

AVADA Group Limited

ACN: 648 988 783

ASX Code: AVD

Appendix 4D for the half-year ended 31 December 2025

RESULTS FOR ANNOUNCEMENT TO THE MARKET:

		Consolidated Half-year ended 31/12/2025 \$'000	Consolidated Half-year ended 31/12/2024 \$'000
	% Change		
Total revenue from ordinary activities	11%	101,463	91,061
Loss from ordinary activities after tax attributable to members	(72)%	(16,492)	(9,573)
Total comprehensive loss for the period attributable to members	(65)%	(15,924)	(9,624)

The results of AVADA Group Limited (“the Company”) and its subsidiaries (“the Group”) for the half-year reflect the operational performance of the business under current market conditions. During the period, the Group recognised an impairment loss of \$15.0 million relating to the Victorian cash-generating unit (“CGU”). This impairment comprised \$9.4 million of goodwill and \$5.6 million of other intangible assets and was driven by a deterioration in market conditions adversely affecting operational performance within the region.

The Group’s financial results also include a reduction in contingent consideration of \$0.2m associated with the prior period acquisition of the business and assets of STA Traffic Management (“STA Traffic”) during the half-year ended 31 December 2025. Additionally, the Group recorded a provision of \$0.6 million in relation to legacy customer receivables. These balances do not arise from the current year’s trading activity.

Dividend details

The Company is not proposing to pay dividends in respect of the half-year ended 31 December 2025 (31 December 2024: \$nil).

EXPLANATION OF KEY INFORMATION

Composition of the condensed consolidated financial statements

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended 31 December 2025 include the results of the Company and all its operating subsidiaries. The comparative period results include the results of the Company and its subsidiaries for the six months ended 31 December 2024.

Net tangible assets per share

	31/12/2025	31/12/2024
Net tangible assets per share ¹	<u>\$(0.03)</u>	<u>\$(0.04)</u>

¹ Right of use assets and liabilities have been included in the net tangible assets per share calculation.

Independent audit review report

The independent auditor's review report is attached to the financial report for the half-year ended 31 December 2025 ("Financial Report").

The independent auditor's review report contains an unmodified opinion.

AVADA Group Limited

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Financial report for the half-year ended
31 December 2025

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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 half-year ended 31 December 2025. In order 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 half-year are:

Name	Position
Lance Hockridge	Chair
Ann-Maree Robertson	Non-Executive Director and Deputy Chair
Daniel Crowley	Managing Director
Courtney Black	Non-Executive Director
Neil Scales OBE	Non-Executive Director

Dividends

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

Principal activities

The Group's principal activities were the provision of integrated traffic management services with operations throughout Queensland, New South Wales, Victoria and the South Island of New Zealand, delivering services to major public and private sector clients and commercial operators.

Integrated traffic management services include the provision of traffic control, equipment hire, plans and permits, event management and incident response. 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 investment 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 the deferral of work due to weather and planning impacts, along with other disruptions related to industrial action.

Traffic management services revenue is earned based on hourly or day rates billed for traffic controllers, vehicles and other equipment.

Review of operations

The Group's revenue from operations was \$101.5m compared to \$91.1m in the prior corresponding period. This improvement reflected strong growth in the Group's two largest markets, Queensland and New South Wales.

The loss for the half-year for the Group after providing for income tax amounted to \$16.5m. This included a \$15.0m non-cash impairment to intangible assets in the Victorian business.

AVADA Group Limited

Review of operations (cont'd)

Strong performance in key markets

The Group reported strong revenue growth in Queensland during the half-year, with momentum building across all regions of the state. Revenues have been successfully restored after the Brisbane City Council contract was not renewed in FY25, and this market has a strong project pipeline underpinned by major infrastructure investment leading into the Brisbane 2032 Olympic and Paralympic Games.

The New South Wales business also reported strong revenue growth and is expected to stabilise during the remainder of the financial year. AVADA's industry-leading standards of governance, transparency and compliance support a strong competitive position particularly among government clients. Margins during the first half were temporarily impacted by mobilisation costs associated with newly awarded regional contracts in the second quarter.

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, 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

The Group continued to execute its transformation agenda during the first half with operational improvements anticipated to deliver further benefits through the second half of the financial year.

Operational efficiency remains a key focus, with continued emphasis on fleet utilisation delivering improvements during Q2 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 Chief Operating Officer and Head of Commercial, alongside the promotion of the Queensland State Manager from within the business, reflecting AVADA's commitment to developing talent from 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.

Financial position and impairment

The net asset position of the Group decreased from \$38.7m as at 30 June 2025 to \$22.8m as at 31 December 2025.

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment or more regularly where indicators of impairment exist. The Directors have, in assessing impairment if impairment existed in the VIC and NZ CGUs in accordance with Impairment of Assets ("AASB 136"), concluded that impairment indicators existed, therefore the relevant cash-generating units have been tested for impairment. The Directors did not identify indicators of impairment in the QLD and NSW cash-generating units.

The Group 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.

AVADA Group Limited

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 review, correction and collection of these legacy customer receivables was delayed by the implementation of the new ERP system. With 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.

Going concern

The Directors have assessed the Group's ability to continue as a going concern. While the Group incurred a loss of \$16.5m and had operating cash outflows of \$5.2m during the during the 6 months ended 31 December 2025, Directors are satisfied that having regard to the Group's effective cost management, disciplined capital expenditure practices, demonstrated ability to raise capital, and cash flow forecasts based on reasonable and supportable assumptions, the Group will be able to meet its obligations through planned refinancing and capital management initiatives and therefore consider the going-concern basis of preparation appropriate. Further details are provided in Note 1 to the financial statements.

Outlook

AVADA enters the second half of 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.

Events after the reporting period

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

Auditor's independence declaration

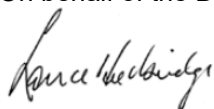
The auditor's independence declaration is included on page 5 of the Interim Financial Report.

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 and financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Lance Hockridge
Chairman

Brisbane, 26 February 2026



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

As lead auditor for the review of Avada Group Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 26 February 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Avada Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Avada Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report


The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO


N I Batters
Director

Brisbane, 26 February 2026

Directors' declaration

The Directors of AVADA Group Limited declare that:

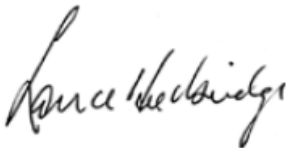
- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date.

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 credit or 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 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.305(5) of the *Corporations Act 2001*.

On behalf of the Directors



Lance Hockridge
Chairman

Brisbane, 26 February 2026

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2025

	Note	Consolidated Half-year ended 31/12/2025 \$'000	Consolidated Half-year ended 31/12/2024 \$'000
Revenue	4	101,463	91,061
Other income		1,180	75
Other gains		206	480
Depreciation and amortisation expense		(5,538)	(4,960)
Direct equipment hire and consumables		(14,359)	(11,079)
Direct wages and salaries		(67,800)	(60,349)
Non-direct wages and salaries		(8,766)	(9,688)
Administrative expenses		(1,746)	(2,374)
Impairment of intangible assets		(15,005)	(9,723)
Other expenses		(4,497)	(2,527)
Finance costs		(1,643)	(1,826)
Loss before income tax		(16,505)	(10,910)
Income tax benefit		13	1,337
Loss for the period		(16,492)	(9,573)
Other comprehensive profit/(loss), net of tax		568	(51)
Total comprehensive loss for the period		(15,924)	(9,624)
Loss per share			
Basic (cents per share)	5	(19)	(11)
Diluted (cents per share)	5	(19)	(11)

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

Condensed consolidated statement of financial position

as at 31 December 2025

	Note	Consolidated Half-year ended 31/12/2025 \$'000	Consolidated Year ended 30/06/2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		4,128	7,327
Trade and other receivables		34,188	29,107
Current tax assets		1,393	953
Other current assets		4,660	1,813
Total current assets		44,369	39,200
Non-current assets			
Property, plant and equipment		18,790	21,792
Right-of-use assets		4,765	4,565
Goodwill	6	19,431	28,851
Other intangible assets	7	5,818	12,856
Other non-current assets		322	135
Total non-current assets		49,126	68,199
Total assets		93,495	107,399
Liabilities			
Current liabilities			
Trade and other payables		21,658	23,575
Lease liabilities		2,097	1,830
Borrowings	9	33,409	5,824
Provisions		4,334	2,654
Other financial liabilities		-	206
Total current liabilities		61,498	34,089
Non-current liabilities			
Lease liabilities		2,957	3,108
Borrowings	9	4,916	29,440
Deferred tax liabilities		1,116	1,750
Provisions		248	326
Total non-current liabilities		9,237	34,624
Total liabilities		70,735	68,713
Net Assets		22,760	38,686
Equity			
Share capital		57,715	57,715
Reserves		14,168	13,602
Accumulated losses		(49,123)	(32,631)
Total equity		22,760	38,686

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

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2025

		Share capital	Share-based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2025		57,715	3,700	10,175	(274)	(32,631)	38,686
Loss for the period		-	-	-	-	(16,492)	(16,492)
Other comprehensive income for the period		-	-	-	568	-	568
Total comprehensive income for the period		-	-	-	568	(16,492)	(15,924)
Balance as at 31 December 2025		57,715	3,700	10,175	293	(49,123)	22,760

		Share capital	Share-based payments reserve	Acquisition reserve	Foreign Currency Translation Reserve	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2024		57,715	3,700	10,175	(53)	(17,069)	54,468
Profit for the period		-	-	-	-	(9,573)	(9,573)
Other comprehensive income for the period		-	-	-	(51)	-	(51)
Total comprehensive income for the period		-	-	-	(51)	(9,573)	(9,624)
Balance as at 31 December 2024		57,715	3,700	10,175	(104)	(26,642)	44,844

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

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2025

Note	Consolidated Half-year ended 31/12/2025 \$'000	Consolidated Half-year ended 31/12/2024 \$'000
Cash flows from operating activities		
Receipts from customers (including GST)	107,213	107,686
Payments to suppliers and employees (including GST)	(109,925)	(103,016)
Interest and other finance costs paid	(1,397)	(1,541)
Interest received	4	6
Income taxes	(1,066)	(2,091)
Net cash inflow/(outflow) from operating activities	(5,172)	1,044
Cash flows from investing activities		
Purchases of property, plant and equipment	(782)	(1,329)
Proceeds from sale of property, plant and equipment	406	348
Payment of contingent consideration from prior period business combinations	-	(1,246)
Net cash outflow from investing activities	(376)	(2,227)
Cash flows from financing activities		
Proceeds from borrowings	6,275	2,823
Repayments of borrowings	(1,509)	(3,917)
Repayments of asset finance borrowings	(1,368)	(1,349)
Repayment of lease liabilities	(1,095)	(831)
Net cash outflow from financing activities	2,303	(3,274)
Net increase/(decrease) in cash and cash equivalents	(3,244)	(4,457)
Cash and cash equivalents at beginning of the period	7,327	8,500
Effects of foreign exchange rate changes	45	105
Cash and cash equivalents at the end of the period	4,128	4,148

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

Notes to the condensed consolidated financial statements

1. General information

AVADA Group Limited ("the Company") is a company domiciled in Australia.

The condensed consolidated financial statements of the Company for the half-year ended 31 December 2025 comprises the Company and its subsidiaries (together referred to as "the Group").

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IFRS Accounting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

The accounting policies and methods of computation adopted in the Group's preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2025 annual financial report for the financial year ended 30 June 2025. The accounting policies are consistent with Australian Accounting Standards and with IFRS Accounting Standards.

Going concern

The Group incurred a net loss after tax of \$16.5m during the 6 months ended 31 December 2025 compared to a net loss after tax of \$9.6m in the comparative period.

The Group incurred cash outflows from operating activities of \$5.2m during the 6 months ended 31 December 2025 compared to net cash inflows from operating activities of \$1.0m in the comparative period. The Group paid \$1.1m in income tax for the period and \$2.1m in the comparative period.

1. General information (cont'd)

Going concern (cont'd)

As at 31 December 2025, the Group has \$4.1m of cash and cash equivalents, total bank loans of \$31.7m and asset finance loans of \$6.6m of which total current borrowings were \$33.4m due to loan maturity of 22 August 2026. The Group's refinancing process remains on track with multiple offers being considered, and is expected to be completed in Q3 FY26. The working capital deficiency as at 31 December 2025 is \$17.1m due to maturity dates of the bank loans. These bank loans are subject to various banking covenants, as disclosed in Note 9. As at 31 December 2025, the covenants for the CBA were compliant. A waiver in relation to the Kiwibank covenants was obtained for the period ending 31 December 2025.

The ability of the Group to continue as a going concern is principally dependent upon meeting banking covenants throughout the upcoming period, which is related to the Group's ability to:

- meet its internal cash flow forecasts, in particular the Group's revenue growth targets;
- reduce operating costs through efficiencies as planned as part of the strategic direction of the Group;
- reduce its level of capital expenditure;
- renegotiate banking terms and covenants if required; and
- raise sufficient capital if required.

Given the matters noted above and the challenging market conditions, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- proven ability of the Group to historically manage its cost structures and profit margins;
- the Group's ability to manage its capital expenditure program;
- the Group's proven ability to raise funds via share capital placements; and
- the Group has prepared a cash flow forecast based on reasonable assumptions that the directors believe are achievable.

Although it is not certain that these plans and measures will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and may be required to realise its assets and extinguish its liabilities at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

2. Significant Changes from the annual financial statements

The significant changes which have occurred since the annual financial statements were provided in the Annual Report for the year ended 30 June 2025 are:

- (a) An impairment loss of \$15.0m comprising goodwill of \$9.4m and other intangibles of \$5.6m to the carrying value of the Victorian cash generating unit CGU as a result of a deterioration of market conditions affecting the operational performance in this region.
- (b) A reduction in the contingent consideration purchase price of \$0.2m in relation to the acquisition of the business and all the assets of STA Traffic Management ("STA Traffic").
- (c) The Group recognised a provision of \$0.6m in relation to legacy customer trade 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 Group has commenced a structured program to investigate and recover the affected amounts, with any collections to be recognised when received.

3. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments, based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker (“CODM”)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group’s reportable segments under AASB 8: *Operating Segments* 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 Victorian geography
NZ Traffic Management	– contains entities which operate in the New Zealand geography

The Group offers integrated traffic management services including planning and permit, 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 results by reportable operating segment for the half-year ended 31 December 2025:

	Half-year ended 31/12/2025					
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	55,049	30,297	13,629	2,488	-	101,463
Total revenue						
Other income	710	70	366	3	31	1,180
Other gains/(losses)	-	-	-	-	206	206
Wages and Salaries	(36,575)	(19,885)	(9,729)	(1,604)	(7)	(67,800)
Direct equipment hire and consumables	(7,368)	(4,410)	(1,620)	(973)	12	(14,359)
Administration and other expenses	(3,747)	(1,829)	(1,404)	(609)	(7,420)	(15,009)
Impairment of intangible assets	-	-	(15,005)	-	-	(15,005)
EBITDA	8,025	4,351	(13,805)	(717)	(7,178)	(9,324)
Depreciation and amortisation expense	(2,088)	(834)	(1,431)	(637)	(548)	(5,538)
EBIT	5,937	3,517	(15,236)	(1,354)	(7,726)	(14,862)
Finance costs	(65)	(48)	(22)	(223)	(1,285)	(1,643)
Profit/(loss) before income tax	5,872	3,469	(15,258)	(1,577)	(9,011)	(16,505)
Income tax (expense) benefit	(1,872)	(1,107)	36	168	2,788	13
Profit/(loss) after tax for the period	4,000	2,362	(15,222)	(1,409)	(6,223)	(16,492)

3. Operating segments (cont'd)

Identification of reportable operating segments (cont'd)

	Half-year ended 31/12/2024					
	QLD Traffic Management	NSW Traffic Management	VIC Traffic Management	NZ Traffic Management	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Sales to external customers	51,969	16,365	18,779	3,948	-	91,061
Total revenue						
Other income	63	6	14	(14)	6	75
Other gains/(losses)	10	4	327	139	-	480
Wages and Salaries	(36,629)	(12,439)	(13,251)	(2,935)	(4,783)	(70,037)
Direct equipment hire and consumables	(5,839)	(2,689)	(1,663)	(810)	(78)	(11,079)
Administration and other expenses	(1,223)	(458)	(515)	(310)	(2,395)	(4,901)
Impairment of intangible assets	-	-	-	(9,723)	-	(9,723)
EBITDA	8,351	789	3,691	(9,705)	(7,250)	(4,124)
Depreciation and amortisation expense	(1,910)	(838)	(1,240)	(606)	(366)	(4,960)
EBIT	6,441	(49)	2,451	(10,311)	(7,616)	(9,084)
Finance costs	(101)	(56)	(32)	(324)	(1,313)	(1,826)
Profit/(loss) before income tax	6,340	(105)	2,419	(10,635)	(8,929)	(10,910)
Income tax (expense) benefit	(777)	13	(296)	1,303	1,094	1,337
Profit/(loss) after tax for the period	5,563	(92)	2,123	(9,332)	(7,835)	(9,573)

The revenue reported above represents revenue generated from external customers. The Group does not have any individual customer contracts which provide more than 10% 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/(loss) represents the profit/(loss) generated 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, and income tax benefit. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance.

3. 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:

	Half-Year ended 31/12/2025					Total \$'000
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	
Current assets	15,438	15,617	4,468	816	8,030	44,369
Non-current asset	34,701	3,378	5,917	2,586	2,544	49,126
Total assets	50,139	18,995	10,385	3,402	10,574	93,495
Current liabilities	13,170	8,010	3,190	3,152	33,976	61,498
Non-current liabilities	3,723	126	1,619	1,929	1,840	9,237
Total liabilities	16,893	8,136	4,809	5,081	35,816	70,735
Net assets/(liabilities)	33,246	10,859	5,576	(1,679)	(25,242)	22,760

	Year ended 30/06/2025					Total \$'000
	QLD Traffic Management \$'000	NSW Traffic Management \$'000	VIC Traffic Management \$'000	NZ Traffic Management \$'000	Unallocated \$'000	
Current assets	19,942	8,503	8,034	1,177	1,544	39,200
Non-current asset	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

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. Goodwill has been allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

4. 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. Refer Note 3 for further details.

Disaggregation of revenue

	Half-year ended 31/12/2025	Half-year ended 31/12/2024
	\$'000	\$'000
External revenue by location and customer type		
Queensland		
Government (incl. councils)	32,831	14,996
Non-government	22,218	36,973
	55,049	51,969
New South Wales		
Government (incl. councils)	15,311	6,440
Non-government	14,986	9,925
	30,297	16,365
Victoria		
Government (incl. councils)	1,072	6,732
Non-government	12,557	12,047
	13,629	18,779
New Zealand		
Government (incl. councils)	3	28
Non-government	2,485	3,920
	2,488	3,948
	101,463	91,061
External revenue by service line		
Traffic control services	88,943	73,808
Plans and permits	659	1,112
Equipment Hire	11,860	16,136
Training and security guard services	1	5
	101,463	91,061
External revenue by timing of revenue		
Services transferred over time	100,803	89,945
Services transferred at a point in time	660	1,116
	101,463	91,061

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

5. Earnings per share

	Half-year ended 31/12/2025 \$'000	Half-year ended 31/12/2024 \$'000
Loss		
Loss for the purposes of basic and diluted earnings per share	(16,492)	(9,573)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	84,935,025	84,935,025
Basic earnings/loss per share (cents)	(19)	(11)
Diluted earnings/loss per share (cents)	(19)	(11)

6. Goodwill

	Note	Half-year ended 31/12/2025 \$'000	Year ended 30/06/2025 \$'000
Movement - Goodwill			
Balance at beginning of year		28,851	38,643
Exchange differences		-	(54)
Impairment of goodwill		(9,420)	(9,738)
Balance at end of the year	8	19,431	28,851

Allocation of goodwill

	Half-year ended 31/12/2025 \$'000	Year ended 30/06/2025 \$'000
Queensland	19,431	19,431
New South Wales	-	-
Victoria	-	9,420
New Zealand	-	-
	19,431	28,851

7. Other intangible assets

	Half-year 31/12/2025 \$'000	Year ended 30/06/2025 \$'000
Customer lists		
Customer lists – at cost	33,473	33,473
Less accumulated amortisation	(13,823)	(12,420)
Less accumulated impairment	(13,832)	(8,197)
	5,818	12,856
Brands		
Brands – at cost	3,847	3,847
Less accumulated impairment	(3,847)	(3,847)
	5,818	12,856
Total other intangible assets	5,818	12,856

Movements in carrying amounts

	Note	Half-year ended 31/12/2025 \$'000	
		Customer lists	Total
Carrying amount at beginning of the period		12,856	12,856
Less amortisation for the period		(1,453)	(1,453)
Less impairment loss during the period	8	(5,585)	(5,585)
Carrying amount at end of the period		5,818	5,818

Customer lists are amortised over their useful lives which has been determined to be 4 - 7 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 have an indefinite life and are not amortised but are tested annually for impairment together with goodwill.

8. Goodwill and impairment testing

Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs, which is at the operating entity level. Each CGU to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes. This testing methodology was adopted on acquisition as each business operated relatively on a stand-alone basis due to legal earn-out considerations in place.

Below we have presented the allocation of goodwill to the identified CGUs for the Group.

8. Goodwill and impairment testing (cont'd)

Allocation of goodwill

	Goodwill	
	Half-year ended 31/12/2025 \$'000	Year ended 30/06/2025 \$'000
Queensland	19,431	19,431
New South Wales	-	-
Victoria	-	9,420
New Zealand	-	-
	19,431	28,851

The recoverable amount of a CGU to which goodwill is allocated is determined based on the greater of its value-in-use ("VIU") and its fair value less costs of disposal ("FVLCD").

The VIU assessment is conducted using a discounted cash flow ("DCF") methodology requiring the Directors to estimate the future cash flows expected to arise from the CGUs and then applying a post-tax discount rate to calculate the present value.

FVLCD is determined as being the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties at the balance date. If relevant, this fair value assessment less costs of disposal is conducted by the Directors based on their extensive knowledge of the traffic management services industry including the current market conditions prevailing in the industry.

During the half-year ended 31 December 2025, the Victorian CGU was tested for impairment in accordance with AASB 136 *Impairment of Assets*.

8. Goodwill and impairment testing (cont'd)

The VIU models adopted by the Directors utilises cash flow forecasts derived from the FY26 budgets approved by the Board, with a 3.6% growth rate applied to Victoria. A growth rate of 2% is applied to 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 consider all available sources of information (both external and internal).

Key assumptions used for value-in-use calculations

Key assumptions are those to which the recoverable amount of the CGU is most sensitive. The Directors have determined that the key assumptions used in the DCF models and VIU calculations are the post-tax discount rate, the projected revenue growth rates and forecast gross margins.

A post-tax discount rate of 12.7% (2024: 12.7%) was applied for Victoria.

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.

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

9. Borrowings

	Half-year 31/12/2025	Year ended 30/06/2025
	\$'000	\$'000
Current		
<i>Secured</i>		
Bank loan (term facility) ¹	30,697	3,138
Asset finance facility ²	2,712	2,686
	<hr/> 33,409	<hr/> 5,824
Non-current		
<i>Secured</i>		
Bank loan (term facility) ¹	981	23,982
Asset finance facility ²	3,935	5,458
	<hr/> 4,916	<hr/> 29,440
Total borrowings	<hr/> 38,325	<hr/> 35,264

Description of the Banking facilities

The Group has its banking facilities with the Commonwealth Bank of Australia for the Australian entities and Kiwibank for the New Zealand entities in respect of the provision of a term facility, an asset finance facility, and a working capital facility. The Group's financing arrangements in place as at 31 December 2025 are set out below:

9. Borrowings (Cont'd)

Year ended 31 December 2025

Facility	Currency	Facility Limit \$'000	Drawn Amount Current \$'000	Drawn Amount Non-current \$'000	Maturity date
<u>Commonwealth Bank of Australia</u>					
Term Facility	AUD	9,500	9,500	-	22 August 2026
Working Capital Loan	AUD	20,000	17,488	-	22 August 2026
Asset Finance Facility	AUD	5,000	988	693	Variable ¹
Asset Finance Facility	AUD	6,416	1,227	2,077	23 August 2027
Overdraft Facility	AUD	2,500	-	-	
Bank Guarantees	AUD	521	-	521	Variable ²
Corporate Credit Cards	AUD	250	122	-	30 August 2026
Insurance Premium Funding	AUD	2,779	2,217	-	30 November 2026
<u>Kiwibank (New Zealand)</u>					
Term Facility	NZD	4,000	927	1,136	5 May 2028
Asset Finance Facility	NZD	3,400	575	1,330	5 January 2029
Overdraft Facility	NZD	1,000	801	-	5 May 2028
Corporate Credit Cards	NZD	50	8	-	

¹ The drawn amounts are comprised of asset financing arrangements with maturity dates up 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.

9. Borrowings (cont'd)

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 1.65% 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 1.65%. 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 4.33%. The facility has an establishment fee of 0.75% of the facility limit payable at financial close and a line fee of 1.5%. 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 1.5% 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 4 years.

Bank covenants

Loan covenants are assessed on a rolling 12-month 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 consideration payments. Principal and Interest is payable monthly. Interest is charged at 1.10% below the lender's base rate. The facility has an establishment fee of NZ\$0.05m. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The overdraft facility can be used to fund working capital. Interest is charged monthly at the lenders overdraft base rate minus a margin of 1.50%. The facility has a shared establishment fee with the term facility and a line fee of 0.1% per month on the overdraft facility amount. Security is provided in the form of a first ranking general security interest from each obligor in respect of each of their present and after acquired property.
- The asset finance facilities can be used to fund motor vehicle acquisitions or leases. Principal and Interest is payable monthly at the floating interest which is 9% at 31 December 2025. Security is provided over each asset acquired under the facility.

Bank covenants

The Group received a waiver in relation to the covenant requirements for Kiwibank as at 31 December 2025.

The loan covenants are assessed quarterly on a rolling 12-month basis and at 31 December 2025 are:

- Funding cost cover ratio – not less than 2.5 times;
- Debt service cover ratio – not less than 1.5 times; and
- Equity ratio – not less than 30% (tested annually on the 30 June 2026).

10. Related party balances or transactions

The Group'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.

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.

Related party transactions

During the half-year ended 31 December 2025, Group entities entered into the following transactions with related parties who are not members of the Group:

			Half-Year ended 31/12/2025	
Related party	Purpose	Relationship	Transactions with related parties	Amounts payable from related parties
Bilingarra Indigenous Pty Ltd	Revenue	Investee of Joint Venture	\$325,055	-
Bilingarra Indigenous Pty Ltd	Working capital credit	Investee of Joint Venture	-	\$46,454
			Half-Year ended 31/12/2024	
Related party	Purpose	Relationship	Transactions with related parties	Amounts owed to related parties
Midmarlar c/o Bromley Real Estate	Rent	Controlled by a Director	\$36,265	-
Courtney Black	Consulting	Controlled by a Director	\$62,250	-

For details on related party balances and transactions for the year ended 30 June 2025, refer to the Annual Report.

11. Contingent assets and contingent liabilities

The Group enters into arrangements for new leases in the normal course of business. The security bond for these leases are guaranteed in the form of bank guarantees issued by the Group's financial institution. As of 31 December 2025, the Group had issued \$521.1k in bank guarantees. The probability of having to make a payment in respect to these security bonds is considered to be highly unlikely. As such, no provision has been made in the consolidated financial statements in respect of these contingencies.

The Group had no contingent assets or contingent liabilities as of 31 December 2025 in relation to bank guarantees.

12. Events occurring after the reporting date

The Directors of the Company are not aware of any matters 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.