Sets clear, cross-functional safety and compliance targets	Strengthens accountability, regulatory alignment, and continuous improvement
AVADA APP	
Digital tool for daily checks, procedures, and live safety data capture	Single source for all AVADA Operations Systems. Reduces paperwork; improves communication, compliance and data accuracy
TRAFFIC GUIDANCE SCHEMES SELECTION PROCESS	
Provides structured guidance for selecting and assessing Traffic Guidance Schemes	Enhances consistency and reduces setup risk in traffic planning
ASIGNIT PLATFORM	
Notifies stakeholders/regulators of worksites and changes; logs time/date/location of signage	Delivers real-time visibility, audit trail, and enhanced client/regulator assurance

Employee Spotlight: Adam Bond

Adam Bond has been a valued member of our Sunshine Coast Traffic Control team for over 18 months, joining AVADA through our partnership with APM, a workplace service provider dedicated to supporting individuals from disadvantaged backgrounds in finding meaningful employment.

Adam's journey is a powerful reflection of AVADA's commitment to fostering an inclusive and diverse workforce. As an Aboriginal team member, his journey reflects our commitment to creating opportunities for Aboriginal and Torres Strait Islander peoples and building an inclusive workforce. With resilience and determination, Adam has overcome significant personal challenges. His growth has been remarkable – he has shared how his role has boosted his confidence and reignited his drive for long-term employment.

We're proud to support his continued success as part of the AVADA family.



DIRECTORS' REPORT

The Directors of AVADA Group Limited ("the Company") submit herewith the financial report of the Company and its subsidiaries ("the Group") for the year ended 30 June 2025. To comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

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

Name	Position	Directorship period
Lance Hockridge	Chair	Appointed 25 March 2021
Ann-Maree Robertson	Non-Executive Director and Deputy Chair	Appointed 9 November 2021
Joanne Willoughby	Non-Executive Director	Appointed 9 November 2021 — Resigned 19 May 2025
Daniel Crowley	Managing Director	Appointed 25 March 2021
Courtney Black	Non-Executive Director	Appointed 19 June 2023
Neil Scales OBE	Non-Executive Director	Appointed 25 July 2023
Lindsay Barber	Non-Executive Director	Appointed 26 September 2024 — Resigned 19 May 2025

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 Australia and 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 profit/(loss) for the year for the year after providing for income tax was (\$15.6m) (2024: profit \$1.5m).

The profit/(loss) for the year includes impairments of \$14.8m in relation to the carrying value of the New Zealand and New South Wales cash-generating units 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 accounts functions systems will be implemented in the 2026 financial year.

New Zealand strategic review

The continuing weak economic outlook in New Zealand negatively impacted performance and led to a loss before income tax for the year of (\$11.8m) (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 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 NZ, in line with the Australian operations. Wilson TM Limited will now be known as AVADA Traffic NZ Limited trading as AVADA Traffic NZ (ATNZ).

Business transformation

Operating costs in 2025 financial year have been reduced as a result of the transformation and further cost efficiencies are planned in 2026 financial year.

The consolidation and re-branding of eleven Australian businesses into a single operating platform, AVADA Traffic, was completed during the year. The first phase of transition to a single ERP platform across the business has also been finalised with new payroll and accounts systems to be implemented in 2026 financial year.

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.

Independent business performance consultants have been engaged to work with senior management to implement a second phase of operational transformation.

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.

Financial position and impairment

The net asset position of the Group decreased from \$54.5m as at 30 June 2024 to \$38.7m 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 ("CGUs") 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 CGUs 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.

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 (4th 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.

The Group's current Corporate Governance Statement released to the ASX is available on the Group's website at 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 period

EXTENSION OF COMMONWEALTH BANK FACILITIES

The Group has renewed its Term Facility and Working Capital Loan to 22 August 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:

- Optimised deployment of resources across the network of local projects and national clients
- Continuing to 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 capitalising 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.

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 dependencies
- Ability to raise capital and funds
- 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, and 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 workforce education.

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 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.

Auditor's independence declaration

The auditor's independence declaration is included after this report on page 32.

Information on Directors and Company Secretary

The following persons were Directors of AVADA Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Lance Hockridge
Title:	Chairman, Non-Executive Director
Tenure:	From 25 March 2021 to current
Experience and expertise:	Lance Hockridge is a globally experienced manufacturing, logistics and transportation executive with a focus on leading the safety, operational and financial transformation of businesses. Lance has over 20 years of experience leading ASX listed companies.
Other current listed Directorships:	Director of Kelsian Group Limited (ASX: KLS)
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Member of the Australian Institute of Company Directors Fellow of the Institute of Managers and Leaders Australia and New Zealand Chartered Fellow of the Chartered Institute of Logistics and Transport
Interests in shares:	8,204,180
Interests in options:	Nil
Name:	Ann-Maree Robertson
Title:	Deputy Chairman, Independent Non-Executive Director, Acting Chief Financial Officer (29 January 2025 to 28 May 2025)
Tenure:	From 9 November 2021 to current
Experience and expertise:	Ann-Maree has developed an extensive understanding of financial reporting, accounting, governance and internal control systems across a wide variety of businesses through her auditing and commercial accounting experience. Ann-Maree's clients include ASX listed public companies, large public unlisted and proprietary companies and not-for-profit entities across a range of industries including resources exploration, construction, service industries and financial services.
Other current listed Directorships:	None
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Bachelor of Commerce from the University of Queensland Member of the Australian Institute of Company Directors Fellow of Chartered Accountants Australia and New Zealand ASIC Registered Company Auditor
Interests in shares:	133,333
Interests in options:	Nil

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Name:	Joanne Willoughby
Title:	Independent Non-Executive Director
Tenure:	From 9 November 2021 to 19 May 2025
Experience and expertise:	Joanne has a proven ability to deliver profitable and sustainable growth through customer led innovation and change in fast paced, complex and regulated operating environments. Joanne's diverse industry experience includes financial services, logistics, retail and professional services. Combining strategic, governance and commercial experience, Joanne brings deep knowledge of marketing and sales, customer and brand experience, digital transformation, financial performance and risk management. Joanne resigned her position as Independent Non-Executive Director on the 19 May 2025.
Other current listed Directorships:	None
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Master of Laws (EntGov) from Bond University Bachelor of Business from the University of Southern Queensland Graduate of the Australian Institute of Company Directors Member of Australian Institute of Company Directors
Interests in shares:	61,627
Interests in options:	Nil

Name:	Daniel Crowley
Title:	Managing Director
Tenure:	From 25 March 2021 to current
Experience and expertise:	Daniel is the Managing Director and founder of Verifact Traffic. Verifact Traffic has operated under Daniel's leadership since 2008 and is one of Australia's market leaders in traffic management. Daniel is the founding president and current chairman of the Traffic Management Association of Australia — Queensland and is a former president of the Traffic Management Association of Australia.
Other current listed Directorships:	None
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Member of the Australian Institute of Company Directors
Interests in shares:	19,685,097
Interests in options:	Nil

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Name:	Courtney Black
Title:	Independent Non-Executive Director
Tenure:	19 June 2023 to current
Experience and expertise:	Courtney is a seasoned leader in commercial and operational roles across several industries, with specialist expertise in customer service, strategy, transformation and change management. Courtney is an experienced commercial lawyer and a Graduate of the Australian Institute of Company Directors, and has been a director on public, private, and not-for-profit Boards.
Other current listed Directorships:	Non-Executive Director of Infragreen Group Limited (ASX:IFN) (Also Chair of the Company's Audit and Risk Committee)
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Bachelor of Laws (Hons) from Bond University Graduate of Australian Institute of Company Directors Member of the Australian Institute of Company Directors
Interests in shares:	166,667
Interests in options:	Nil

Name:	Neil Scales OBE
Title:	Independent Non-Executive Director
Tenure:	From 25 July 2023 to current
Experience and expertise:	Neil has more than 40 years' transport industry experience in Australia and the United Kingdom, having recently completed more than 10 years as Director General of the Queensland Department of Transport and Main Roads. Neil led the successful delivery of a number of major transport infrastructure projects including large civil engineering projects on the Bruce Highway and the M1, and Gold Coast Light Rail. He also led the transport taskforce for the 2018 Commonwealth Games and responses to several natural disasters and the COVID-19 pandemic.
Other current listed Directorships:	None
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Master of Business Administration from The Open University Master of Science, Control Engineering and Computer Systems from the University of Sunderland Bachelor of Science — Engineering from the University of Sunderland Diploma in Management Studies from the University of Sunderland
Interests in shares:	16,667
Interests in options:	Nil

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Name:	Lindsay Barber
Title:	Independent Non-Executive Director
Tenure:	From 26 September 2024 to 19 May 2025
Experience and expertise:	Lindsay has more than 40 years' experience in commercial building and project management, working across the construction industry across Australasia. He commenced his career in 1984 with Jennings Industries and joined Johns Lyng Group (ASX:JLG) as General Manager in 2005. Mr Barber was subsequently appointed Chief Operating Officer in 2010 and for a period, Executive Director, for Johns Lyng. Lindsay resigned his position as Independent Non-Executive Director on the 19 May 2025.
Other current listed Directorships:	Non-Executive Director of Pearl Global Limited (ASX:PG1) Non-Executive Director of Entyr Limited (ASX:ETR)
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Bachelor of Engineering Advanced Leadership and Management Program from Oxford University Alumnus of the Said Business School
Interests in shares:	Nil
Interests in options:	Nil

Name:	Michael Wilkes
Title:	Company Secretary and Acting Chief Financial Officer
Tenure:	From 20 May 2024 to 28 January 2025
Experience and expertise:	Michael is a qualified Certified Practicing Accountant and Company Secretary with over 30 years' in both tax professional services and corporate Australia, with experience in operational and corporate finance, treasury, governance and risk. Michael joined AVADA Group Limited in September 2022 and is responsible for financial reporting, commercial and business analysis, corporate governance and finance and business development. Michael was appointed to the Chief Financial Officer and Company Secretary role on 21 October 2024 and resigned his position on 28 January 2025 with AVADA Group Limited.
Other current listed Directorships:	None
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Bachelor of Business from the University of Southern Queensland Certified Practicing Accountant Program from CPA Australia Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia Master of Management from University of Southern Queensland
Interests in shares:	25,000
Interests in options:	Nil

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Name:	Andrew Metcalfe
Title:	Interim Company Secretary
Tenure:	From 28 January 2025 to current
Experience and expertise:	Andrew has expertise in board and corporate governance practices. Andrew is a highly experienced professional and has supported over 50 ASX-listed companies, strengthening governance platforms and enhancing compliance functions.
Other current listed Directorships:	CFO and Company Secretary of Lincoln Minerals Ltd (ASX:LML) Company Secretary of Comms Group Ltd (ASX:CCG) Company Secretary of Memphasys Limited (ASX:MEM)
Former listed Directorships (last 3 years):	None
Academic and professional qualifications	Certified Practising Accountant Program from CPA Australia Fellow of the Governance Institute of Australia Graduate of Australian Institute of Company Directors
Interests in shares:	Nil
Interests in options:	Nil

DIRECTORS' REPORT

Directors' meetings

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		People, nominations and remuneration committee		Audit and risk committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Lance Hockridge ¹	9	9	4	4	4	4
Ann-Maree Robertson ¹	9	9	4	4	4	4
Joanne Willoughby ¹	7	7	4	4	3	3
Daniel Crowley ²	9	9	4	4	4	4
Courtney Black ¹	9	9	4	4	4	4
Neil Scales OBE ¹	9	7	4	3	4	3
Lindsay Barber ²	5	4	3	1	2	0

1 Was a member of the full board, the people, nominations and remuneration committee and the audit and risk committee during FY25.

2 Was not part of any committee and attended by invitation only.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 37 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in note 37 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of BDO Audit Pty Ltd

There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

Company's earnings and consequences of the Company's performance on shareholder wealth

No final or interim fully franked or unfranked dividend was declared or paid during the year ended 30 June 2025.

There was no return of capital by the Company to its shareholders during the year ended 30 June 2025.

Rounding off amounts

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

Shares under option

No share options have been issued during the year ended 30 June 2025 and up to the date of this report.

Shares issued on the exercise of options

No shares issued on the exercise of options have been issued during the year ended 30 June 2025 and up to the date of this report.

Remuneration Report (Audited)

1. Executives and Non-Executive Directors covered by this report
2. Remuneration policy
3. Executive Remuneration — performance, outcomes and disclosures
4. Other disclosures and shareholdings

1. Executives and Non-Executive Directors covered by this report

The remuneration of Key Management Personnel for the Group is disclosed in this report.

Key Management Personnel of the Group are those persons having authority and responsibility for planning, directing, and controlling the Group's major activities, whether directly or indirectly. The Board has determined that the Key Management Personnel for the financial years ended 30 June 2025 and 30 June 2024 are the individuals whose details are set out below and are covered by this report.

Name	Position	Term as Key Management Personnel
Non-Executive Directors		
Lance Hockridge	Chairman and Non-Executive Director	From 25 March 2021
Ann-Maree Robertson	Non-Executive Director	From 9 November 2021
Joanne Willoughby	Non-Executive Director	From 9 November 2021 and resigned 19 May 2025
Courtney Black	Non-Executive Director	From 19 June 2023
Neil Scales OBE	Non-Executive Director	From 25 July 2023
Lindsay Barber	Non-Executive Director	From 26 September 2024 and resigned 19 May 2025
Executive Directors		
Daniel Crowley	Managing Director and Chief Executive Officer	From 25 March 2021 ceased as Chief Executive Officer 7 April 2025
Other executive officers		
Paul Fitton	Chief Financial Officer and Company Secretary	From 1 June 2021. Company Secretary from 9 November 2021 and resigned 20 May 2024
Rhonda McSweeney	Chief Operating Officer	From 2 May 2023 and resigned 21 February 2024
Michael Wilkes	Company Secretary and Chief Financial Officer	From 20 May 2024 Resigned 28 January 2025
Donald Montgomery	Chief Executive Officer	From 7 April 2025
Ben-Louis Ludik	Chief Financial Officer	From 26 May 2025

The named persons held their current position for the whole of the financial year and since the end of the financial year, unless otherwise stated.

2. Remuneration policy

The Group is committed to paying employees a fair salary, rewarding consistent high performance, and acknowledging the achievements of teams and individuals. To achieve this, a remuneration committee has been formed with the objective to develop a remuneration policy that offers compensation and benefits that reflect competitive market rates of pay which assist with the attraction and retention of critical skills and motivate individuals to excel. This will in turn achieve the objective of aligning the interests of management with the interests of shareholders.

For the financial year ended 30 June 2025 the remuneration framework consisted of fixed pay arrangements and discretionary incentives.

The Group implemented a short-term incentive plan ("STI") effective 1 July 2022. The STI plan is reviewed annually and defines the Group's success, identifies the circumstances considered to represent success and rewards individual and team contributions to the achievement of that success. In line with the STI Plan Rules, a portion of the STI program bonus was eligible for payment where the Q4FY25 2025 revenue was within the specified range of increased revenue from the prior period comparator.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board determines the total amount paid to each Director as remuneration for their services. Under the ASX Listing Rules, the total amount paid to Non-Executive Directors must not exceed the amount fixed in a general meeting of the Company. All Directors' fees include superannuation at the statutory rate. Non-Executive Directors may be paid extra remuneration, as determined by the Board, for performing services which are outside the scope of the ordinary duties of a Director of the Company. There are no retirement or other termination benefits for Directors other than benefits associated with the statutory superannuation contributions.

The following table describes the adopted framework for Non-Executive Director Remuneration for the financial year ended 30 June 2025.

Fee type	2025 \$	2024 \$
Chair of Board	131,004	125,400
Non-Executive Director	65,502	52,250
Committee Chair	–	10,450

The remuneration of Non-Executive Directors does not, and must not include a commission, or a percentage of, profits or operating revenue.

CONSOLIDATED ENTITY'S EARNINGS AND MOVEMENTS IN SHAREHOLDER WEALTH

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the four years to 30 June 2025:

	30 June 2025 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Revenue	183,095	204,537	177,002	72,993
Profit/(loss) for the year before tax	(17,756)	513	(5,925)	(13,960)
Profit/(loss) for the year after tax	(15,562)	1,511	(5,630)	(12,535)

	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Share price at start of year	\$0.55	\$0.74	\$0.75	\$1.00
Share price at end of year	\$0.12	\$0.55	\$0.74	\$0.75
Interim dividend (cps)	–	–	–	–
Final dividend (cps)	–	–	–	–
Basic earnings/(loss) per share (cps)	(19)	2	(8)	(26)
Diluted earnings/(loss) per share (cps)	(19)	2	(8)	(26)

DIRECTORS' REPORT

2. REMUNERATION POLICY (CONT'D)

REMUNERATION OF NON-EXECUTIVE DIRECTORS

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity based benefits	Total
	Salary and fees \$	Cash bonus \$	Accrued/ (used) annual leave \$	Other ¹ \$	Superannuation \$	Long service leave \$	Share-based payments \$	
2025								
Non-Executive Directors								
Lance Hockridge	117,492	–	–	–	13,512	–	–	131,004
Ann-Maree Robertson	58,746	–	–	–	6,756	–	–	65,502
Joanne Willoughby	51,848	–	–	–	5,962	–	–	57,810
Courtney Black	58,746	–	–	145,317	6,756	–	–	210,819
Lindsay Barber	37,861	–	–	–	4,354	–	–	42,215
Neil Scales OBE	58,746	–	–	–	6,756	–	–	65,502
	383,439	–	–	145,317	44,096	–	–	572,852

1 Consulting services

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity based benefits	Total
	Salary and fees \$	Cash bonus \$	Accrued/ (used) annual leave \$	Other \$	Superannuation \$	Long service leave \$	Share-based payments \$	
2024								
Non-Executive Directors								
Lance Hockridge	112,973	–	–	–	12,427	–	–	125,400
Ann-Maree Robertson	56,486	–	–	–	6,214	–	–	62,700
Joanne Willoughby	56,486	–	–	–	6,214	–	–	62,700
Courtney Black	47,072	–	–	–	5,178	–	–	52,250
Neil Scales OBE	44,083	–	–	–	4,849	–	–	48,932
	317,100	–	–	–	34,882	–	–	351,982

Our Board takes a proactive approach to decision making in the evaluation of Executive Remuneration outcomes. Our remuneration and governance frameworks enable our Board to assess the achievement of strategic objectives and balance the interests of the business, employees, and shareholders.

DIRECTORS' REPORT

2. REMUNERATION POLICY (CONT'D)

BOARD

Our Board has overall responsibility for Executive Remuneration, including the assessment of performance and remuneration for the Chief Executive Officer and Managing Director. Ensuring there is a transparent connection between pay and performance is the key objective of the Board in rewarding outcomes for our leaders.

The Board is committed to providing competitive rewards that attract and retain talent and compensate Executive Leaders commensurate with the progress and growth of the Company.

SENIOR EXECUTIVE LEADER REMUNERATION

Our goal has been to provide a remuneration framework that attracts, retains and motivates a high quality and experienced leadership team with the necessary capabilities and attributes to lead our people in achieving our long and short-term objectives and create value for our shareholders.

3. Executive remuneration — performance, outcomes and disclosures

EXECUTIVE DIRECTORS AND OTHER EXECUTIVE OFFICERS

Executive Directors and other executive officers will receive an annual fixed remuneration inclusive of superannuation. They may be eligible to participate in any short-term or long-term incentive plans that are introduced by the Company. They may terminate their employment contract by giving the required notice in writing to the Company. The Company may at any time and for any reason terminate their employment by giving the required notice in writing. In the event of the termination of employment, they will be entitled to payment of remuneration up until the end of the required notice period or by making a payment in lieu of notice. In the event of serious, wilful, or persistent misconduct or other specific circumstances warranting summary dismissal, the Company may terminate their employment contract immediately by notice in writing and without payment in lieu of notice.

REMUNERATION OF EXECUTIVE DIRECTORS AND OTHER EXECUTIVE OFFICERS

	Short-term benefits				Post-employment benefits	Long-term employee benefits	Equity based payments	Termination benefits	Total
	Salary and fees \$	Cash bonus ³ \$	Accrued/ (used) annual leave \$	Other ¹ \$	Superannuation \$	Long service leave \$	Share-based payments \$	Termination benefits \$	
2025									
Executive Directors									
Daniel Crowley	530,449	111,025	26,545	1,210	29,932	5,509	–	–	704,669
Other Executive Officers									
Michael Wilkes	337,696	72,861	(3,583)	864	17,844	(62)	–	–	425,620
Donald Montgomery	121,746	– ²	8,093	31,548	7,483	92	–	–	168,962
Ben-Louis Ludik	34,646	–	2,132	83	2,878	27	–	–	39,766
	1,024,537	183,886	33,187	33,705	58,137	5,566	–	–	1,339,017

1 Relocation expenses and mobile phone allowance.

2 Donald Montgomery is to receive a sign-on bonus of \$100,000 after successful completion of the 6 month probationary period in the subsequent period. This amount has not been included in the remuneration table as it remains unpaid, but has been accrued at 30 June 2025.

3 Relates to STI bonus program, and other bonuses.

DIRECTORS' REPORT

3. EXECUTIVE REMUNERATION — PERFORMANCE, OUTCOMES AND DISCLOSURES (CONT'D)

	Short-term benefits				Post-employment benefits	Long-term employee benefits	Equity based payments	Termination benefits	Total
	Salary and fees	Cash bonus	Accrued/ (used) annual leave	Other ²	Superannuation	Long service leave	Share-based payments	Termination benefits ¹	
2024	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors									
Daniel Crowley	410,504	42,186	17,868	–	27,448	3,553	–	–	501,559
Other Executive Officers									
Paul Fitton	303,865	–	(31,121)	1,271	26,925	(2,515)	–	141,211	439,636
Rhonda McSweeney	211,002	–	(3,695)	963	28,424	(66)	–	116,782	353,410
Michael Wilkes	35,203	24,033	3,583	165	2,923	62	–	–	65,969
	960,574	66,219	(13,365)	2,399	85,720	1,034	–	257,993	1,360,574

1 Salary in lieu of notice and ex gratia payments.

2 Mobile phone allowance.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2025	2024	2025	2024
Non-Executive Directors				
Lance Hockridge	100%	100%	–	–
Ann-Maree Robertson	100%	100%	–	–
Joanne Willoughby	100%	100%	–	–
Courtney Black	100%	100%	–	–
Neil Scales OBE	100%	100%	–	–
Executive Directors and Other Executive Officers				
Daniel Crowley	84%	92%	16%	8%
Paul Fitton	–	100%	–	–
Rhonda McSweeney	–	100%	–	–
Michael Wilkes	83%	63%	17%	37%
Donald Montgomery	100%	–	–	–
Ben-Louis Ludik	100%	–	–	–

3. EXECUTIVE REMUNERATION — PERFORMANCE, OUTCOMES AND DISCLOSURES (CONT'D)

SERVICE AGREEMENTS

	Eligible for incentive plan	Contract duration	Employer/ employee notice period	Competitive restriction
Executive Directors				
Daniel Crowley	✓	Ongoing	6 months	3 years
Other Executive Officers				
Paul Fitton	x	Resigned on 20 May 2024	3 months	3 years
Rhonda McSweeney	x	Resigned 21 February 2024	3 months	3 years
Michael Wilkes	x	Resigned 28 January 2025	3 months	3 years
Donald Montgomery	✓	Commenced 7 April 2025	3 months	3 years
Ben-Louis Ludik	✓	Commenced 26 May 2025	3 months	3 years

4. Other disclosures and shareholdings

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

The number of fully paid ordinary shares in the Company held during the financial year ended 30 June 2025 by each Key Management Personnel are set out below:

2025	Balance as at 1 July 2024	Subscribed shares	Acquired shares	Disposed	Balance as at 30 June 2025
Non-Executive Directors					
Lance Hockridge	8,204,180	–	–	–	8,204,180
Ann-Maree Robertson	133,333	–	–	–	133,333
Joanne Willoughby	61,627	–	–	–	61,627
Courtney Black	166,667	–	–	–	166,667
Neil Scales OBE	16,667	–	–	–	16,667
Executive Directors					
Daniel Crowley	20,952,441	–	(1,267,344)	–	19,685,097
Other Executive Officers					
Michael Wilkes	25,000	–	–	(25,000)	–
Ben-Louis Ludik	–	–	7,366	–	7,366

4. OTHER DISCLOSURES AND SHAREHOLDINGS (CONT'D)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The table below states the transactions with Key Management Personnel during the 2025 financial year.

2025	Name of KMP	Nature of transaction	Revenue \$	Expense \$	Liabilities — current \$	Terms and conditions
Courtney Black	Courtney Black	Advisory Services	–	145,317	–	Advisory services under fixed fee agreement on commercial terms.

There are no transactions with Key Management Personnel during the previous financial year.

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to Key Management Personnel during the current financial year and previous financial year.

BONUSES AND SHARE-BASED PAYMENTS GRANTED AS COMPENSATION

The following bonus payments were awarded to management as compensation during the current financial year. Bonus payments awarded are as follows:

2025	Grant date	Maximum bonus payable ¹	Cash bonus ²	% of bonus payable	% of bonus forfeited	Services/ performance criteria used to determine the amount of compensation	Terms and conditions
Other Executive Officers							
Daniel Crowley	13/09/2024	88,725	88,725	100%	0%	STI Program conditions met	Payable on grant date
Michael Wilkes	13/09/2024	50,561	50,561	100%	0%	STI Program conditions met	Payable on grant date

¹ Based on a percentage of total fixed remuneration.

² Relates to the STI program.

DIRECTORS' REPORT

4. OTHER DISCLOSURES AND SHAREHOLDINGS (CONT'D)

The following Key Management Personnel were granted bonuses and share-based payments as compensation as follows during the current financial year:

2025	Grant date	Cash bonus	% of bonus paid	% of bonus forfeited	Services/performance criteria used to determine the amount of compensation	Terms and conditions
Other Executive Officers						
Daniel Crowley	18/10/2024	22,300	100%	0%	Discretionary bonus in consideration of service provided to support strategic objectives	Payable on grant date
Michael Wilkes	18/10/2024	22,300	100%	0%	Discretionary bonus in consideration of service provided to support strategic objectives	Payable on grant date

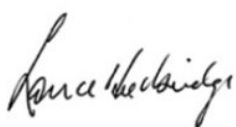
On 4 September 2024, the Company released the following shares from escrow:

	Original date of escrow	Shares under escrow	Release date of escrow
Non-Executive Director			
Lance Hockridge	4/9/2023	5,620,847	4/9/2024
Executive Director			
Daniel Crowley	4/9/2023	4,518,365	4/9/2024

End of remuneration report (audited)

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Lance Hockridge

Chairman

Brisbane, 30 September 2025

AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor of Avada Group Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'N I Batters'.

N I Batters
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



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INDEPENDENT AUDITOR'S REPORT

To the members of Avada Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Avada Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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



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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of goodwill and other non-current assets

Key audit matter	How the matter was addressed in our audit
As disclosed in Notes 20 and 21, at 30 June 2025 the Group has intangible assets related to goodwill and customer relationships. Goodwill and other intangible assets are assessed for impairment annually or more frequently when there are indicators of impairment. The carrying amount of goodwill and intangible assets are supported by value-in-use calculations prepared by management which are based on budgeted future cash flows, key estimates and significant judgements such as annual growth rates, discount rates and a terminal value growth rate. This is a key audit matter as the carrying value of intangible assets are material and the determination of the recoverable amount of these assets is complex and requires significant judgement.	Our procedures included, but were not limited to: - Obtaining an understanding of the process that management undertook to perform its impairment assessment. - Evaluating the level at which assets are monitored for impairment, including the identification of cash-generating units. - Evaluating the value-in-use models prepared by management and assessed the reasonableness of the assumptions used to calculate the growth rates, terminal values and allocation of corporate costs. - Evaluating the reasonableness of the discount rates adopted in conjunction with our internal valuation experts. - Agreeing the forecasted cashflows for FY26 to the Board approved budget. - Assessing the integrity and mathematical accuracy of the value-in-use discounted cashflow models. - Subjecting the growth and discount rate assumptions to sensitivity analysis to understand the trigger point for impairment and assessed the likelihood of such movements in those key assumptions arising. - Evaluating the reliability of the fair value less costs of disposal of the fleet assets as determined by management's expert, where the carrying value of cash-generating unit assets exceed it's recoverable amount using a value-in-use model. - Verifying the accuracy of any impairment charges recorded for the year ended 30 June 2025. - Assessing the appropriateness of the disclosures in the financial report with reference to the requirements of Australian Accounting Standards.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 31 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Avada Group Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO


N I Batters
Director

Brisbane, 30 September 2025

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DIRECTORS' DECLARATION

In the opinion of the Directors of AVADA Group Limited:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group;
- (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*; and
- (e) in the directors' opinion, the attached consolidated entity disclosure statement is true and correct.

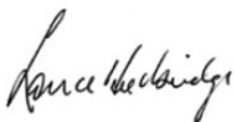
This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2025.

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

In the Directors' opinion, there are reasonable grounds to believe that the company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 40 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Lance Hockridge

Chairman

Brisbane, 30 September 2025

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income	39	18. Property, plant and equipment	65
Consolidated Statement of Financial Position	40	19. Right-of-use assets	68
Consolidated Statement of Changes in Equity	41	20. Goodwill	70
Consolidated Statement of Cash Flows	42	21. Other intangible assets	72
Notes to the Consolidated Financial Statements		22. Deferred tax assets and liabilities	73
1. General information	43	23. Trade and other payables	75
2. Summary of significant accounting policies	44	24. Lease liabilities	75
3. Adoption of new and revised Australian Accounting Standards	54	25. Borrowings	76
4. Critical accounting judgements and key sources of estimation uncertainty	54	26. Provisions	79
5. Operating segments	55	27. Other financial liabilities	80
6. Revenue	59	28. Issues of equity securities	80
7. Other gains	60	29. Reserves	81
8. Administration expenses	60	30. Dividends	82
9. Impairment of intangible assets	60	31. Acquisition of subsidiaries	82
10. Other expenses	61	32. Notes to the statement of cash flows	85
11. Finance costs	61	33. Key Management Personnel	87
12. Income tax benefit	61	34. Fair value of financial instruments	88
13. Profit/(loss) per share	62	35. Financial risk management	89
14. Cash and cash equivalents	62	36. Related party balances or transactions	92
15. Trade and other receivables	63	37. Remuneration of auditors	94
16. Current tax assets and liabilities	64	38. Parent entity information	95
17. Other assets	64	39. Subsidiaries and controlled entities	96
		40. Events after the reporting period	99

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 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		–	365
Other gains	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)	(3,631)
Other expenses	10	(4,958)	(6,897)
Finance costs	11	(3,440)	(3,831)
Profit/(loss) before income tax		(17,756)	513
Income tax benefit	12	2,194	998
Profit/(loss) for the year		(15,562)	1,511
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(220)	(56)
Other comprehensive income for the year, net of tax		(220)	(56)
Total comprehensive profit/(loss) for the year		(15,782)	1,455
Total allocated to owners		(15,782)	1,455
Profit/(loss) per share			
Basic (cents per share)	13	(19)	2
Diluted (cents per share)	13	(19)	2

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	Consolidated Year ended 30/06/2025 \$'000	Consolidated Year ended 30/06/2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	14	7,327	8,500
Trade and other receivables	15	29,107	30,498
Current tax asset	16	953	–
Other current assets	17	1,813	1,118
Total current assets		39,200	40,116
Non-current assets			
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
Total non-current assets		68,199	91,350
Total assets		107,399	131,466
Liabilities			
Current liabilities			
Trade and other payables	23	23,575	17,793
Lease liabilities	24	1,830	1,696
Borrowings	25	5,824	3,835
Current tax liabilities	16	–	1,002
Provisions	26	2,654	4,035
Other financial liabilities	27	206	1,729
Total current liabilities		34,089	30,090
Non-current liabilities			
Lease liabilities	24	3,108	4,697
Borrowings	25	29,440	37,603
Deferred tax liabilities	22	1,750	4,166
Provisions	26	326	299
Other financial liabilities	27	–	143
Total non-current liabilities		34,624	46,908
Total liabilities		68,713	76,998
Net assets		38,686	54,468
Equity			
Share capital	28	57,715	57,715
Reserves	29	13,602	13,822
Accumulated losses		(32,631)	(17,069)
Total equity		38,686	54,468

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Share capital \$'000	Share-based payments reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance as at 1 July 2024		57,715	3,700	10,175	(53)	(17,069)	54,468
Profit/(loss) for the year		–	–	–	–	(15,562)	(15,562)
Other comprehensive income for the year		–	–	–	(220)	–	(220)
Total comprehensive income for the year		–	–	–	(220)	(15,562)	(15,782)
Balance as at 30 June 2025		57,715	3,700	10,175	(274)	(32,631)	38,686
Balance as at 1 July 2023		51,160	3,700	10,175	3	(18,580)	46,458
Profit for the year		–	–	–	–	1,511	1,511
Other comprehensive income for the year		–	–	–	(56)	–	(56)
Total comprehensive income for the year		–	–	–	(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
Balance as at 30 June 2024		57,715	3,700	10,175	(53)	(17,069)	54,468

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 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)		(188,009)	(211,918)
Interest and other finance costs paid		(2,950)	(3,083)
Interest received		–	84
Income taxes paid		(2,176)	(780)
Net cash inflow from operating activities	32	10,333	6,705
Cash flows from investing activities			
Purchases of property, plant and equipment	18	(2,700)	(3,679)
Proceeds from sale of property, plant and equipment		567	547
Payment of contingent consideration	34	(1,249)	(3,006)
Acquisition of business and subsidiary (net of cash acquired)		–	(7,603)
Net cash outflow from investing activities		(3,382)	(13,741)
Cash flows from financing activities			
Proceeds from borrowings	32	3,463	7,795
Repayment of borrowings	32	(6,990)	(7,021)
Repayments from asset finance borrowings		–	1,592
Repayments of asset finance borrowings	32	(2,730)	(2,698)
Proceeds from issue of shares (net of transaction costs)	28	–	6,555
Repayment of lease liabilities	32	(1,755)	(1,360)
Net cash (outflow)/inflow from financing activities		(8,012)	4,863
Net increase in cash and cash equivalents		(1,062)	(2,173)
Cash and cash equivalents at the beginning of the year		8,500	10,834
Effects of foreign exchange rate changes		(111)	(161)
Cash and cash equivalents at the end of the year	14	7,327	8,500

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 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 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 financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(B) PRESENTATION CURRENCY AND ROUNDING

These 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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(C) BASIS OF PREPARATION

The 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/(loss) for the year. 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 loss for the year after tax of (\$15.6m) 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
- an impairment charge of \$5.0m in relation to the New South Wales CGU
- 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.

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 recorded a refund of \$2.2m in income tax for the period whereas it paid tax of \$0.8m 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. The Group had waivers on the banking covenants for the facilities at Commonwealth Bank of Australia and Kiwibank (New Zealand) as at 30 June 2025. These bank facilities are subject to various banking covenants.

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 and dependency on ongoing external financing, 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1. GENERAL INFORMATION (CONT'D)

(D) GOING CONCERN (CONT'D)

- the Group has prepared a cash flow forecast based on reasonable assumptions that the Directors believe are achievable; and
- subsequent to year end the Group received further extensions for the facility with Commonwealth Bank of Australia to 30 September 2025 and Kiwibank (New Zealand) to 31 December 2025 which will allow current discussions to continue.

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 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 consolidated financial statements incorporate the 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(B) BUSINESS COMBINATIONS (CONT'D)

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/(loss) for the year.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(E) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Group recognises revenue from the following major sources.

Traffic management services

Traffic management services relate to the provision of labour, vehicle hire, and equipment hire services. Significant judgement has been applied in determining this bundle of traffic management related services are one distinct Revenue from traffic management services is recognised over time using the outputs method typically measured by labour hours of service provided and contractually agreed periodic rates. Customer payment terms are generally 30 days from end of month or based on the contract terms.

Plans and permits

Plans and permits revenues are recognised at a point in time the customer obtains control of the plans and permits, which is deemed to be based on approval by the relevant authority or delivery to the customer, depending on the contract terms, based on the contractually agreed rate per plan.

(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/(loss) for the year) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(F) FINANCIAL INSTRUMENTS (CONT'D)

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.

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.

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, the annual ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within a year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(F) FINANCIAL INSTRUMENTS (CONT'D)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(G) TAXATION

The tax position of the Group is in the process of being determined, and the amounts disclosed in these 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 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(G) TAXATION (CONT'D)

Deferred tax (cont'd)

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:

Class of property, plant and equipment

	Method	Useful life
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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL (CONT'D)

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.

(J) 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 a year 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(J) LEASES (CONT'D)

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 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.

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 a year 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 statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the 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 a year 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 statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least a year after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(P) FOREIGN CURRENCIES (CONT'D)

For the purpose of presenting 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 OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 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 higher of Value-in-use ("VIU") or fair value less costs of disposal, assessed of. 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.

(B) 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.

(C) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. OPERATING SEGMENTS (CONT'D)

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS (CONT'D)

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.

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
Revenue						
Sales to external customers	105,367	34,886	35,500	7,169	–	182,922
Inter-segment sales/ (purchases)	158	2	13	–	–	173
Total revenue	105,525	34,888	35,513	7,169	–	183,095
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)	(3,111)	(8,171)
Impairment of intangible assets	–	(5,023)	–	(9,743)	–	(14,769)
EBITDA	17,208	(3,269)	5,351	(10,163)	(12,529)	(3,403)
Depreciation and amortisation expense	(4,601)	(2,098)	(2,469)	(1,013)	(733)	(10,914)
EBIT	12,607	(5,367)	2,883	(11,176)	(13,261)	(14,317)
Finance costs	(185)	(65)	(58)	(611)	(2,521)	(3,440)
Profit/(loss) before income tax	12,422	(5,432)	2,825	(11,787)	(15,782)	(17,756)
Income tax (expense)/ benefit	(1,675)	(2,152)	(118)	1,412	4,726	2,194
Profit/(loss) after tax for the year	10,747	(7,585)	2,707	(10,375)	(11,055)	(15,562)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. OPERATING SEGMENTS (CONT'D)

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS (CONT'D)

	Year ended 30/06/2024					
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'000	Unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	104,195	45,505	42,548	12,289	–	204,537
Inter-segment sales/ (purchases)	1,615	–	166	–	(1,781)	–
Total revenue	105,810	45,505	42,714	12,289	(1,781)	204,537
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)
Impairment of intangible assets	(1,080)	(443)	(1,668)	(440)	–	(3,631)
EBITDA	13,408	3,237	4,609	5,781	(11,374)	15,661
Depreciation and amortisation expense	(4,885)	(1,964)	(2,331)	(1,263)	(874)	(11,317)
EBIT	8,523	1,273	2,278	4,518	(12,248)	4,344
Finance costs	(260)	(82)	(64)	(723)	(2,702)	(3,831)
Profit/(loss) before income tax	8,263	1,191	2,214	3,795	(14,950)	513
Income tax benefit	(2,103)	(331)	(543)	127	3,848	998
Profit/(loss) after tax for the year	6,160	860	1,671	3,922	(11,102)	1,511

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. OPERATING SEGMENTS (CONT'D)

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS (CONT'D)

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

Year Ended 30/06/2025						
	QLD \$'000	NSW \$'000	VIC \$'000	NZ \$'000	Unallocated \$'000	Total \$'000
Current assets	19,942	8,503	8,034	1,177	1,544	39,200
Non-current assets	36,976	3,278	23,017	3,542	1,386	68,199
Total assets	56,918	11,781	31,051	4,719	2,930	107,399
Current liabilities	12,741	5,080	4,278	3,368	8,621	34,089
Non-current liabilities	5,830	848	2,750	4,550	20,646	34,624
Total liabilities	18,571	5,928	7,028	7,918	29,267	68,713
Net assets/liabilities	38,347	5,853	24,023	(3,199)	(29,337)	38,686

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 assets	39,748	10,083	26,129	14,220	1,170	91,350
Total assets	55,424	19,988	36,855	16,127	3,072	131,466
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
Total liabilities	20,675	6,980	6,881	10,841	31,621	76,998
Net assets/liabilities	34,749	13,008	29,974	5,286	(28,549)	54,468

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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
External revenue by location and customer type		
Queensland		
Government (incl. councils)	26,152	62,965
Non-Government	79,373	41,230
	105,525	104,195
New South Wales		
Government (incl. councils)	11,679	15,444
Non-Government	23,209	30,061
	34,888	45,505
Victoria		
Government (incl. councils)	14,288	3,831
Non-Government	21,225	38,717
	35,513	42,548
New Zealand		
Government (incl. councils)	4,003	612
Non-Government	3,166	11,677
	7,169	12,289
	183,095	204,537

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
External revenue by service line		
Traffic management services	180,908	201,464
Plans and permits	2,187	3,073
	183,095	204,537
External revenue by timing of revenue		
Services transferred over time	180,908	201,455
Services transferred at a point in time	2,187	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

7. Other gains

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Gain 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	–
Impairment of other intangibles	21	5,029	3,631
		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 an impairment for New Zealand and New South Wales cash-generating units. The Directors deemed it appropriate to impair the carrying value of Brands of \$3.6m at 30 June 2024 due to the restructure from house of brands to a branded house.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

10. Other expenses

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Other corporate costs	980	2,254
Insurance	525	1,021
Restructure provision	–	1,492
Technology expenses	2,262	1,210
Membership fees	797	557
Travel and accommodation	394	363
	4,958	6,897

Comparative numbers were impacted by the restructuring provision raised in 2024 and partially released in 2025.

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
	3,440	3,831

12. Income tax benefit

Income tax benefit comprises current and deferred tax. Current and deferred tax is recognised in the 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.

INCOME TAX BENEFIT

The major components of income tax are:

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
<i>Current income tax</i>		
Current income tax charge	(381)	(2,246)
Adjustment in respect of current income tax of the previous years	(22)	(56)
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	2,614	3,265
Prior year under/over provision true-up	(17)	35
	2,194	998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

12. INCOME TAX BENEFIT (CONT'D)

NUMERICAL RECONCILIATION BETWEEN TAX BENEFIT AND PRE-TAX ACCOUNTING PROFIT

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Accounting profit/(loss) before tax	(17,756)	513
Prima facie tax benefit (payable) on loss before income tax at 30%	5,402	(154)
Non-deductible expenses	(86)	(40)
Impairment of goodwill	(2,963)	–
Thin capitalisation interest apportionment adjustments	(163)	
Non-deductible acquisition costs	–	(196)
Non-assessable gain on movement in contingent consideration	146	1,388
Prior year under/over provision true-up	(43)	(21)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(99)	21
Income tax benefit	2,194	998

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	(15,562)	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)	(19)	2
Diluted earnings per share (cents)	(19)	2

14. Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

15. Trade and other receivables

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Trade receivables	26,179	29,590
Accrued income	2,817	971
Other receivables	216	43
Less: expected credit loss	(105)	(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	0.4%	3,238	13
30+ days overdue	0.4%	14,023	56
60+ days overdue	0.4%	3,745	15
90+ days overdue	0.4%	5,173	21
Total trade receivables		26,179	105

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

16. Current tax assets and liabilities

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Current		
Current tax assets	953	–
Current tax liabilities	–	(1,002)
	953	(1,002)

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
Current		
Prepayments	1,317	1,118
Other Current Assets	496	–
	1,813	1,118
Non-Current		
Investment in joint venture ¹	31	12
Security deposits	104	121
	135	133

¹ 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

18. Property, plant and equipment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

MOVEMENTS IN CARRYING AMOUNTS

Year ended 30/06/2025 \$'000					
Note	Traffic control equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
Cost					
At 1 July 2024	3,788	33,633	660	140	38,221
Additions	379	2,270	50	1	2,700
Disposals	–	(974)	–	–	(974)
Exchange differences	15	51	1	–	67
At 30 June 2025	4,182	34,980	711	141	40,014
Depreciation					
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	18	2	–	(24)
At 30 June 2025	2,741	15,013	424	44	18,221
Carrying amount					
At 30 June 2025	1,441	19,967	287	97	21,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D) MOVEMENTS IN CARRYING AMOUNTS (CONT'D)

Year ended 30/06/2024					
\$'000					
Note	Traffic control equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
Cost					
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
Depreciation					
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
Carrying amount					
At 30 June 2024	2,017	22,541	386	122	25,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

19. Right-of-use assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

19. RIGHT-OF-USE ASSETS (CONT'D)

MOVEMENTS IN CARRYING AMOUNTS

Year ended 30/06/2025 \$'000				
Note	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	(1,597)	(358)	(16)	(1,971)
Exchange differences	1	–	–	1
At 30 June 2025	4,079	463	23	4,565

Year ended 30/06/2024 \$'000				
Note	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.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

20. Goodwill

	Note	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Movement — Goodwill			
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		28,851	38,643

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 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 constituted a reorganisation of the Group's reporting structure which changed the composition of cash-generating units to which goodwill has been allocated. Consequently, the Group 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 goodwill to the identified CGUs resulting from the reorganisation and reallocation on 28 June 2024.

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Queensland	19,431	19,431
New South Wales	–	3,432
Victoria	9,420	10,353
New Zealand	–	6,361
	28,851	39,577

The recoverable amount of a CGU to which goodwill is allocated is determined based on the higher 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*.

The DCF models adopted by the Directors utilise cash flow forecasts derived from the FY26 budgets approved by the Board, with a 2% growth rate applied to Australia and New Zealand CGUs respectively from the terminal period, which does not exceed the long-term average growth rate for the industry and generally accepted future consumer price index ("CPI") rate.

The forecasts give consideration to available sources of information to the Group (both internal and external).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

20. GOODWILL (CONT'D)

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

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

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

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

	QLD	NSW	VIC	NZ
Revenue growth Yr 1	(10.9%)	17.4%	4.5% ¹	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.

¹ 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.

CGU IMPAIRMENT ASSESSMENT

Impairment testing of AVADA Victorian CGU

The Group performed its annual impairment test for the AVADA Victorian CGU as at 30 June 2025. The recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using a terminal growth rate.

Key assumptions used in value-in-use calculations

- Discount rate (post-tax): 12.7% (2024: 13.0%)
- Terminal growth rate: 2% (2024: 2.5%)
- Revenue growth rate (years 2–5): 2.0% per annum (2024: 3.6%)

Management has determined the values assigned to each of the above key assumptions based on past performance, external market data, and expectations for future market developments.

Sensitivity to changes in assumptions

The calculation of value-in-use for the AVADA Victorian CGU is most sensitive to the following assumptions:

- Discount rate
- Revenue growth rate
- Terminal growth rate

Sensitivity analysis

The sensitivities relating to the Victorian cash-generating unit are as follows:

- The post-tax discount rate applied to the cash flow projections would need to increase by 1.4% (from 12.7% to 14.1%) before goodwill would be impaired, with all other assumptions remaining constant.
- The revenue growth rate applied to the cash flow projections would need to reduce by 4.2% (from 4.4% to 0.2%) before goodwill would be impaired, with all other assumptions remaining constant.
- The terminal growth rate applied to the cash flow projections would need to reduce by 2.2% (from 2% to -0.2%) before goodwill would be impaired, with all other assumptions remaining constant.

Impairment impact

At 30 June 2025, the recoverable amount of the AVADA Victorian CGU exceeds its carrying value by \$3.7 million ("headroom").

If any of the above sensitivities were to occur in isolation, no impairment would be required. However, a combination of adverse changes in these assumptions could result in the carrying amount exceeding the recoverable amount, leading to an impairment charge.

Disclosure of sensitivity

Management considers that reasonably possible changes in key assumptions, as illustrated above, would not cause the carrying amount of the AVADA Victorian CGU to exceed its recoverable amount. However, should market conditions deteriorate further, this conclusion may change in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

21. Other intangible assets

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Customer lists		
Customer lists — at cost	33,473	33,412
Less accumulated amortisation	(12,420)	(9,215)
Less accumulated impairment	(8,197)	(2,620)
	12,856	21,577
Brands		
Brands — at cost	3,847	3,847
Less accumulated impairment	(3,847)	(3,847)
	—	—
Total Other intangible assets	12,856	21,577

MOVEMENTS IN CARRYING AMOUNTS

Year ended 30/06/2025 \$'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	9	(5,029)	—	(5,029)
At 30 June 2025		12,856	—	12,856

Year ended 30/06/2024 \$'000				
	Note	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		21,577	—	21,577

The customer lists are amortised over their useful lives which has been determined to be 4 to 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

22. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Year ended 30/06/2025		
	\$'000		
	Assets	Liabilities	Net Assets / (Liabilities)
Property, plant and equipment	7	(806)	(799)
ROU assets/Lease liabilities	111	–	111
Other intangible assets	–	(3,857)	(3,857)
Other provisions	77	–	77
Employee provisions	814	–	814
Payables and accruals	1,133	–	1,133
Doubtful debts provision	32	–	32
Prepayments	–	(29)	(29)
Business related costs	473	–	473
Borrowing costs	4	–	4
Other	291	–	291
	2,942	(4,692)	(1,750)

	Year ended 30/06/2024		
	\$'000		
	Assets	Liabilities	Net Assets / (Liabilities)
Property, plant and equipment	–	(1,484)	(1,484)
ROU assets/Lease liabilities	138	–	138
Other intangible assets	–	(6,400)	(6,400)
Employee provisions	840	–	840
Payables and accruals	1,896	–	1,896
Business acquisition related costs	882	–	882
Borrowing costs	32	–	32
Other	–	(70)	(70)
	3,788	(7,954)	(4,166)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

22. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

MOVEMENT IN DEFERRED TAX ASSETS / LIABILITIES DURING THE YEAR

Year ended 30/06/2025 \$'000					
	Net Opening balance	Acquired	Recognised in equity	Recognised in profit or loss	Net DTL
Property, plant and equipment	(1,484)	–	–	685	(799)
ROU assets/Lease liabilities	138	–	–	(27)	111
Other intangible assets	(6,400)	–	–	2,543	(3,857)
Employee provisions	840	–	–	(26)	814
Payables and accruals	1,896	–	–	(764)	1,132
Business acquisition related costs	882	–	(170)	(240)	472
Borrowing costs	32	–	–	(28)	4
Other	(70)	–	–	443	373
	(4,166)	–	(170)	2,578	(1,750)

Year ended 30/06/2024 \$'000					
	Net Opening balance	Acquired	Recognised in equity	Recognised in profit or loss	Net DTL
Property, plant and equipment	(2,161)	–	–	677	(1,484)
ROU assets/Lease liabilities	93	–	–	45	138
Other intangible assets	(7,904)	(732)	–	2,236	(6,400)
Employee provisions	926	36	–	(122)	840
Payables and accruals	1,293	–	–	603	1,896
Business acquisition related costs	1,131	–	(170)	(79)	882
Borrowing costs	56	–	–	24	32
Other	11	–	–	(81)	(70)
	(6,555)	(696)	(170)	3,303	(4,166)

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 \$447,358 relating to the Group's New Zealand operations which cannot be offset against deferred tax assets and liabilities of the Group's Australian operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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	3,624	3,354
Employee related payables	2,360	3,102
PAYG payable	8,028	2,221
Other payables	961	777
	23,575	17,793

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
Undiscounted lease liabilities analysed as:		
Current	2,055	1,978
Non-current	3,415	5,270
	5,470	7,248
Discounted lease liabilities analysed as:		
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. Borrowings

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Current		
Secured		
Bank loans	3,138	1,290
Equipment finance	2,686	2,545
	5,824	3,835
Non-Current		
Secured		
Bank loans (term facility/working capital loan)	23,982	29,313
Equipment finance	5,458	8,290
	29,440	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.

Year ended 30 June 2025

Facility	Currency	Facility limit \$'000	Drawn amount Current \$'000	Drawn amount Non-current \$'000	Maturity date
Commonwealth Bank of Australia					
Term Facility	AUD	9,500	1,125	8,375	22 August 2026
Working Capital Loan	AUD	17,500	–	14,088	22 August 2026
Asset Finance Facility	AUD	5,000	984	1,227	23 August 2027
Asset Finance Facility	AUD	6,416	1,185	2,702	Variable ¹
Overdraft Facility	AUD	2,500	–	–	
Bank Guarantees	AUD	521	–	521	Variable ²
Corporate Credit Cards	AUD	250	42	–	
Kiwibank (New Zealand)					
Term Facility ³	NZD	4,000	861	1,636	5 May 2028
Asset Finance Facility ³	NZD	3,400	557	1,645	5 January 2029
Overdraft Facility ³	NZD	1,000	639	–	5 May 2028
Corporate Credit Cards ³	NZD	50	–	–	5 May 2028

1 The drawn amounts are comprised of asset financing arrangements with maturity dates to 27 June 2029.

2 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.

3 The undrawn portion of the facility is available until the loan maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. BORROWINGS (CONT'D)

DESCRIPTION OF THE BANKING FACILITIES (CONT'D)

Year ended 30 June 2024

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

1 The term facility and working capital loan have a three-year term.

2 The undrawn portion of the facility is annually reviewed and renewed in July each year.

3 The drawn amounts are comprised of asset financing arrangements with maturity dates to 28 April 2028.

4 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.

5 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.
- The term facility will be repaid in quarterly instalments of \$375,000 from December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. BORROWINGS (CONT'D)

BANK COVENANTS

The Group had covenants waived on the covenant requirements for Commonwealth Bank of Australia as at 30 June 2025.

Loan covenants are assessed on a rolling yearly basis every quarter and are:

- Net leverage ratio — no more than 3.5 times; and
- Debt service cover ratio — more than 1.6 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 NZD\$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 had covenants waived on the covenant requirements for Kiwibank as at 30 June 2025.

The loan covenants are assessed quarterly on a rolling yearly 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

26. Provisions

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Current		
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
Non-Current		
Long service leave	326	299
	326	299
Total provisions	2,980	4,334

MOVEMENTS IN PROVISIONS

Year ended 30/06/2025	Employee benefits \$'000	Other \$'000	Total \$'000
At 1 July 2024	2,810	1,524	4,334
Charges to profit or loss	2,663	(868)	1,795
Amounts used during the period	(2,749)	(400)	(3,149)
At 30 June 2025	2,724	256	2,980

Year ended 30/06/2024	Employee benefits \$'000	Other \$'000	Total \$'000
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	2,810	1,524	4,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

27. Other financial liabilities

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Current		
Fixed retention — AVADA Traffic NZ Limited (ATNZ)	–	1,178
Contingent consideration — STA Traffic Management No.2	206	551
	206	1,729
Non-Current		
Contingent consideration — AVADA Traffic NZ Limited (ATNZ)	–	143
	–	143
Total other financial liabilities	206	1,872

28. Issues of equity securities

Year ended 30/06/2025	No. of shares	\$'000
Ordinary shares		
Balance at beginning of the year	84,935,025	57,715
Balance at the end of the year	84,935,025	57,715

Year ended 30/06/2024	No. of shares	\$'000
Ordinary shares		
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

29. Reserves

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Share-based payments reserve	3,700	3,700
Acquisition reserve	10,175	10,175
Foreign currency translation reserve	(273)	(53)
	13,602	13,822

MOVEMENT IN EACH CLASS OF RESERVE

Year ended 30/06/2025	Share based payments reserve \$'000	Acquisition reserve \$'000	Foreign Currency Translation Reserve \$'000
At 1 July 2024	3,700	10,175	(53)
Exchange differences on translation of foreign operations	–	–	(221)
At 30 June 2025	3,700	10,175	(274)

Year ended 30/06/2024	Share based payments reserve \$'000	Acquisition reserve \$'000	Foreign Currency Translation Reserve \$'000
At 1 July 2023	3,700	10,175	3
Exchange differences on translation of foreign operations	–	–	(56)
At 30 June 2024	3,700	10,175	(53)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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.

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. Acquisition of subsidiaries

DETAILS OF ACQUISITIONS

There were no acquisitions during the year ended 30 June 2025.

During the year ended 30 June 2024, the Company was a party to a business combination:

Pursuant to an agreement signed by the Company on 23 October 2023, the Company agreed to acquire the business and assets of STA Traffic Management Pty Ltd effective 23 October 2023 by way of a cash payment. The agreement also contained an "earn-out" component based on trading performance for the 12-months post completion of the acquisition subject to certain performance hurdles being met.

CONSIDERATION TRANSFERRED

	STA Traffic Management Pty Ltd \$'000
Cash consideration	7,603
First contingent consideration ¹	289
Second contingent consideration ¹	215
Total consideration transferred	8,107

1 Refer Note 27 for details of contingent consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

		Year ended 30/06/2024 \$'000
Assets	Note	
Current assets		
Cash and cash equivalents		–
Total current assets		–
Non-current assets		
Property, plant and equipment	18	4,347
Other intangible assets	21	2,440
Total non-current assets		6,787
Total assets		6,787
Current liabilities		
Trade and other payables		–
Provisions	26	71
Total current liabilities		71
Non-current liabilities		
Provisions	26	49
Deferred tax liabilities		696
Total non-current liabilities		745
Total liabilities		816
Net assets		5,971

The initial accounting for the acquisition has been provisionally determined at the end of the year. At the date of completion of the year-end financial report, the necessary market valuations and related tax calculations along with the determination of the consideration paid and the fair value of the identifiable assets acquired and liabilities assumed has been formalised. The Company has performed a final assessment to finalise the necessary market valuations and other calculations along with the fair value of the plant and equipment, associated deferred tax liabilities, as well as intangible assets and goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION (CONT'D)

	Total \$'000
Goodwill arising on acquisition	
Purchase price consideration	8,107
Less: Total of identifiable net assets acquired	(5,971)
Goodwill arising on acquisition	2,136

The Goodwill is attributable to workforce, business processes and know-how and synergies on combination of the Group. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented, or exchanged, either individually or together with any related contracts. Customer lists and brand names which are separately identifiable are accounted for as intangible assets.

NET CASH OUTFLOW ARISING ON ACQUISITION

	Total \$'000
Cash consideration	7,603
	7,603

IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

Included in the profit before tax for year-ended 30 June 2024 is \$521,618 attributable to STA Traffic Management Pty Ltd. Revenue for the year-ended 30 June 2024 includes \$15,261,649 in respect of STA Traffic Management Pty Ltd.

Had the acquisition of STA Traffic Management Pty Ltd been effected at 1 July 2023, the revenue of the Group for the 12 months ended 30 June 2024 would have been \$20,067,000 and the profit before tax for the year would have been \$555,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on a yearly basis and to provide a reference point for comparison in future year-ended.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

32. 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
Profit/(loss) for the year		(15,562)	1,511
Adjustments for:			
Depreciation and amortisation		10,914	11,317
Movement in expected credit loss		–	98
Movement in foreign exchange		–	33
(Gains) on sale of fixed assets		(54)	(8)
(Gains) on remeasurement of contingent liability		(484)	(4,602)
Impairment of goodwill and other intangibles	9	14,767	3,631
Movements in working capital:			
(Increase)/decrease in Trade and other receivables		1,390	(3,882)
(Increase) in Other assets		(678)	(188)
(Increase)/decrease in Deferred tax liabilities		(2,415)	(3,085)
Increase/(decrease) in Trade and other payables		4,496	(511)
Increase/(decrease) in Current tax payable		(1,953)	1,308
Increase/(decrease) in Other liabilities		(88)	1,083
Net cash generated from operating activities		10,333	6,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

32. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

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.

Non-cash changes						
	1 July 2024 \$'000	Financing and Investing cash flows¹ \$'000	Acquisition of subsidiaries \$'000	New lease commitments \$'000	Remeasurements \$'000	30 June 2025 \$'000
Bank loan	30,603	(3,527)	–	–	44	27,120
Chattel mortgage	10,835	(2,730)	–	–	38	8,143
Lease liabilities	6,393	(1,755)	–	580	(280)	4,938
Contingent consideration²	1,985	(1,249)	–	–	(530)	206
Total liabilities from financing activities	49,816	(9,261)	–	580	(728)	40,407

1 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.

2 Refer to note 27 for further details.

Non-cash changes						
	1 July 2023 \$'000	Financing and Investing cash flows¹ \$'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 consideration²	9,012	(3,006)	1,438	–	(5,459)	1,985
Total liabilities from financing activities	55,673	(4,698)	1,438	2,957	(5,554)	49,816

1 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.

2 Refer to note 27 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

33. Key Management Personnel

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Short-term employee benefits	1,687	1,333
Post-employment benefits	102	121
Long-term benefits	6	1
Termination pay	117	258
	1,912	1,713

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

34. Fair value of financial instruments

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

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

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

Financial liabilities	Fair value as at 30/06/2025	Fair value hierarchy	Valuation technique(s) and key input(s)
Contingent consideration in a business combination	Liabilities (FVTPL) — \$206	Level 3	Present Value of expected future cash outflow

MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

Year ended 30/06/2025	Note	STA Traffic Management No.2 Pty Ltd \$'000	AVADA Traffic NZ Limited \$'000	Total \$'000
Opening balance		551	1,321	1,872
Total (gains) or losses:				
– In profit or loss	7	(345)	(139)	(484)
Foreign exchange loss/(gain)		–	67	67
Disposals/payments		–	(1,249)	(1,249)
Closing balance		206	–	206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

35. Financial risk management

The Group's activities expose it to market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit and Risk Management Committee ("ARMC") then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. Financial risk management is carried out by the finance function in accordance with the policies set by the ARMC.

INTEREST RATE RISK

The Group's main exposure to interest rate risk is long term borrowings. Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates. The Group is exposed to interest rate risk through its Banking Facilities, which include floating rate facilities. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

Interest rate risk management

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Group is exposed to BBSY in respect of interest rate benchmarks for borrowings. The Group does not currently have any hedging activities or interest rate swaps implemented.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A one per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Director's assessment of the reasonably possible change in interest rates.

If interest rates had been five per cent higher and all other variables were held constant, the Group's loss for the full year ended 30 June 2025 would increase by \$145,930. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not have sufficient funds to meet its financial commitments as and when they fall due.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

35. FINANCIAL RISK MANAGEMENT (CONT'D)

LIQUIDITY RISK (CONT'D)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Year ended 30/06/2025	Weighted average effective interest rate %	Less than 1 month \$'000	1 month to 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5+ years \$'000	Total \$'000	Carrying value \$'000
Trade and other payables	–	18,796	3,577	1,066	136	–	23,575	23,575
Bank loan	5.38	227	2,128	25,526	638	–	28,519	27,121
Lease liabilities	3.94	171	1,884	1,621	1,409	385	5,470	4,938
Equipment finance	6.90	343	2,861	5,677	249	–	9,130	8,142
Contingent consideration	–	–	206	–	–	–	206	206
Provisions	–	32	349	317	952	1,330	2,980	2,980
		19,569	11,005	34,207	3,384	1,715	69,880	66,962

Year ended 30/06/2024	Weighted average effective interest rate %	Less than 1 month \$'000	1 month to 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5+ years \$'000	Total \$'000	Carrying value \$'000
Trade and other payables	–	14,540	3,253	–	–	–	17,793	17,793
Bank loan	5.86	550	2,367	27,983	1,466	–	32,366	30,603
Lease liabilities	7.19	159	1,819	1,985	2,672	613	7,248	6,393
Equipment finance	4.16	349	2,904	3,195	5,907	–	12,355	10,835
Contingent consideration	–	1,256	884	–	–	–	2,140	1,985
Provisions	–	86	2,511	62	143	40	2,842	2,842
		16,940	13,738	33,225	10,188	653	74,744	70,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

35. FINANCIAL RISK MANAGEMENT (CONT'D)

LIQUIDITY RISK (CONT'D)

The Group has access to financing facilities as described below. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Year ended 30/06/2025
\$'000

Facility	Term Facility	Working Capital Loan	Asset Finance (Tranche 1)	Asset Finance (Tranche 2)	Bank Overdraft	Bank Guarantees
Commonwealth bank of Australia						
Amount used	9,500	14,088	2,211	3,887	–	521
Amount unused	–	3,412	2,789	2,529	2,500	–
	9,500	17,500	5,000	6,416	2,500	521
Kiwibank (NZD)						
Amount used	2,497	–	2,202	–	639	–
Amount unused	1,503	–	1,198	–	361	–
	4,000	–	3,400	–	1,000	–

Year ended 30/06/2024
\$'000

Facility	Term Facility	Working Capital Loan	Asset Finance (Tranche 1)	Asset Finance (Tranche 2)	Bank Overdraft	Bank Guarantees
Commonwealth bank of Australia						
Amount used	9,500	17,500	5,000	3,257	–	546
Amount unused	–	–	–	–	2,500	–
	9,500	17,500	5,000	3,257	2,500	546
Kiwibank (NZD)						
Amount used	3,273	–	2,791	–	–	–
Amount unused	727	–	609	–	1,000	–
	4,000	–	3,400	–	1,000	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

35. FINANCIAL RISK MANAGEMENT (CONT'D)

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to counterparty credit risk arising from its operating activities, primarily from trade receivables.

Credit risk management

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. Credit risk is managed through the maintenance of procedures such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties; ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, these customers may be required to pay upfront, or the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of trade receivables and cash and cash equivalents. The Group does not consider there to be any significant concentration of credit risk with any single or group of customers

36. 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 33.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

36. RELATED PARTY BALANCES OR TRANSACTIONS (CONT'D)

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:

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 Black ¹	Advisory Services	Director	\$145,317	–
Bilingarra Indigenous Services Pty Ltd	Working capital credit	Investee of Joint Venture	–	\$47,497
Bilingarra Indigenous Services Pty Ltd	Revenue	Investee of Joint Venture	\$227,724	–

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	–
Bilingarra Indigenous Services Pty Ltd	Working capital debit	Investee of Joint Venture	–	\$24,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

37. Remuneration of auditors

	Year ended 30/06/2025 \$	Year ended 30/06/2024 \$
Deloitte		
Audit or review of financial reports	–	563,089
Total Deloitte audit services	–	563,089
BDO		
Audit or review of financial reports	357,500	208,116
Total BDO audit services	357,500	208,116
Total audit services	357,500	771,205
Deloitte		
Financial and tax due diligence	–	151,422
Total Deloitte non-audit services	–	151,422
Total amount paid or payable to BDO	357,500	208,116
Total amount paid or payable to Deloitte	–	714,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

38. Parent entity information

The financial information for the parent entity, AVADA Group Limited, has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries

Investments in subsidiaries entities are accounted for at cost.

Tax consolidation

The Company and its Australian subsidiaries have formed a Tax Consolidated Group. Consequently, all members of the Tax Consolidated Group will be taxed as a single entity and the consolidated financial statements have been prepared on the basis that this has occurred.

The head entity within the Tax Consolidated Group is AVADA Group Limited.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the Tax Consolidated Group will be determined using a separate taxpayer within the Group's approach to determine the tax contribution amounts payable or receivable by each member of the Tax Consolidated Group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred but does not tax effect transactions that have no tax consequences to the Group. The same basis will be used for tax allocation within the Tax Consolidated Group.

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Statement of financial position		
Assets		
Current assets	561	9,216
Non-current assets	109,507	93,140
Total assets	110,068	102,356
Liabilities		
Current liabilities	(4,079)	7,753
Non-current liabilities	(67,152)	57,311
Total liabilities	(71,231)	65,064
Net assets	38,837	37,292
Equity		
Share capital	57,714	57,714
Share-based payments reserve	3,700	3,700
Acquisition reserve	10,175	10,175
Accumulated losses	(32,752)	(34,297)
Total equity	38,837	37,292
Loss for the year	(15,380)	(8,346)
Total comprehensive loss for the year	(15,380)	(8,346)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

39. Subsidiaries and controlled entities

The consolidated financial statements include the financial statements of AVADA Group Limited and the following subsidiaries:

Name of entity	Country of incorporation	Equity holding	
		Year ended 30/06/2025	Year ended 30/06/2024
A20 Pty Ltd	Australia	100%	100%
Arid to Oasis Traffic Solutions Pty Ltd	Australia	100%	100%
Customised Traffic Management No. 2 Pty Ltd	Australia	100%	100%
D&D Services (Australia) Pty Ltd	Australia	100%	100%
D&D Traffic Management Pty Ltd	Australia	100%	100%
Linemark Traffic Control Pty Ltd	Australia	100%	100%
Platinum Traffic Services Pty Ltd	Australia	100%	100%
The Traffic Marshal Pty Ltd	Australia	100%	100%
Traffic Management People No. 2 Pty Ltd	Australia	100%	100%
Verifact Traffic Pty Ltd	Australia	100%	100%
Construct Traffic No. 2 Pty Ltd	Australia	100%	100%
AVADA IS QLD No.1 Pty Ltd	Australia	100%	100%
Plans and Permits Australia Pty Ltd	Australia	100%	100%
STA Traffic Management No.2 Pty Ltd	Australia	100%	100%
AVADA Traffic Pty Ltd	Australia	100%	100%
AVADA Logistics Pty Ltd	Australia	100%	100%
AVADA New Zealand Limited	New Zealand	100%	100%
AVADA Traffic NZ Limited	New Zealand	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

39. SUBSIDIARIES AND CONTROLLED ENTITIES (CONT'D)

DEED OF CROSS GUARANTEE

On 16 June 2023 AVADA Group Limited and Verifact Traffic Pty Ltd became parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, Verifact Traffic Pty Ltd has been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The companies above represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by AVADA Group Limited, they also represent the 'extended closed group.

Set out below is a consolidated statement of profit or loss and other comprehensive income of the closed group consisting of AVADA Group Limited and Verifact Traffic Pty Ltd.

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Revenue	121,204	52,708
Other income	12	218
Other gains	455	5,217
Depreciation and amortisation expense	(786)	(3,243)
Direct equipment hire and consumables	(15,686)	(8,056)
Direct wages and salaries	(104,137)	(34,297)
Non-direct wages and salaries	(16,057)	(10,886)
Administration expenses	(2,811)	(4,489)
Impairment of intangible assets	–	(843)
Other expenses	(3,648)	(2,897)
Finance costs	(2,524)	(2,860)
Loss before income tax	(23,979)	(9,428)
Income tax benefit	41	2,955
Loss for the year	(23,939)	(6,473)
Other comprehensive income, net of tax	–	–
Total comprehensive loss for the year	(23,939)	(6,473)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

39. SUBSIDIARIES AND CONTROLLED ENTITIES (CONT'D)

Set out below is a consolidated statement of financial position at 30 June 2025 for the closed group consisting of AVADA Group Limited and Verifact Traffic Pty Ltd.

	Year ended 30/06/2025 \$'000	Year ended 30/06/2024 \$'000
Assets		
Current assets		
Cash and cash equivalents	6,852	2,581
Trade and other receivables	23,152	6,535
Current tax liabilities	1,660	5,748
Other current assets	1,679	410
Total current assets	33,343	15,274
Non-current assets		
Property, plant and equipment	442	4,988
Right-of-use-assets	2,070	2,575
Investments in subsidiaries	–	57,851
Goodwill	–	14,270
Other intangible assets	–	7,229
Other non-current assets	105,408	
Deferred tax assets	1,884	6
Total non-current assets	109,805	86,919
Total assets	143,148	102,193
Liabilities		
Current liabilities		
Trade and other payables	79,427	6,688
Lease liabilities	769	705
Borrowings	2,009	2,368
Provisions	2,366	3,396
Other financial liabilities	206	807
Total current liabilities	84,778	13,964
Non-current liabilities		
Lease Liabilities	1,436	2,054
Borrowings	26,374	47,160
Deferred tax liabilities	–	141
Provisions	282	137
Total non-current liabilities	28,092	49,492
Total liabilities	112,869	63,456
Net Assets	30,279	38,737
Equity		
Share capital	57,714	57,715
Reserves	13,875	13,875
Accumulated losses	(41,310)	(32,853)
Total equity	30,279	38,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

40. Events after the reporting period

BANKING FACILITIES

Commonwealth Bank of Australia has provided covenant waivers until 30 September 2025. Kiwibank (New Zealand) has provided covenant waivers until 31 December 2025.

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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

BASIS OF PREPARATION

This Consolidated Entity Disclosure Statement (CEDs) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

DETERMINATION OF TAX RESIDENCY

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

AUSTRALIAN TAX RESIDENCY

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

NEW ZEALAND TAX RESIDENCY

The consolidated entity has applied New Zealand tax residency rules which state that a company which is incorporated under the *New Zealand Companies Act 1993* is resident in New Zealand.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity name	Country of incorporation	Entity type	% of share capital held	Tax residency	
				Australian resident	Body corporate jurisdiction
AVADA Group Limited	Australia	Body corporate	100%	Yes	N/A
A20 Pty Limited	Australia	Body corporate	100%	Yes	N/A
Arid to Oasis Traffic Solutions Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Customised Traffic Management No 2 Pty Ltd	Australia	Body corporate	100%	Yes	N/A
D & D Services (Australia) Pty Ltd	Australia	Body corporate	100%	Yes	N/A
D & D Traffic Management Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Linemark Traffic Control Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Platinum Traffic Services Pty Ltd	Australia	Body corporate	100%	Yes	N/A
The Traffic Marshal Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Traffic Management People No.2 Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Verifact Traffic Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Construct Traffic No. 2 Pty Ltd	Australia	Body corporate	100%	Yes	N/A
AVADA IS QLD No. 1 Pty Ltd	Australia	Body corporate	100%	Yes	N/A
Plans and Permits Australia Pty Ltd	Australia	Body corporate	100%	Yes	N/A
STA Traffic Management No.2 Pty Ltd	Australia	Body corporate	100%	Yes	N/A
AVADA Traffic Pty Ltd	Australia	Body corporate	100%	Yes	N/A
AVADA Logistics Pty Ltd	Australia	Body corporate	100%	Yes	N/A
AVADA NZ Limited	New Zealand	Body corporate	100%	No	New Zealand
Wilsons TM Limited	New Zealand	Body corporate	100%	No	New Zealand

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 29 September 2025.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number equitable security holders by size of holding:

Range	Number of holders	% of total shares issued
100,001 and Over	55	10.6%
10,001 to 100,000	219	42.3%
5,001 to 10,000	81	15.6%
1,001 to 5,000	114	22.0%
1 to 1,000	49	9.5%
Total	518	100.0%

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The twenty largest security holders of quoted equity securities are:

Name	Numbers held	% of total shares issued
ALTUS GROUP HOLDINGS PTY LTD	13,110,305	15.4%
MIDMARLAR PTY LTD	9,439,503	11.1%
CROWLEY SUPERANNUATION PTY LTD	6,009,524	7.1%
PROTOCOL INVESTIGATION PTY LTD	5,931,272	7.0%
UBS NOMINEES PTY LTD	5,670,447	6.7%
HOCKRIDGE SUPERANNUATION FUND PTY LTD	4,416,706	5.2%
HOCKRIDGE ESTATE PTY LTD	3,787,474	4.5%
CROWLEY SUPERANNUATION PTY LTD	3,300,000	3.9%
KERN GROUP (LICENSING) PTY LTD	3,000,000	3.5%
ZINLINE PTY LTD	2,379,763	2.8%
RODECA PTY LTD	1,679,887	2.0%
MR DEAN SAMUEL WEINMAN & MRS ROCHELLE WEINMAN & MR PHILIP WEINMAN	1,476,667	1.7%
BOWE DEVELOPMENTS PTY LTD	1,213,570	1.4%
BOWE DEVELOPMENTS PTY LTD	941,293	1.1%
MR DANIEL JAMES CROWLEY & MRS LISA GAYE CROWLEY	936,070	1.1%
FABIAN DIAZ	920,802	1.1%
MS KAREN THERESE BRANDENBURG	867,720	1.0%
ALLPIPER HOLDINGS PTY LTD	759,085	0.9%
SC&I HOLDINGS PTY LTD	741,012	0.9%
GLENFARE INVESTMENTS PTY LTD	640,697	0.7%
Total	67,221,797	79.1%

SHAREHOLDER INFORMATION

Substantial Holders

The names of the security holders who have notified the Company of a substantial holding in accordance with section 671B of the *Corporations Act 2001* are:

Name	Numbers held	% of total shares issued
ALTUS GROUP HOLDINGS PTY LTD	13,110,305	15.4%
MIDMARLAR PTY LTD	9,439,503	11.1%
CROWLEY SUPERANNUATION PTY LTD	6,009,524	7.1%
PROTOCOL INVESTIGATION PTY LTD	5,931,272	7.0%
UBS NOMINEES PTY LTD	5,670,447	6.7%
HOCKRIDGE SUPERANNUATION FUND PTY LTD	4,416,706	5.2%
	44,577,757	52.5%

Voting rights

The voting rights attached to ordinary shares are set out below:

ORDINARY SHARES

On a show of hands all members present at a meeting or by proxy has one vote. On a poll, every member present or by proxy has one vote for each fully paid share and a fraction of a vote for each partly paid share.

There are no other classes of securities that confer voting rights.

COMPANY

AVADA Group Limited
Suite 1, Level 2
116 Ipswich Road
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www.avadagroup.com.au

DIRECTORS

Lance Hockridge
Non Executive Chairman

Ann Maree Robertson
Independent Non-Executive Director
and Deputy Chair

Dan Crowley
Managing Director

Courtney Black
Independent Non-Executive Director

Neil Scales OBE
Independent Non-Executive Director

COMPANY SECRETARY

Andrew Metcalfe

SHARE REGISTRY

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