

## ASX Announcement

26 February 2026

### AVADA Group Limited H1 FY26 RESULTS

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

#### Overview

- Operating revenue increased 11% to \$101.5m for H1 FY26 (H1 FY25: \$91.1m) reflecting strong growth in New South Wales and Queensland and continued underlying demand for essential traffic management services.
- Statutory loss after tax of \$16.5m included a \$15.0m non-cash impairment to intangible assets in the Victorian business and \$0.6m non-cash expected credit loss provision in relation to legacy customer receivables.
- Adjusted EBITDA of \$7.1m (see Appendix A) represents a combination of strong revenue growth in key markets and the initial benefits of the business transformation initiative. Management focus on optimising labour and fleet deployment across the network and cost control measures have contributed to the improved financial performance.
- Transformation strategy and operational momentum to deliver increasing benefits in second half of FY26.
- Work pipeline remains strong.

#### Strong performances in key markets

Queensland delivered a strong revenue performance during the H1 FY26, with momentum building across all regions. The Group successfully restored revenues following the loss of the Brisbane City Council contract in FY25. Queensland continues to benefit from a strong forward project pipeline underpinned by major infrastructure investment leading into the Brisbane 2032 Olympic and Paralympic Games.

New South Wales saw strong revenue growth during H1 FY26 and is expected to stabilise through Q3 and Q4 FY26. The Group's ongoing emphasis on industry-leading standards of governance, transparency and compliance continues to support its competitive position with government clients. Margins in the period were temporarily impacted by mobilisation costs associated with newly awarded regional contracts in Q2 FY26.

Operating conditions in Victoria remained challenging with unionised labour requirements for major government infrastructure contracts. In response, the Group is actively targeting opportunities in regional markets where conditions are more favourable. Resources are being re-allocated to other parts of the Group where project utilisation and returns are greater. A dedicated business development resource is scheduled to commence in Q3 FY26 to support targeted growth initiatives within the state.

In New Zealand economic conditions continue to be challenging. AVADA continued initiatives aimed at strengthening performance with a new management team now in place. The depot network has been optimised to improve resource deployment, while business development activity has increased to support revenue growth. Cost-efficient labour and fleet utilisation strategies are being implemented.

## **Transformation and capability uplift strengthening business operations**

AVADA continued to execute its transformation agenda during the half with operational improvements anticipated to deliver further benefits through the second half of FY26.

Operational efficiency remains a key focus, with continued emphasis on fleet utilisation delivering improvements during H1 FY26 and further gains expected in Q3 FY26. Margin improvement initiatives and resource optimisation programs are being implemented across the business in Q3 and Q4 FY26.

Leadership capability across the business was further strengthened with the appointment of a new Executive General Manager of Strategic Execution and Operations and Head of Commercial, alongside the promotion of the Queensland State Manager from within the business, reflecting AVADA's commitment to developing talent within the organisation.

The Group strengthened business development capability with additional dedicated resources in Queensland and Victoria, improving pipeline visibility and opportunities across key markets.

After the transition to a single ERP platform was completed in FY25, systems enhancements continued with payroll integration and financial management systems being implemented.

The Group's refinancing process remains on track with multiple offers being considered, and is expected to be completed in Q3 FY26.

## **Historical financial adjustments**

AVADA has recognised a non-cash write-down of \$15.0m on the historical carrying value of the Victorian business, reflecting the goodwill paid for acquired businesses and the impacts of the State Government union labour mandate.

During H1 FY26, the Group recognised a provision of \$0.6m in relation to legacy customer receivables. These balances do not arise from the current year's trading but relate to historical invoices affected by rate and time discrepancies originating from errors in the Group's previous customer database.

The implementation of the new ERP system required the review, correction and collection of these legacy customer receivables to be delayed. With system implementation now complete, the Group has commenced a structured program to investigate and recover the affected amounts, with any collections to be recognised when received. The Directors are satisfied that the provision reflects a prudent assessment of the potential non-recovery of these long-outstanding invoices.

The Group's financial results also include a reduction in contingent consideration of \$0.2m associated with the acquisition of the business and assets of STA Traffic Management in H1 FY26.

## **Leadership changes**

With the continued strengthening of AVADA's executive leadership team, Managing Director Dan Crowley will transition to an Executive Director and Founder role over the next twelve months.

This transition forms part of AVADA's structured succession planning process, designed to further build management depth and capability across the Group. AVADA will continue to benefit from Dan's extensive industry knowledge, relationships and strategic insight during and beyond this transition period.

As the founder and long-standing Managing Director of AVADA, Dan has made an exceptional contribution to the business and to the broader development of the traffic management industry. In his new role, Dan will remain actively involved with the Group and will continue to mentor and support the next generation of leaders within the business.

## **Outlook**

AVADA enters H2 FY26 with improving momentum and a strong pipeline of work.

Transformation initiatives are expected to deliver increasing operational and financial benefits through Q3 and Q4 FY26, supported by margin improvements driven by enhanced fleet utilisation, labour mix optimisation and disciplined resource management.

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

The Board remains confident that the actions taken during the first-half position the Group well to deliver improved outcomes through the remainder of FY26.

## Appendix A – Reconciliation of statutory results to Adjusted H1 FY26

\$'000s	H1 FY26 Statutory <sup>(1)</sup>	Non- reoccurring/ Non-operating items	Contingent Consideration	Impairment of Intangibles	H1 FY26 Adjusted <sup>(3)</sup>
Traffic Management Revenue	101,463				101,463
Other income	1,180				1,180
Other gains	206		(206)		-
<b>Total Revenue</b>	<b>102,849</b>	-	(206)	-	<b>102,643</b>
Cost of Sales	(82,159)				(82,159)
<b>Gross Profit</b>	<b>20,690</b>	-	(206)	-	<b>20,483</b>
Employee benefit expenses	(8,766)	862			(7,904)
General and admin expenses	(1,745)	752			(992)
Other expenses	(4,497)	39			(4,458)
Impairment of intangibles	(15,005)			15,005	-
<b>Operating expenses</b>	<b>(30,013)</b>	<b>1,653</b>	-	<b>15,005</b>	<b>(13,355)</b>
EBITDA	(9,323)	1,653	(206)	15,005	7,129
Depreciation and amortisation	(5,538)		-	-	(5,538)
EBIT	(14,861)	1,653	(206)	15,005	1,591
Net finance income / (expense)	(1,643)				(1,643)
<b>Profit before tax</b>	<b>(16,504)</b>	<b>1,653</b>	<b>(206)</b>	<b>15,005</b>	<b>(52)</b>
Income benefit / (expense) <sup>(2)</sup>	13				13
<b>Net Profit after tax</b>	<b>(16,492)</b>	<b>1,653</b>	<b>(206)</b>	<b>15,005</b>	<b>(40)</b>
Exchange differences on translation of foreign operations	568				568
Add back: amortisation (net of tax)	N/A	N/A	N/A	N/A	1,017
NPATA	(15,324)				1,545

### Note

1. H1 FY26 Statutory results are as per the audit reviewed financial information for the half year ending 31 December 2025.
2. The tax expense amount is the current estimated expense.
3. The pro forma and normalisation adjustments have been sourced from the underlying accounting records of AVADA Group Limited and its subsidiaries and have not been subject to audit or independent review.

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

### About AVADA Group Limited

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

Visit us at [avadagroup.com.au](http://avadagroup.com.au)

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