AVADA

Driven by **people**

committed to **safety**

2026
ANNUAL REPORT

Contents

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 22 depots, 1,028 vehicles and 1,704 active traffic controllers the Group is well positioned in the integrated traffic management and associated civil sectors.

AVADA GROUP LIMITED (ASX:AVD)
ACN 648 988 783

Our people make every journey safer

Bringing trusted traffic safety to the projects and events that keep Australia moving

Financial Performance

TOTAL REVENUE

$209.8 million

FY25 $183.1 million

Strong revenue growth in Queensland and New South Wales.

ADJUSTED EBITDA[1] (EXCLUDING IMPAIRMENTS)

$13.1 million

FY25 $12.8 million

Investment to mobilise to new regional markets and one-off costs to strengthen the business.

NET LOSS AFTER TAX

$15.2 million

FY25 net loss after tax $15.6 million

Impairments of $15.0 million on Victoria operations.

1 **Adjusted EBITDA:** Adjusted EBITDA is a non-IFRS measure used by management to assess underlying operating performance. It may exclude one-off, non-recurring and certain non-cash items to provide a clearer view of core trading activity. As with all non-IFRS measures, Adjusted EBITDA should be considered supplementary to statutory results. These measures have not been subject to audit or review. A reconciliation of Statutory Profit before tax to EBITDA and Adjusted EBITDA can be found on page 24.


AVADA
TRAFFIC
TRAFFIC CONTROL
146
QUEENSLAND

Chairman's Letter

Lance Hockridge
Chairman

> With a strengthened executive leadership team now in place, the business is seeing the benefits with improved commercial, operational, business development and financial outcomes.

Dear Shareholders

I am pleased to present AVADA Group's annual report for the year to 30 June 2026.

During the 2026 financial year, the Group achieved strong revenue growth in our two largest markets, Queensland and New South Wales, while substantially improved operational discipline and financial resilience have continued to strengthen the foundations of the business.

Protecting our people, workers on our customers' projects, and road users is the foundation of our business, and AVADA is a recognised leader in this critical area of operations. We proactively manage safety culture and performance, and I am pleased to report that our overall safety outcomes continued to improve during FY26.

With a strengthened executive leadership team now in place, the business is seeing the benefits with improved commercial, operational, business development and financial outcomes. The executive and Board are actively pursuing a clear, shared view of strategic and commercial priorities for the Group.

With the expansion of the executive team, Daniel Crowley has transitioned to the role of Executive Director and Founder as part of our structured succession planning process. Daniel remains actively involved in the business, utilising his extensive industry knowledge and client relationships to drive business development.

We are seeing real and demonstrated progress in operating performance as an outcome of the business transformation that commenced in the 2025 financial year. Management initiatives across the business have improved the productivity of our workforce and vehicle fleet and strengthened the discipline surrounding capital allocation decisions.

The Group completed a successful refinancing and expansion of the banking facilities with Commonwealth Bank in April 2026, providing enhanced financial flexibility at improved commercial terms.

Together, these initiatives have greatly strengthened the Group's foundations for continued operational improvement and to pursue profitable growth opportunities.

Group revenue for the year was $209.8 million, a 14.6% improvement on $183.1 million for the previous year. The growth was mainly driven from Queensland and New South Wales, and resulted from AVADA's established market position and our success in winning projects with new customers and in new locations.

Trading conditions continued to be challenging, with weather events reducing work volumes, intense price competition and mandated union engagement on major public projects in Victoria, and a decrease in New Zealand government projects.

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

While operating cost increases during the year were greater than revenue growth, they represent an investment and position the Group for future profitable growth. We invested in workforce mobilisation to expand into new areas, predominantly in New South Wales where FY26 revenue increased by 86.7% year-on-year. Some of the fuel cost escalation in the second half resulting from the Middle East conflict was absorbed by the business and we are in discussions with customers about recovering future costs. The Group also incurred one-off costs to strengthen the business, largely associated with business transformation, leadership and capability uplift, operational improvements, and other measures designed to support the Group's longer term profitability and growth objectives.

The Group reported adjusted EBITDA[1] of $13.1 million, which improved on FY25 (adjusted EBITDA[1]: $12.8 million).

The carrying value of our Victorian operations was written down by $15.0 million, as reported in the half-year report to account for the impacts of continuing market challenges on business performance. Including this non-cash adjustment, the Group reported a statutory net loss after tax of $15.2 million, compared with $15.6 million in the previous financial year.

The performance of our Queensland and New South Wales businesses during the financial year reflects our leading market positions and the strength of our operating model.

The outlook for the traffic management industry continues to be broadly positive with ongoing investment in infrastructure development supporting growing demand for the Group's services. With our largest business in Queensland, AVADA is well placed to capitalise on the planned pipeline of infrastructure projects in the six years until the Brisbane 2032 Olympic and Paralympic Games.

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

In closing I would like to thank the Group's people and leadership for embracing the transformation of the business and continuing to advance the standards of traffic management services we provide to our customers. These efforts underpin the long-term success of the business and our ability to create value for our shareholders.

Lance Hockridge

Lance Hockridge
Chairman
AVADA Group Limited

1 Adjusted EBITDA: Adjusted EBITDA is a non-IFRS measure used by management to assess underlying operating performance. It may exclude one-off, non-recurring and certain non-cash items to provide a clearer view of core trading activity. As with all non-IFRS measures, Adjusted EBITDA should be considered supplementary to statutory results. These measures have not been subject to audit or review. A reconciliation of Statutory Profit before tax to EBITDA and Adjusted EBITDA can be found on page 24.

What We Do

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.

1,704
Active traffic controllers

1,028
Vehicles

22
Depots

Key projects

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.

Traffic control equipment for hire

Traffic management plans and permit services

Incident response

Onsite traffic control

QUEENSLAND

01
Victoria Park Initial Works Traffic and Temporary Fencing – Games Independent Infrastructure and Coordination Authority (GIICA)[1]

02
Centenary Bridge Project
BMD Group/Georgiou JV
(2 year project)

03
Rockhampton Ring Road Stage 2
BMD Bielby JV (Bilingarra Project – 2 year project)

04
Loganlea Station Relocation Project
Martinus/Degnan JV
(2.5 year project)

05
The Wave Stage 1 (Brownfields) Beerwah Coast Connect JV

06
Mt Spec REPA Works
CMC (12 months)

07
Lake MacDonald Dam Improvement Project
(Bilingarra Project – 13 months project)

NEW SOUTH WALES

08
Snowy Hydro Project
Future Generation JV
(3 year project)

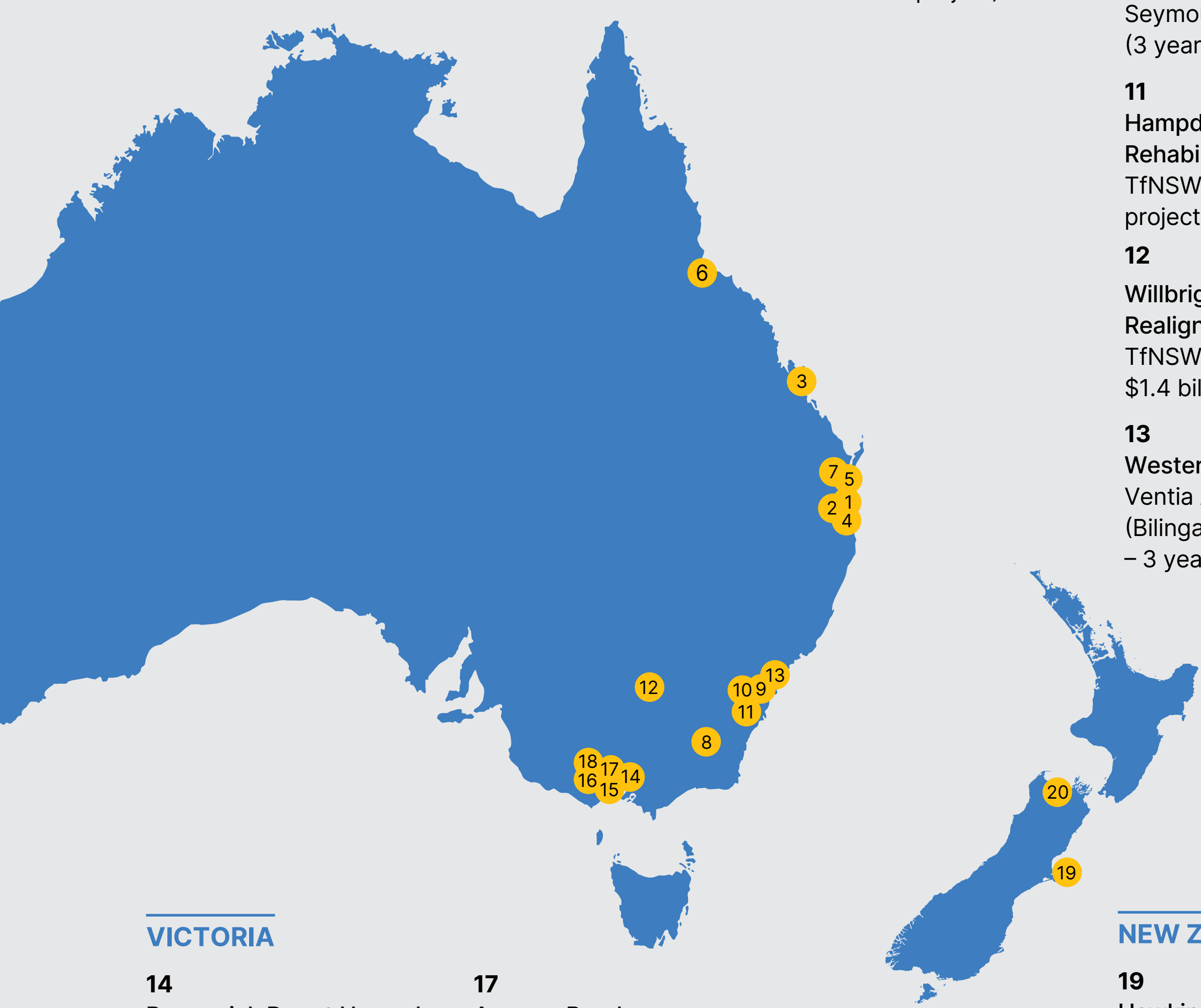
09
Moorebank Avenue Realignment
BMD Construction
(9 month project)

10
M5 Westbound Traffic Upgrade
Seymour Whyte
(3 year project)

11
Hampden Bridge Rehabilitation
TfNSW (12 month project $1.7 million)

12
Willbriggie Curve Realignment
TfNSW (18 month project $1.4 billion)

13
Western Harbour Tunnel
Ventia Australia
(Bilingarra Contract – 3 years)



VICTORIA

14
Brunswick Depot Upgrade
Laing O'Rourke Rail

15
Point Cook Intersection Upgrade
BMD Constructions
(12 month project)

16
Tarneit Road and Leakes Road Intersection Upgrade
BMD Constructions

17
Amaroo Road Intersection Upgrades
Bild Group
(9 month project)

18
Melton Highway Infill Duplication
Bild Group
(12 month project)

NEW ZEALAND

19
Hawkins Road
KB Construction
(8 month project)

20
Haven Road, Nelson
Tasman Civil

1 AVADA is the head contractor (subcontracting linemarking and temporary fencing)

CEO's Report

Donald Montgomery
Chief Executive Officer

Dear Shareholders

FY26 was a year of renewal and growth for AVADA.

Our focus was on strengthening the foundations of the business through leadership renewal and improved financial resilience, operational discipline and cultural alignment. The actions undertaken during the year have positioned the Group on a stronger footing for profitable growth.

We also reported strong revenue growth in Queensland and New South Wales — our two largest markets — which reinforces the strength of AVADA's core operating model and its leading market positions in these states.

STRENGTHENING THE LEADERSHIP TEAM

The Group appointed Rhys Attwood as Executive General Manager — Strategic Execution & Operations and Brandon Leong as Commercial Manager during the year, in addition to the appointment of Ben-Louis Ludik as Chief Financial Officer in May 2025. These appointments significantly enhanced the Group's operational, commercial and financial capabilities, improving accountability, governance and execution across the business.

The expanded leadership team has brought greater depth of experience in operations, commercial management, contracting, risk management and financial governance, enabling enhanced decision-making and execution of our strategic priorities. The introduction of the Leadership Forum further strengthened alignment between the Board, Executive Leadership Team and senior leaders around a shared vision and strategic priorities.

OPERATIONAL PERFORMANCE

During FY26, AVADA delivered upgrades to operational performance through a disciplined focus on productivity, asset utilisation, workforce planning and service delivery. Initiatives implemented throughout the year resulted in enhanced fleet utilisation and stronger governance over contract management, capital allocation and resource deployment. The business also enhanced planning and financial reporting disciplines, providing greater visibility of operational performance and enabling more effective decision-making across the network.

Importantly, the Group maintained a strong focus on safety while continuing to support customers across critical infrastructure, utilities and transport projects. Safety performance improved during the year, with our key measure of safety performance, Total Recordable Injury Frequency Rate (TRIFR), reduced to 2.53 during FY26, compared to 5.65 in FY25.

We delivered strong operational and financial performances across our two largest regions which represent approximately 85% of FY26 revenue. Queensland reported total revenue of $112.3 million (FY25: $105.5 million) and New South Wales $65.1 million (FY25: $34.9 million). Our strong market position, enhanced workforce management and fleet utilisation, and proactive business development efforts led to new customer wins and expansion into new locations.

> The Group maintained a strong focus on safety while continuing to support customers across critical infrastructure.

M7/M12 Integration Project

(NSW)

AVADA partnered with John Holland to deliver traffic management and traffic control services on the M7/M12 Integration Project in Western Sydney. The project formed part of a significant transport infrastructure upgrade designed to improve connectivity between Sydney's motorway network and the future Western Sydney Airport precinct. AVADA's involvement included the provision of traffic controllers, traffic management planning, traffic control vehicles, VMS boards and specialised resources to support the safe movement of road users throughout construction activities.

The project demonstrated AVADA's capability to service large-scale motorway infrastructure works while maintaining safety, operational efficiency and stakeholder requirements.

PROJECT HIGHLIGHTS

- Major NSW motorway infrastructure project.
- Delivered for principal contractor John Holland.
- Peak workforce involvement recorded at up to 151 personnel on the project.

CEO's Report

Challenging trading conditions and the impact of unionised labour continued to affect our Victoria operations during FY26, impacting earnings and resulting in a non-cash impairment following a review of carrying values and future earnings expectations. While it is disappointing, the impairment is a non-cash accounting adjustment that reflects a prudent reassessment of asset values. The Group has implemented a range of operational, commercial and leadership initiatives to improve performance and position the business for recovery.

The economic outlook in New Zealand continues to be weak which reduced the volume of public sector projects and impacted the performance of our operations in FY26. We continue to implement initiatives to strengthen performance, including leadership renewal, depot optimisation and enhanced business development activity. These actions have updated the region's operating platform and position the business to benefit as market conditions improve.

FINANCIAL FOUNDATIONS

The successful refinancing of the Group's debt facilities in April 2026 was a significant milestone during FY26. The refinancing improved liquidity, increased covenant headroom and strengthened the balance sheet, providing greater financial flexibility to support the Group's long-term objectives. We also continued to enhance financial governance through reporting systems and management information, creating better visibility of business performance and decision-making.

> AVADA is well placed to support this significant period of infrastructure investment and economic growth.

PEOPLE AND CULTURE

Our people remain central to AVADA's success. Throughout FY26, we continued to invest in initiatives aimed at improving engagement, accountability and alignment with our values. These efforts contributed to improved employee retention, stronger succession planning and a more collaborative culture across the organisation. The leadership team remains committed to creating an environment where our people can perform at their best and contribute to the long-term success of the Group.

EYES AHEAD

The broader market outlook remains positive, underpinned by ongoing infrastructure investment and growing demand for essential services across our core markets. We are also encouraged by the strong pipeline of infrastructure activity emerging in Queensland as planning and delivery accelerate ahead of the Brisbane 2032 Olympic and Paralympic Games. As a Queensland-headquartered business with a leading market position, AVADA is well placed to support this significant period of infrastructure investment and economic growth, including current engagement with GIICA. These initiatives position AVADA to increase profitability, enhance scalability and deliver greater value for shareholders.

During FY26, we progressed strategic initiatives focused on operational improvement, technology uplift, commercial optimisation and future growth opportunities. While challenges remain, AVADA enters FY27 as a stronger, more resilient and better positioned organisation. The work undertaken during FY26 has strengthened our leadership capability, improved financial flexibility, enhanced operational performance and reinforced the foundations required to deliver sustainable growth and long-term shareholder value.

On behalf of the Executive Leadership Team, I would like to thank our employees for their dedication and commitment, our customers for their continued trust, and our shareholders for their ongoing support. Together, we have laid important foundations for AVADA's next chapter of growth and success.

Donald Montgomery
Chief Executive Officer
AVADA Group Limited

CMC Paluma Range Project

PROJECT OVERVIEW

Client: Civil Mining & Construction (CMC)

Location: Mount Spec Road, Crystal Creek, Queensland (Paluma Range)

AVADA partnered with Civil Mining & Construction (CMC) to deliver specialist traffic management services for the Paluma Range works along Mount Spec Road, Crystal Creek, Queensland. Operating within a challenging regional environment, the project required detailed planning and execution to safely manage traffic movements while supporting ongoing construction activities. AVADA provided comprehensive traffic management planning, Traffic Guidance Scheme (TGS) design, road closure operations, pilot vehicle management, traffic controller services and Variable Message Sign (VMS) deployment to help facilitate the safe and efficient delivery of the works.

Working closely with CMC and key stakeholders, AVADA's team implemented traffic control measures designed to maintain access for local residents, businesses, emergency services and road users throughout the project lifecycle. The traffic management approach included road closures with pilot vehicles, traffic light-controlled operations, local access arrangements and pedestrian management where required. Project documentation specifically highlights provisions for escorted emergency service access through the work zone and maintained access to affected properties along Mount Spec Road.

The project showcased AVADA's ability to deliver complex traffic management solutions in remote and environmentally sensitive locations, balancing construction requirements with community needs and road user safety. Through proactive planning, stakeholder engagement and operational excellence, AVADA contributed to the successful delivery of important infrastructure upgrades within the Paluma Range corridor.

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 and actions for the road ahead.

Our results in safety and compliance with safety reporting requirements strengthened significantly.

MATERIAL ISSUE	OBJECTIVE	ACTIONS
ENVIRONMENTAL		
GREENHOUSE GAS EMISSIONS	Measure and track total greenhouse gas emissions from vehicles to establish baseline data and inform reduction strategies.	• Established greenhouse gas emissions baseline reporting across fleet operations. • Improved monitoring of vehicle utilisation and fuel consumption trends. • Strengthened environmental governance through the Integrated Management System aligned with ISO 14001 Environmental Management System requirements • Incorporated environmental considerations into operational planning and business decision-making processes. • Increase preparedness for AASB sustainability reporting in 2027.
SOCIAL		
SOCIAL POLICY AND PEOPLE	Build a diverse, inclusive and culturally safe workplace by strengthening Indigenous participation, leadership capability, workforce wellbeing and equitable employment opportunities across AVADA.	• Ensured reporting mechanisms for discrimination, bullying and harassment are accessible, confidential and culturally appropriate. Supported by AVADA's diversity commitments. • Developed Indigenous recruitment pathways through partnerships with employment agencies and training providers. • Promoted key events such as NAIDOC Week, National Reconciliation Week and other culturally significant dates through company-wide communications and activities. • Reviewed diversity, discrimination, harassment and recruitment policies to ensure they support cultural inclusion and equitable opportunities.
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 at the heart of everything we do. As a traffic management business, safety is not just a priority — it is our core business and a key commitment under our ESG Framework.

In FY26, AVADA achieved its strongest safety performance to date, with recordable injuries reducing by 53% and TRIFR reduced from 5.65 to 2.53 recordable injuries per million hours worked. This was underpinned by continued investment in critical risk management, psychosocial health, Chain of Responsibility compliance, fatigue management, fitness for work, workforce capability and digital HSEQ systems.

By strengthening both our safety culture and operational controls, we have increased risk visibility, accountability and decision-making across the business. As we move into FY27, our focus remains on serious injury prevention, critical risk control effectiveness and continuous improvement to ensure every worker goes home safe every day.

SYSTEM/INITIATIVE	KEY BENEFITS
DIGITAL HSEQ TRANSFORMATION (IMS, AI & LIVE REPORTING)	Established a single source of truth for HSEQ across the Group, improving governance. The use of AI-supported reporting and live dashboards increased visibility of safety performance, compliance status, corrective actions and emerging risk hotspots.
CHAIN OF RESPONSIBILITY	Strengthened fatigue management, work/rest compliance, journey management and driver accountability while improving visibility of operational risk and supporting HVNL compliance
PSYCHOSOCIAL RISK MANAGEMENT FRAMEWORK	Enhanced the management of psychosocial hazards, supporting worker wellbeing and compliance with evolving WHS obligations.
NATIONAL TRAINING & COMPETENCY FRAMEWORK	Updated onboarding, competency verification, compliance visibility and workforce capability across all states.
CRITICAL CONTROL VERIFICATION & ASSURANCE	Increased focus on critical risk controls, field verification, audits and corrective action close-out to reduce exposure to high-consequence events.

EMPLOYEE SPOTLIGHT
Harry Donaldson

Harry Donaldson is an absolute credit to the team and consistently demonstrates a high standard of professionalism in his role. His positive attitude and proactive approach make a noticeable difference to the flow of traffic and the experience of road users. Harry is always courteous, welcoming and engaged, regularly acknowledging and encouraging drivers, which contributes positively to the public's perception of our operations.

Regardless of the weather or conditions, Harry maintains the same upbeat and professional approach. His commitment, consistency and positive demeanour do not go unnoticed and make a genuine difference to the daily experience of those travelling through the worksite.

We would like to sincerely acknowledge and thank Harry for his outstanding professionalism, positive attitude and dedication to his role. He exemplifies the values we strive to uphold and is highly deserving of recognition for his contribution.

We are proud to support Harry's continued success as a valued member 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 2026 ("FY26"). 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
Daniel Crowley	Executive Director	Appointed 25 March 2021
Courtney Black	Non-Executive Director	Appointed 19 June 2023
Neil Scales OBE	Non-Executive Director	Appointed 25 July 2023

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:

Lance Hockridge

Chairman, Non-Executive Director since 25 March 2021

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

None

Former listed Directorships (last 3 years)

Director of Kesian Group Limited (ASX:KLS) (resigned 31 July 2025)

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

8,301,322

Interests in options

Nil

Ann-Maree Robertson

B.Com.

Deputy Chairman, Independent Non-Executive Director since 9 November 2021

Ann-Maree is an Audit and Business Advisory Partner at Moore Australia (Qld/NNSW) and brings 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.

Ann-Maree brings broad board, disciplinary and professional governance experience. She currently serves on the Company Auditors Disciplinary Board (CADB).

Other current listed Directorships

Chair of the Company's Audit and Risk Management Committee

Former listed Directorships (last 3 years)

None

Professional qualifications

Member of the Australian Institute of Company Directors

Fellow of Chartered Accountants Australia and New Zealand

Registered Company Auditor & ASIC Registered Superannuation Fund Auditor

Interests in shares

133,333

Interests in options

Nil

DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Daniel Crowley

Executive Director since 25 March 2021

Daniel was the Executive Director and founder of Verifact Traffic. Verifact Traffic operated under Daniel's leadership since 2008 and is one of Australia's market leaders in traffic management before becoming part of Avada Group.

Daniel is the founding president of the Traffic Management Association of Australia — Queensland and is a former Chairman of the Queensland Chapter of the Association.

Other current listed Directorships

None

Former listed Directorships (last 3 years)

None

Professional qualifications

Member of the Australian Institute of Company Directors

Interests in shares

19,948,387

Interests in options

Nil

Courtney Black

LLB (Hons)

Independent Non-Executive Director since 19 June 2023

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 People, Nominations and Remuneration Committee)

Former listed Directorships (last 3 years)

None

Professional qualifications

Graduate of Australian Institute of Company Directors

Member of the Australian Institute of Company Directors

Interests in shares

231,406

Interests in options

Nil

Neil Scales OBE

MBA, MSc, BSc, DMS

Independent Non-Executive Director since 25 July 2023

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

Interests in shares

16,667

Interests in options

Nil

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONT'D)

Andrew Metcalfe

B.Bus, CPA, FGIA, GAICD, Grad.Dip. CorpSecPrac & AppCorpGov

Company Secretary since 28 January 2025

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 secretarial positions

Company Secretary of Comms Group Ltd (ASX:CCG)

Former listed Directorships (last 3 years)

Nil

Professional qualifications

Fellow of the Governance Institute of Australia

Interests in shares

Nil

Interests in options

Nil

Information on Key Management Personnel

Donald Montgomery

B.Com.

Chief Executive Officer since 7 April 2025

Don Montgomery has more than 20 years' experience in executive and C-suite roles that have driven growth, transformation and cultural change across a range of organisations. He has successfully managed regional, divisional and ASX-listed businesses and has strong financial and general management experience. He has worked in senior management roles in organisations such as Aurizon, Virgin Australia and Pacific National.

Interests in shares

215,000

Interests in options

Nil

Ben-Louis Ludik

MFAcc, MAudit, HPhil (LogMgt), GradDipCG

Chief Financial Officer since 26 May 2025

Ben-Louis is a Chartered Accountant and brings extensive CFO and Company Secretary experience across the mining sector in ASX listed companies in Western Australia and Queensland as well as international accounting experience in South Africa for over 20 years. He brings strong business acumen and leadership skills to the AVADA Group covering areas such as accounting, tax, budgeting, forecasting, ASX reporting, treasury, capital, ICT, governance, investor relations and people management.

Professional qualifications

Chartered Accountant with South African Institute of Chartered Accountants

Interests in shares

106,168

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 2026, 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]	12	11	4	4	4	4
Ann-Maree Robertson[1]	12	12	4	4	4	4
Daniel Crowley[1]	12	12	4	4	4	4
Courtney Black[1]	12	10	4	4	4	4
Neil Scales OBE[1]	12	9	4	2	4	3

1 Was a member of the full board, the People, Nominations and Remuneration Committee and the Audit and Risk Committee during FY26.

Principal activities

The Group's principal activities during the year ended 30 June 2026 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 2026, the Group advanced its single operating structure, driving cost efficiencies and maximising competitive strength through enhanced service delivery.

DIRECTORS' REPORT

Operating and financial review

FINANCIAL PERFORMANCE

The Group profit/(loss) for the year after providing for income tax was ($15.2 million) (2025: loss $15.6 million).

The loss for the year includes impairments of $15.0 million in relation to the carrying value of the Victoria cash-generating units and as a result of its financial performance in the year ended 30 June 2026.

Total revenue was $209.8 million (2025: $183.1 million) which reflected strong growth in the Group's two largest markets, Queensland and New South Wales, including winning new customers and entering new regional markets.

The Group encountered challenging trading conditions across its operations during the year. This included impacts of weather events, increased establishment costs with the expansion to new geographical areas, and incurring greater travel, fuel and accommodation costs. The Group absorbed most of the fuel cost escalation in the second half of the year because of the Middle East conflict and is in discussions with clients about recovering future increases. Intense price competition on government project tenders, and the engagement of unionised labour on major public sector infrastructure projects in Victoria impacted the Group's success in winning new work. New Zealand economic uncertainty continued to affect the availability of government funded projects in the region.

NEW ZEALAND OPERATIONS

The economic outlook for New Zealand continues to be weak but as a result of the strategic initiatives implemented in the year the performance of our New Zealand operations improved, reporting a loss before income tax for the year of $2.4 million (2025: loss $11.8 million inclusive of $9.7 million impairments). The Group continues to monitor the economic condition of the New Zealand operation.

Consideration by the Directors has been made with respect to the future options for the business, including sale and closure. However, the decision has been made to continue to support the current operations and improvement plans as the best economic option for shareholders.

Financial position and liquidity

The net asset position of the Group decreased from $38.7 million as at 30 June 2025 to $23.7 million as at 30 June 2026, a $15.0 million decrease due to the impairment of Victoria intangible assets.

The carrying amount of goodwill and intangible assets with indefinite useful lives is tested annually for 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 which represents the lowest level at which largely independent cash inflows can be identified.

The Directors, in addition to the impairment recognised in the New Zealand and New South Wales CGUs in the prior period, have assessed the goodwill and intangible assets to be impaired for the Victoria CGU as at 30 June 2026. The Directors deemed it appropriate to impair both Victorian customer intangibles of $5.6 million and goodwill of $9.4 million.

At 30 June 2026, the Group held cash and cash equivalents of $6.5 million and had total borrowings of approximately $40.6 million, comprising working capital facilities, term borrowings and asset finance arrangements. During the year the Group successfully completed the refinancing and expansion of its banking facilities, strengthening its access to funding and supporting operational requirements.

The Directors regularly monitor liquidity, cash flow forecasts, covenant compliance and funding requirements. As at 30 June 2026 the Group had met covenant requirements applicable to its banking facilities and held access to undrawn borrowing facilities available to support future operational requirements. The Directors consider that the Group continues to have appropriate funding arrangements in place to support the execution of its strategic objectives.

DIRECTORS' REPORT

Business strategy

The Group's strategic focus remains centred on sustainable revenue growth through organic opportunities and margin improvement through improved resource utilisation and cost management to generate long term shareholder value.

Key strategic priorities include:

- continuing the implementation of the Business Transformation project to strengthen the Group's capacity to adapt to prevailing market conditions in its key markets;
- continuing the integration and standardisation of operational systems and processes;
- enhancing safety performance and service delivery standards; and
- increasing customer retention and expanding relationships with existing and new customers.

Management expects these initiatives to improve operational efficiency, strengthen profitability and leadership capability and enhance the Group's ability to respond to changing market conditions.

BUSINESS TRANSFORMATION

The Group's transformation initiatives continued throughout the year and led to improved productivity, workforce planning, asset utilisation and service delivery, and stronger planning and financial reporting systems.

The Business Development team established in the prior period has strengthened the Group's commercial capabilities. Achievements include success in winning new work across segments despite challenging market conditions. Improvement has continued in the strategic and contracting process, resulting in an uplift in the rate of sales leads to contracted projects. Customer engagement and retention remains a focus of the team in addition to new projects.

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
- leveraging competitive strengths to build strong client relationships and grow revenue.

Principal business risks and uncertainties

The Board and management recognise that the Group operates within a challenging and competitive environment and is exposed to a range of risks that may affect future operating and financial performance. 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
- Price risk — fuel, freight, tariff and other input costs.

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, management of recurring operations 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 growth opportunities.

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.

Price risk — fuel, freight, tariff and other input costs — the Group is exposed to movements in fuel, freight, tariff and other input costs, particularly where services are provided under fixed-price, schedule-of-rates or long-term customer contracts that do not allow immediate or full recovery of cost increases. Sudden increases in fuel prices, freight charges or imported equipment costs may adversely affect project margins, cash flows and earnings where recovery from customers is delayed, partial or commercially impractical.

This risk is heightened during periods of geopolitical instability, supply chain disruption, fuel shortages or changes in trade policy, including tariff increases. The Group seeks to manage this exposure through customer contract terms, annual price-rise mechanisms, fuel surcharge arrangements, procurement discipline, supplier engagement and active monitoring of project margins. However, there may be circumstances where increased costs are absorbed by the Group, particularly where contracts are fixed, customer acceptance of surcharges is delayed, or competitive conditions limit price recovery.

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.

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

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.

The Group's current Corporate Governance Statement and description of practices 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.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity

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.

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 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.

Auditor's independence declaration

The auditor's independence declaration is included after this report on page 34.

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 36 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 36 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 2026.

There was no return of capital by the Company to its shareholders during the year ended 30 June 2026.

Rounding off amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors Reports) Instrument 2026/183,* dated 24 March 2026, 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 2026 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 2026 and up to the date of this report.

APPENDIX 1

RECONCILIATION OF STATUTORY NET LOSS BEFORE TAX TO ADJUSTED EBITDA FY26

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

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

APPENDIX 1 (CONT'D)

RECONCILIATION OF STATUTORY NET LOSS BEFORE TAX TO ADJUSTED EBITDA FY25

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

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

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 2026 and 30 June 2025 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	Executive Director and Chief Executive Officer	From 25 March 2021 ceased as Chief Executive Officer 7 April 2025
Other executive officers		
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 2026 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 Q4FY26 2026 revenue was within the specified range of increased revenue from the prior period comparator.

The entitlement of senior executive leaders under the STI Plan is discretionary.

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 2026.

Fee type	2026 $	2025 $
Chair of Board	136,855	131,004
Non-Executive Director	68,428	65,502
Committee Chair	–	–

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 five years to 30 June 2026:

	30 June 2026 $'000	30 June 2025 $'000	30 June 2024 $'000	30 June 2023 $'000	30 June 2022 $'000
Revenue	209,757	183,095	204,537	177,002	72,993
Profit/(loss) for the year before tax	(15,957)	(17,756)	513	(5,925)	(13,960)
Profit/(loss) for the year after tax	(15,182)	(15,562)	1,511	(5,630)	(12,535)

	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
Share price at start of year	$0.12	$0.55	$0.74	$0.75	$1.00
Share price at end of year	$0.10	$0.12	$0.55	$0.74	$0.75
Interim dividend (cps)	–	–	–	–	–
Final dividend (cps)	–	–	–	–	–
Basic earnings/(loss) per share (cps)	(18)	(19)	2	(8)	(26)
Diluted earnings/(loss) per share (cps)	(18)	(19)	2	(8)	(26)

2. REMUNERATION POLICY (CONT’D)

REMUNERATION OF NON-EXECUTIVE DIRECTORS

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity based benefits	
2026	**Salary and fees $**	**Cash bonus $**	**Accrued/ (used) annual leave $**	**Other $**	**Superannuation $**	**Long service leave $**	**Share-based payments $**	**Total $**
Non-Executive Directors								
Lance Hockridge	122,192	–	–	–	14,663	–	–	136,855
Ann-Maree Robertson	61,096	–	–	–	7,332	–	–	68,428
Courtney Black	61,096	–	–	–	7,332	–	–	68,428
Neil Scales OBE	61,096	–	–	–	7,332	–	–	68,428
	305,480	**–**	**–**	**–**	**36,659**	**–**	**–**	**342,139**

	Short-term benefits				Post-employment benefits	Long-term benefits	Equity based benefits	
2025	**Salary and fees $**	**Cash bonus $**	**Accrued/ (used) annual leave $**	**Other $**	**Superannuation $**	**Long service leave $**	**Share-based payments $**	**Total $**
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[1]	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 Refers to advisory services provided under a fixed fee agreement on commercial terms. All amounts invoiced have been paid as at 30 June 2026.

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 Executive Director. Ensuring there is a transparent connection between pay and performance is the key objective of the Board in rewarding outcomes for our leaders.

Our Board takes a proactive approach to decision making in the evaluation of Executive Remuneration outcomes. 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, willful, 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	
2026	**Salary and fees $**	**Cash bonus[3] $**	**Accrued/ (used) annual leave $**	**Other[1] $**	**Superannuation $**	**Long service leave $**	**Share-based payments $**	**Termination benefits $**	**Total $**
Executive Directors									
Daniel Crowley	560,066	–	44,159	1,430	30,373	68,628	–	–	704,656
Other Executive Officers									
Donald Montgomery	532,827	99,423[2]	32,871	1,430	30,115	863	–	–	697,529
Ben-Louis Ludik	363,359	–	11,745	1,430	30,116	571	–	–	407,221
	1,456,252	**99,423**	**88,775**	**4,290**	**90,604**	**70,062**	**–**	**–**	**1,809,406**

1 Relocation expenses and mobile phone allowance.
2 Donald Montgomery is entitled to receive a sign-on bonus of up to $100,000 after successful completion of the 6 month probationary period.
3 Relates to STI bonus program and other bonuses, which are on a discretionary basis. There was no discretionary bonus granted to Senior Executive leaders in the period.

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

REMUNERATION OF EXECUTIVE DIRECTORS AND OTHER EXECUTIVE OFFICERS (CONT'D)

	Short-term benefits				Post-employment benefits	Long-term employee benefits	Equity based payments	Termination benefits	
2025	Salary and fees $	Cash bonus[3] $	Accrued/ (used) annual leave $	Other[1] $	Superannuation $	Long service leave $	Share-based payments $	Termination benefits $	Total $
Executive Directors									
Daniel Crowley	530,449	111,025	26,545	1,210	29,932	5,509	–	–	704,670
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**	**–**	**–**	**1,339,016**

1 Relocation expenses and mobile phone allowance.
2 Donald Montgomery is entitled to receive a sign-on bonus of up to $100,000 after successful completion of the 6 month probationary period. This amount is included in the 2026 remuneration table.
3 Relates to STI bonus program and other bonuses, which are on a discretionary basis.

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

	Fixed remuneration		Remuneration linked to performance	
	2026	2025	2026	2025
Non-Executive Directors				
Lance Hockridge	100%	100%	–	–
Ann-Maree Robertson	100%	100%	–	–
Joanne Willoughby	–	100%	–	–
Courtney Black	100%	100%	–	–
Lindsay Barber	–	100%	–	–
Neil Scales OBE	100%	100%	–	–
Executive Directors and Other Executive Officers				
Daniel Crowley	100%	84%	–	16%
Michael Wilkes	–	83%	–	17%
Donald Montgomery	86%	–	14%	–
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				
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 2026 by each Key Management Personnel are set out below:

2026	Balance as at 1 July 2025[1]	Subscribed shares	Acquired shares	Disposed	Balance as at 30 June 2026
Non-Executive Directors					
Lance Hockridge	8,204,180	–	97,142	–	8,301,322
Ann-Maree Robertson	133,333	–	–	–	133,333
Courtney Black	166,667	–	64,739	–	231,406
Neil Scales OBE	16,667	-	–	-	16,667
Executive Directors					
Daniel Crowley	19,685,097	–	263,290	–	19,948,387
Other Executive Officers					
Donald Montgomery	–	–	215,000	–	215,000
Ben-Louis Ludik	7,366	–	98,802	–	106,168

1 Excludes shares held by a former Non-Executive Director, Joanne Willoughby, who resigned in May 2025.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no transactions with Key Management Personnel during the current financial year (FY25: $145,317) for advisory services under a fixed fee agreement on commercial terms.

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

Bonus payments were awarded to management as compensation during the financial year as listed in the table of the following page:

4. OTHER DISCLOSURES AND SHAREHOLDINGS (CONT'D)

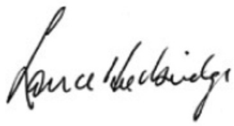
BONUSES AND SHARE-BASED PAYMENTS GRANTED AS COMPENSATION (CONT'D)

2026	Grant date	Maximum bonus payable	Cash bonus	% of bonus payable	% of bonus forfeited	Services/ performance criteria used to determine the amount of compensation	Terms and conditions
Other Executive Officers							
Donald Montgomery	14/10/2025	$N/A	$99,423	100%	0%	Service hurdle	Payable on grant date

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, 28 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 360 Queen Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Avada Group Limited Pty Ltd for the year ended 30 June 2026, 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.

N I Batters
Director

BDO Audit Pty Ltd

Brisbane, 28 August 2026

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 360 Queen Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 2026, 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 2026 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 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 audits of the financial report of public interest entities 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.

INDEPENDENT AUDITOR'S REPORT

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.

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.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
The Group's disclosures relating to revenue recognition are included in Note 6 to the financial report. Revenue is a significant balance in the financial statements and was considered a key audit matter due to the volume of customer contracts and transactions processed by the Group during the year. Traffic management services relate to the provision of labour, vehicle hire, and equipment hire services. Significant judgement has been applied in determining whether traffic management related services is one distinct performance obligation and recognised over time using the outputs method typically measured by labour hours of service provided and contractually agreed periodic rates. Given the significance of revenue to the financial statements and the risk of inappropriate revenue recognition, we considered this area to be a key audit matter.	Our audit procedures included, amongst others: • Evaluating the Group's revenue recognition policies and assessing compliance with AASB 15 *Revenue from contracts with customers*. • Testing a sample of traffic management services customer contracts to assess management's identification of performance obligations and method of recognising revenue. • Testing a sample of traffic management services transactions to supporting documentation, including customer contracts, approved timesheets, job records and invoices. • Performing specific testing on revenue transactions recorded prior to balance date to assess whether revenue was appropriate to be during the reporting period. • Testing accrued income balances by reference to underlying contracts, customer approvals and subsequent invoicing. • Evaluating the operating effectiveness of IT automated controls relevant to the traffic management services revenue stream. • Assessing the adequacy of the revenue financial statement disclosures.

Valuation of Expected Credit Loss Allowance

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 15 to the financial report, the Group recognised an Expected Credit Loss (ECL) allowance of $1.0 million against trade receivables as at 30 June 2026 of $32.5 million. The assessment of the ECL allowance is a key area of management judgement as it requires estimation of the collectability of receivable balances and consideration of historical loss experience, current economic conditions, customer-specific circumstances and forward-looking information. The determination of appropriate loss rates and identification of receivables that may require specific provisioning involve significant judgement and estimation uncertainty. Given the significance of trade receivables to the financial position of the Group and the judgements involved in estimating the ECL allowance, we considered this matter to be a Key Audit Matter.	Our procedures included, amongst others: • Evaluating the Group's methodology for determining the ECL allowance and assessing its compliance with the requirements of AASB 9 Financial Instruments. • Testing the accuracy and completeness of the aged receivables listing used in the ECL assessment. • Assessing the appropriateness of management's application of loss rates. • Evaluating the reasonableness of key assumptions and judgements used in the ECL model, including historical loss experience and customer-specific risk factors. • Performing recoverability testing over selected outstanding receivable balances through examination of subsequent cash receipts and other supporting evidence. • Assessing the appropriateness of specific provisions recognised for known disputed, overdue or impaired balances. • Evaluating whether the related disclosures in the financial report appropriately describe the judgements and estimation uncertainty associated with the ECL allowance.

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 2026, 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.

INDEPENDENT AUDITOR'S REPORT

BDO

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Avada Group Limited, for the year ended 30 June 2026, 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, 28 August 2026

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 2026.

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 38 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, 28 August 2026

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated Year ended 30/06/2026 $'000	Consolidated Year ended 30/06/2025 $'000
Revenue	**6**	209,757	183,095
Other income		853	–
Other gains	**7**	219	538
Depreciation and amortisation expense		(6,323)	(10,914)
Direct equipment hire and consumables		(30,588)	(23,770)
Direct wages and salaries		(140,784)	(121,444)
Non-direct wages and salaries		(17,293)	(18,864)
Administration expenses	**8**	(3,221)	(3,232)
Impairment of intangible assets	**9**	(15,005)	(14,767)
Other expenses	**10**	(8,882)	(4,958)
Finance costs	**11**	(4,690)	(3,440)
Profit/(loss) before income tax		(15,957)	(17,756)
Income tax benefit	**12**	775	2,194
Profit/(loss) for the year		(15,182)	(15,562)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		226	(220)
Other comprehensive income for the year, net of tax		226	(220)
Total comprehensive profit/(loss) for the year		(14,956)	(15,782)
Total allocated to owners		(14,956)	(15,782)
Profit/(loss) per share			
Basic (cents per share)	**13**	(18)	(19)
Diluted (cents per share)	**13**	(18)	(19)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	Consolidated Year ended 30/06/2026 $'000	Consolidated Year ended 30/06/2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	**14**	6,484	7,327
Trade and other receivables	**15**	41,549	29,107
Current tax asset	**16**	–	953
Other current assets	**17**	1,978	1,813
Total current assets		50,011	39,200
Non-current assets			
Property, plant and equipment	**18**	19,654	21,792
Right-of-use-assets	**19**	3,690	4,565
Deferred tax assets	**22**	74	–
Goodwill	**20**	19,431	28,851
Other intangible assets	**21**	4,789	12,856
Other non-current assets	**17**	132	135
Total non-current assets		47,770	68,199
Total assets		97,781	107,399
LIABILITIES			
Current liabilities			
Trade and other payables	**23**	26,360	23,575
Lease liabilities	**24**	1,844	1,830
Borrowings	**25**	7,480	5,824
Current tax liabilities	**16**	201	–
Provisions	**26**	2,529	2,654
Other financial liabilities	**27**	–	206
Total current liabilities		38,414	34,089
Non-current liabilities			
Lease liabilities	**24**	2,156	3,108
Borrowings	**25**	33,086	29,440
Deferred tax liabilities	**22**	29	1,750
Provisions	**26**	366	326
Total non-current liabilities		35,637	34,624
Total liabilities		74,051	68,713
Net assets		23,730	38,686
EQUITY			
Share capital	**28**	57,715	57,715
Reserves	**29**	13,828	13,602
Accumulated losses		(47,813)	(32,631)
Total equity		23,730	38,686

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 2026

	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 2025		**57,715**	**3,700**	**10,175**	**(273)**	**(32,631)**	**38,686**
Loss for the year		–	–	–	–	(15,182)	(15,182)
Other comprehensive income for the year		–	–	–	226	–	226
Total comprehensive income for the year		**–**	**–**	**–**	**226**	**(15,182)**	**(14,956)**
Balance as at 30 June 2026		**57,715**	**3,700**	**10,175**	**(47)**	**(47,813)**	**23,730**

	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**
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**	**(273)**	**(32,631)**	**38,686**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	Consolidated Year ended 30/06/2026 $'000	Consolidated Year ended 30/06/2025 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		217,712	203,468
Payments to suppliers and employees (including GST)		(218,892)	(188,009)
Interest and other finance costs paid		(3,122)	(2,950)
Interest received		7	–
Income taxes paid		80	(2,176)
Net cash inflow/(outflow) from operating activities	**31**	(4,215)	10,333
Cash flows from investing activities			
Purchases of property, plant and equipment	**18**	(1,221)	(2,700)
Proceeds from sale of property, plant and equipment		919	567
Payment of contingent consideration	**33**	–	(1,249)
Net cash outflow from investing activities		(302)	(3,382)
Cash flows from financing activities			
Proceeds from borrowings	**31**	26,139	3,463
Repayment of borrowings	**31**	(30,891)	(6,990)
Receipts from asset finance borrowings		17,827	–
Repayments of asset finance borrowings	**31**	(7,238)	(2,730)
Repayment of lease liabilities	**31**	(2,163)	(1,755)
Net cash inflow/(outflow) from financing activities		3,674	(8,012)
Net increase/(decrease) in cash and cash equivalents		(843)	(1,062)
Cash and cash equivalents at the beginning of the year		7,327	8,500
Effects of foreign exchange rate changes		–	(111)
Cash and cash equivalents at the end of the year	**14**	6,484	7,327

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 2026

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 2026 comprise the Company and its subsidiaries (together referred to as "the Group").

The financial statements were authorised for issue by the Directors on 28 August 2026. The directors have the power to amend and reissue the financial statements.

(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 2026/183*, 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 consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a net loss after tax of $15.2 million for the year ended 30 June 2026 (2025: $15.6 million loss), which included a non-cash impairment charge of $15.0 million relating to the Victoria cash generating unit. The Group recorded net operating cash outflows of $4.2 million during the year (2025: inflows of $10.3 million). As at 30 June 2026, the Group held cash and cash equivalents of $6.5 million and total borrowings of $40.6 million.

The Group's borrowing facilities are subject to financial covenants and maintaining collateral base requirements. Continued compliance with these requirements is dependent on the Group achieving forecast earnings, operating cash flows and working capital outcomes. The Group obtained an ongoing covenant suspension in respect of its New Zealand banking facilities during the year, which is in place at the date of signing. The Group's ability to execute its business plans is subject to ongoing access to external funding.

The achievement of forecast earnings and operating cash flows, ongoing compliance with banking covenants and access to available funding facilities are dependent upon future events and circumstances which are not wholly within the control of the Group. Accordingly, these conditions indicate the existence of a material uncertainty that may cast significant doubt on 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.

In assessing the appropriateness of the going concern basis, the Directors have considered the following factors:

- cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements. The forecasts incorporate assumptions relating to forecast revenue growth, margin improvement initiatives, management of operating costs, capital expenditure restraint and compliance with banking covenants.
- the Group successfully refinanced and expanded its Commonwealth Bank facilities during FY26, extending debt maturities and increasing available funding capacity;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. GENERAL INFORMATION (CONT'D)
   (D) GOING CONCERN (CONT'D)

- the Group was compliant with the Commonwealth Bank covenant requirements at 30 June 2026, reporting a net leverage ratio of 2.94 times and debt service cover ratio of 2.18 times compared with covenant requirements of not more than 3.5 times and not less than 1.25 times respectively;
- the Group had cash balances of $6.5 million and access to undrawn working capital, overdraft and asset finance facilities at 30 June 2026;
- management continues to implement operational improvement initiatives.

The Directors have concluded that there are reasonable grounds to expect that the Group will be able to meet its obligations as and when they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities, that may be necessary should the Group be unable to continue as a going concern.

2. Summary of material 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 2026. 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) 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.

(C) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

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

(C) GOODWILL (CONT'D)

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.

(D) 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 as one distinct stream on the basis these contractual promises are highly integrated and combined to deliver a single traffic management service. 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. Labour hours of service typically reflect the receipt and consumption pattern of the customer as the task is performed, and therefore is a reasonable unit (hourly/daily) to measure progress towards satisfaction of a performance obligation. 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. Customer payment terms are generally 30 days from end of month or based on the contract terms.

(E) 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.

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

(E) FINANCIAL INSTRUMENTS (CONT'D)

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 to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

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

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

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

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 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 measures ECL using a provision matrix based on 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. Receivables are grouped based on shared credit risk characteristics including customer type, geographic location, ageing and product or service category where appropriate.

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.

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

(E) 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 AASB 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.

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

(F) 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

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.

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

(G) 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.

(H) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

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

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

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

(I) LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 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;
- The exercise price of extension options, if the lessee is reasonably certain to exercise the extension options. The Group assesses the likelihood of exercising extension options in conjunction with alignment with operational objectives, strategic direction and current market conditions; 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.

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.

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

(I) LEASES (CONT'D)

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 of 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.

(J) 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.

(K) 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 a 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.

(L) 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).

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

(L) PROVISIONS (CONT'D)

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.

(M) 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.

(N) 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.

(O) 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.

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 2026. 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.

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.

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

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 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. 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 a provision matrix based on historical credit loss experience, adjusted where appropriate to reflect current and forward-looking information. Historical loss rates are determined by reference to the ageing profile of receivables and are adjusted for factors including customer-specific risks, industry conditions, expected economic trends and other relevant forward-looking information.

5. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

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

The Group's reportable segments under AASB 8 *Operating Segments* ("AASB 8") are as follows:

Queensland Traffic Management	– contains entities which operate in the Queensland geography
New South Wales Traffic Management	– contains entities which operate in the New South Wales geography
Victoria Traffic Management	– contains entities which operate in the Victoria geography
New Zealand Traffic Management	– contains entities which operate in the New Zealand geography

The Group offers integrated traffic management services including planning and permits, traffic control, equipment hire, event management and incident response. The Group's client portfolio includes government clients at state and local council levels, federally funded contractors and major contractors in the utilities, infrastructure, construction and other industrial sectors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. OPERATING SEGMENTS (CONT'D)

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS (CONT'D)

The following is an analysis of the Group's revenue and results by reportable operating segment for the full year ended 30 June 2026:

	Year ended 30/06/2026					
	QLD $'000	**NSW $'000**	**VIC $'000**	**NZ $'000**	**Unallocated $'000**	**Total $'000**
Revenue						
Sales to external customers	112,333	65,135	28,081	4,244	-	209,793
Inter-segment sales/ (purchases)	(36)	–	–	–	–	(36)
Total revenue	**112,297**	**65,135**	**28,081**	**4,244**	**–**	**209,757**
Other income	294	279	240	4	36	853
Other gains/(losses)	–	–	–	–	219	219
Wages and salaries	(77,928)	(45,601)	(21,436)	(3,211)	(9,901)	(158,077)
Direct equipment hire and consumables	(15,066)	(10,658)	(3,498)	(1,400)	34	(30,588)
Administration and other expenses	(4,158)	(2,087)	(1,327)	(603)	(3,928)	(12,103)
Impairment of intangible assets	–	–	(15,005)	–	–	(15,005)
EBITDA	**15,439**	**7,068**	**(12,945)**	**(966)**	**(13,540)**	**(4,945)**
Depreciation and amortisation expense	(3,687)	(749)	(1,287)	(1,002)	402	(6,323)
EBIT	**11,752**	**6,319**	**(14,232)**	**(1,968)**	**(13,138)**	**(11,267)**
Finance costs	(680)	(476)	(195)	(418)	(2,921)	(4,690)
Profit/(loss) before income tax	**11,072**	**5,843**	**(14,427)**	**(2,386)**	**(16,059)**	**(15,957)**
Income tax (expense)/benefit	2,800	(436)	1,421	(291)	(2,719)	775
Profit/(loss) after tax for the year	**13,872**	**5,407**	**(13,006)**	**(2,677)**	**(18,778)**	**(15,182)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. OPERATING SEGMENTS (CONT'D)

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS (CONT'D)

	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	350	538
Wages and salaries	(73,633)	(26,493)	(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)	(1,026)	(1,036)	(637)	(3,111)	(8,169)
Impairment of intangible assets	–	(5,024)	–	(9,743)	–	(14,767)
EBITDA	**17,208**	**(3,268)**	**5,352**	**(10,163)**	**(12,531)**	**(3,402)**
Depreciation and amortisation expense	(4,601)	(2,098)	(2,469)	(1,013)	(733)	(10,914)
EBIT	**12,607**	**(5,366)**	**2,883**	**(11,176)**	**(13,264)**	**(14,316)**
Finance costs	(185)	(65)	(58)	(611)	(2,521)	(3,440)
Profit/(loss) before income tax	**12,422**	**(5,431)**	**2,825**	**(11,787)**	**(15,785)**	**(17,756)**
Income tax (expense)/ benefit	(1,675)	(2,151)	(118)	1,412	4,726	2,194
Profit/(loss) after tax for the year	**10,747**	**(7,582)**	**2,707**	**(10,375)**	**(11,059)**	**(15,562)**

The revenue reported above represents revenue generated from disaggregated external customers. In FY26 the Group had two major customers:

- Queensland Government Department — $41.5 million revenue in the Queensland segment representing 19.8% of Group total revenue (FY25: $30.7 million 16.7% of Group total revenue); and
- NSW Government Department — $24.9 million revenue in the NSW segment representing 11.8% of Group total revenue (FY25: $9.2 million 5.0% of Group total 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 2026

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 30/06/2026					
	QLD $'000	**NSW $'000**	**VIC $'000**	**NZ $'000**	**Unallocated $'000**	**Total $'000**
Current assets	23,520	16,304	6,147	577	3,463	50,011
Non-current assets	32,740	3,464	5,895	2,123	3,548	47,770
Total assets	**56,260**	**19,768**	**12,042**	**2,700**	**7,011**	**97,781**
Current liabilities	14,050	8,600	3,695	3,169	8,900	38,414
Non-current liabilities	1,826	972	419	1,747	30,673	35,637
Total liabilities	15,876	9,572	4,114	4,916	39,573	74,051
Net assets/liabilities	**40,384**	**10,196**	**7,928**	**(2,216)**	**(32,562)**	**23,730**

	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)**	**(26,337)**	**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. All assets are allocated to reportable segments, other than financial assets (except for trade and other receivables) and tax assets. Goodwill has been allocated to reportable segments as described in Note 20. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

6. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following geographies and customer types. The disclosure of revenue by geography is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 *Operating Segments* ("AASB 8"). Refer Note 5.

DISAGGREGATION OF REVENUE

External revenue by location and customer type	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Queensland		
Government (incl. councils)	69,034	26,152
Non-Government	43,263	79,373
	112,297	105,525
New South Wales		
Government (incl. councils)	33,311	11,679
Non-Government	31,824	23,209
	65,135	34,888
Victoria		
Government (incl. councils)	1,825	14,288
Non-Government	26,256	21,225
	28,081	35,513
New Zealand		
Government (incl. councils)	24	4,003
Non-Government	4,220	3,166
	4,244	7,169
	209,757	183,095

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
External revenue by service line		
Traffic management services	207,243	180,908
Plans and permits	2,514	2,187
	209,757	183,095
External revenue by timing of revenue		
Services transferred over time	207,243	180,908
Services transferred at a point in time	2,514	2,187
	209,757	183,095

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

7. Other gains

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Gain on movement in contingent consideration	206	484
Gain on debt extinguishment	13	–
Gain on disposal of assets	–	54
	219	538

8. Administration expenses

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Professional fees	2,471	2,426
Acquisition related costs — abandoned acquisitions	–	102
Rent and other occupancy expenses	627	568
Other administration expenses	123	136
	3,221	3,232

9. Impairment of intangible assets

	Note	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Impairment of goodwill	**20**	9,420	9,738
Impairment of other intangibles	**21**	5,585	5,029
		15,005	14,767

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 Victoria cash-generating unit during the period.

10. Other expenses

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Other corporate costs	3,104	980
Loss on disposal of assets	408	–
Expected credit loss expense	954	–
Insurance	732	525
Technology expenses	2,027	2,262
Membership fees	839	797
Travel and accommodation	818	394
	8,882	4,958

11. Finance costs

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Bank charges on bank overdrafts and loans	1,859	521
Interest on bank overdrafts and loans	2,541	2,680
Interest on lease liabilities	290	239
	4,690	3,440

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 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current income tax		
Current income tax charge	(1,560)	(381)
Adjustment in respect of current income tax of the previous years	–	(22)
Deferred income tax		
Relating to the origination and reversal of temporary differences	2,991	2,614
Prior year under/over provision true-up	80	(17)
Derecognition of NZ tax losses	(736)	–
	775	2,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

12. INCOME TAX BENEFIT (CONT'D)

NUMERICAL RECONCILIATION BETWEEN TAX BENEFIT AND PRE-TAX ACCOUNTING PROFIT

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Accounting profit/(loss) before tax	(15,957)	(17,756)
Prima facie tax benefit (payable) on loss before income tax at 30%	4,781	5,402
Non-deductible expenses	(410)	(86)
Impairment of goodwill	(2,826)	(2,963)
Thin capitalisation interest apportionment adjustments	(90)	(163)
Non-assessable gain on movement in contingent consideration	62	146
Prior year under/over provision true-up	23	(43)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(30)	(99)
Derecognition of NZ tax losses	(736)	–
Income tax benefit	775	2,194

13. Profit/(loss) per share

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Profit/(loss) for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	(15,182)	(15,562)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic (loss) per share	84,935,025	84,935,025
Basic earnings per share (cents)	(18)	(19)
Diluted earnings per share (cents)	(18)	(19)

14. Cash and cash equivalents

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Cash at bank	6,484	7,327

15. Trade and other receivables

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Trade receivables	32,451	26,179
Accrued income	9,976	2,817
Other receivables	109	216
Expected credit loss	(987)	(105)
	41,549	29,107

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

ALLOWANCE FOR EXPECTED CREDIT LOSSES

During the period the Group undertook an in-depth analysis into the composition and risk profile of the trade receivables balance. This approach involved the assessment of expected credit losses being separated into three categories: significantly aged receivables, specific debtor assessment, and general expected credit loss. The expected loss rates are based on the payment profiles of revenue, level of gross trade receivables and the corresponding historical credit losses experiences over the five year period to 30 June 2026. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting customers to settle their receivables.

The Group writes off a trade receivable when there is information indicating there is no expectation of recovery. 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 above mentioned approach. 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.

For the year ended 30 June 2026 the Group has recognised a loss of $0.9 million in relation to expected credit losses. The ageing of trade receivables and allowance for expected credit losses provided for above are as follows:

Year ended 30 June 2026	Current and up to 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.0%	0.0%	7.4%	16.6%	3.0%
Gross carrying amount – trade receivables	25,334	998	379	5,740	32,451
Total expected credit loss	5	0	28	954	987

Year ended 30 June 2025	Current and up to 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.4%	0.4%	0.4%	0.4%	0.4%
Gross carrying amount – trade receivables	3,238	14,023	3,745	5,173	26,179
Total expected credit loss	13	56	15	21	105

15. TRADE AND OTHER RECEIVABLES (CONT'D)
ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONT'D)

Movements in the allowance for expected credit losses of trade receivables are as follows:

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Opening balance	105	106
Allowance for impairment recognised during the year net of collections	882	–
Receivables written off during the year as uncollectable	–	(1)
Closing balance	987	105

16. Current tax assets and liabilities

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current		
Current tax assets	–	953
Current tax liabilities	(201)	–
	(201)	953

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 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current		
Prepayments	1,894	1,317
Security deposits - current	84	496
	1,978	1,813
Non-current		
Investment in joint venture[1]	94	31
Security deposits - non current	38	104
	132	135

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 nil. The principal place of business of the joint venture operation is in Australia.

18. Property, plant and equipment

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Traffic control equipment		
Traffic control equipment – at cost	4,848	4,183
Less accumulated depreciation	(3,444)	(2,742)
	1,404	1,441
Motor vehicles		
Motor vehicles – at cost	31,658	34,979
Less accumulated depreciation	(13,754)	(15,014)
	17,904	19,965
Office equipment		
Office equipment – at cost	832	711
Less accumulated depreciation	(567)	(423)
	265	288
Leasehold improvements		
Leasehold improvements – at cost	151	141
Less accumulated depreciation	(70)	(43)
	81	98
Total property, plant and equipment	**19,654**	**21,792**

MOVEMENTS IN CARRYING AMOUNTS

	Note	Year ended 30/06/2026 $'000				
	Note	Traffic control equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
Cost						
At 1 July 2025		4,182	34,980	711	141	40,014
Additions		800	234	131	10	1,175
Disposals		(16)	(3,162)	(1)	–	(3,179)
Exchange differences		(118)	(394)	(9)	–	(521)
At 30 June 2026		4,848	31,658	832	151	37,489
Depreciation						
At 1 July 2025		2,741	15,013	424	44	18,221
Charge for the year		783	700	149	27	1,659
Disposals		(4)	(1,858)	(1)	–	(1,863)
Exchange differences		(76)	(101)	(5)	–	(181)
At 30 June 2026		3,444	13,754	567	70	17,835
Carrying amount						
At 30 June 2026		**1,404**	**17,904**	**265**	**81**	**19,654**

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

		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	38,220
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**

19. Right-of-use assets

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Buildings		
Buildings — right-of-use assets	6,224	6,813
Less accumulated depreciation	(4,008)	(2,734)
	2,216	4,079
Motor vehicles		
Motor vehicles — right-of-use assets	3,375	1,772
Less accumulated depreciation	(1,904)	(1,309)
	1,471	463
Office equipment		
Office equipment — right-of-use assets	10	49
Less accumulated depreciation	(7)	(26)
	3	23
Total right-of-use assets	3,690	4,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

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

MOVEMENTS IN CARRYING AMOUNTS

		Year ended 30/06/2026 $'000			
	Note	**Buildings**	**Motor Vehicles**	**Office equipment**	**Total**
At 1 July 2025		4,079	463	23	4,565
Remeasurement of lease term		435	–	–	435
Additions		136	1,736	–	1,872
Disposals		(990)	–	(11)	(1,001)
Depreciation charge		(1,398)	(728)	(9)	(2,135)
Exchange differences		(46)	–	–	(46)
At 30 June 2026		2,216	1,471	3	3,690

		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

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 30/06/2026 $'000	**Year ended 30/06/2025 $'000**
Depreciation expense on right-of-use asset	2,135	1,750
Interest expense on lease liabilities	290	276

There was total cash outflow for leases amount to $2.2 million (2025: $1.8 million).

20. Goodwill

	Note	Year ended 30/06/2026 $'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**	(9,420)	(9,738)
Balance at end of the year		19,431	28,851

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.

ALLOCATION OF GOODWILL

Below we have presented the goodwill to the identified CGUs.

	Year ended 30/06/2026 $'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 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.

During the year ended 30 June 2026, 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 FY27 budgets approved by the Board, with a 2.0% 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).

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 13.0% (2025: 12.7%) was applied to the cash flows for its Australian based entities CGUs. Management engaged a third-party specialist to provide the post-tax discount rate utilised in the DCF VIU models, which was determined using a Weighted Average Cost of Capital (WACC) methodology.

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	10.3%	4.0%	11.3%	-19.6%

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

For the QLD CGU reasonable possible changes in key assumptions would not cause the CGU's carrying amount to exceed its recoverable amount as there is substantial headroom available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

21. Other intangible assets

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Customer lists		
Customer lists – at cost	32,989	33,473
Less accumulated amortisation	(14,821)	(12,420)
Less accumulated impairment	(13,379)	(8,197)
Total Other intangible assets	4,789	12,856

MOVEMENTS IN CARRYING AMOUNTS

	Note	Customer lists	Total
At 1 July 2025		12,856	12,856
Exchange differences		–	–
Amortisation for the year		(2,482)	(2,482)
Impairment loss for the year	**9**	(5,585)	(5,585)
At 30 June 2026		4,789	4,789

	Note	Customer lists	Total
At 1 July 2024		21,577	21,577
Exchange differences		(32)	(32)
Amortisation for the year		(3,660)	(3,660)
Impairment loss for the year		(5,029)	(5,029)
At 30 June 2025		12,856	12,856

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. As at 30 June 2026 the remaining useful life of customer list intangibles is between 1 to 3 years.

22. Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Year ended 30/06/2026 $'000		
	Assets	**Liabilities**	**Net assets / (liabilities)**
Property, plant and equipment	–	(1,278)	(1,278)
ROU assets/lease liabilities	2,888	(2,795)	93
Other intangible assets	–	(1,443)	(1,443)
Other provisions	42	–	42
Employee provisions	782	–	782
Payables and accruals	1,493	–	1,493
Expected credit loss provision	288	–	288
Prepayments	–	(1)	(1)
Business related costs	69	–	69
	5,562	(5,517)	45

	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
Expected credit loss provision	32	–	32
Prepayments	–	(29)	(29)
Business related costs	473	–	473
Borrowing costs	4	–	4
Other	291	–	291
	2,942	(4,692)	(1,750)

NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

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

MOVEMENT IN DEFERRED TAX ASSETS/LIABILITIES DURING THE YEAR

	Year ended 30/06/2026 $'000				
	Net opening balance	**Acquired**	**Recognised in equity**	**Recognised in profit or loss**	**Net DTL**
Property, plant and equipment	(799)	–	–	(479)	(1,278)
ROU assets/lease liabilities	111	–	–	(18)	93
Other intangible assets	(3,857)	–	–	2,414	(1,443)
Employee provisions	814	–	–	(67)	747
Payables and accruals	1,132	–	–	361	1,493
Business acquisition related costs	472	–	(170)	(234)	68
Borrowing costs	4	–	–	(4)	–
Other	373	–	–	728	1,101
Derecognition of NZ tax losses	–	–	–	(736)	(736)
	(1,750)	–	(170)	1,965	45

	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)	2,586	(1,750)

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 asset total is a net deferred liability balance of $28,947 relating to the Group's New Zealand operations which cannot be offset against deferred tax assets and liabilities of the Group's Australian operations.

This position reflects the derecognition of the deferred tax asset from New Zealand tax losses.

23. Trade and other payables

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Trade payables	4,928	3,770
Accrued expenses	2,598	4,832
GST payable	1,578	3,624
Employee related payables	6,973	2,360
PAYG payable	8,890	8,028
Other payables	1,393	961
	26,360	23,575

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 30/06/2026 $'000	Year ended 30/06/2025 $'000
Year 1	2,024	2,055
Year 2	1,250	1,621
Year 3	672	880
Year 4	276	334
Year 5	83	195
Onwards	70	385
	4,375	5,470
Undiscounted lease liabilities analysed as:		
Current	2,024	2,055
Non-current	2,351	3,415
	4,375	5,470
Discounted lease liabilities analysed as:		
Current	1,844	1,830
Non-current	2,156	3,108
	4,000	4,938

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

25. Borrowings

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current		
Secured		
Bank loans and other financial facilities	2,281	3,138
Equipment finance	5,199	2,686
	7,480	5,824
Non-current		
Secured		
Bank loans and other financial facilities	19,915	23,982
Equipment finance	13,171	5,458
	33,086	29,440
Total borrowings	40,566	35,264

DESCRIPTION OF THE BANKING FACILITIES

The Group has its banking facilities with Commonwealth Bank in Australia (CBA) and Kiwibank in New Zealand. On 2 April 2026 the Group completed the refinancing of the CBA facilities. These facilities include the provision of asset finance facilities and a working capital facility. The Group's financing arrangements in place as at 30 June 2026 are set out below.

Year ended 30 June 2026

Facility	Currency	Facility limit $'000	Drawn amount Current $'000	Drawn amount Non-current $'000	Maturity date
Commonwealth Bank of Australia					
Working capital loan	AUD	20,000	–	19,488	31 October 2027
Asset finance facility 1	AUD	15,500	2,707	10,614	Variable[1]
Asset finance facility 2	AUD	4,145	2,003	1,838	Variable[2]
Overdraft facility	AUD	2,500	–	–	–
Bank guarantees	AUD	214	–	214	Variable[3]
Corporate credit cards	AUD	250	–	–	–
Kiwibank (New Zealand)					
Term facility	NZD	4,000	960	649	5 May 2028
Asset finance facility	NZD	3,400	594	1,029	5 January 2029
Overdraft facility[4]	NZD	1,500	1,141	–	5 May 2028
Corporate credit cards[4]	NZD	50	–	–	5 May 2028

1 The drawn amounts are comprised of asset financing arrangements with maturity dates to between 12 May 2027 and 8 April 2028.
2 The drawn amounts are comprised of asset financing arrangements with maturity dates to between 9 April 2028 and 10 April 2028.
3 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 relation to these guarantees.
4 The undrawn portion of the facility is available until the loan maturity date.

25. BORROWINGS (CONT'D)

DESCRIPTION OF THE BANKING FACILITIES (CONT'D)

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 1	AUD	5,000	984	1,227	23 August 2027
Asset finance facility 2	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 relation to these guarantees.
3 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

- Asset finance facility 1 can be used to fund motor vehicle acquisitions. Interest and principal is payable on a per contract basis. Additionally, the facilities have an establishment fee of 0.28% 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.
- Asset finance facility 2 can be used for funding purposes as agreed with the Lender. Interest and principal is payable on a per contract basis. Additionally, the facilities have an establishment fee of 0.17% of the facility limit payable at financial close. The terms relating to the undrawn portion of the facilities are reviewed annually. Security is provided under each contract through existing fleet vehicles owned.
- The overdraft facility can be used to fund working capital. Interest is charged monthly at the lenders commercial overdraft index rate minus a margin of 1.25%. The facility has an establishment fee of 0.04% of the facility limit payable at financial close and a line fee of 1.70%. 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 1.70% and interest is charged monthly. Drawdown and repayment is subject to monthly assessment of Total Eligible Receivables as defined in the facility agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

25. BORROWINGS (CONT'D)

BANK COVENANTS

The Group had covenants for Commonwealth Bank of Australia as at 30 June 2026 as follows:

- Net leverage ratio 2.94
- Debt service cover ratio 2.18

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 1.25 times.

Kiwibank (New Zealand)

- The term facility can be used for financing of acquisitions and earn-out payments. Principal and interest is payable monthly. Interest is charged at 1.10% below the lender's base rate. The facility has an establishment fee of NZD$0.05 million. 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 as set by the Lender from time to time. Security is provided over each asset acquired under the facility.

BANK COVENANTS

The loan agreement includes financial undertakings that would ordinarily be assessed quarterly on a rolling 12-month basis as follows:

- Funding cost cover ratio of not less than 2.5 times;
- Debt cover ratio of not less than 1.5 times; and
- Equity ratio of not less than 30% (tested annually at 30 June).

Prior to the first scheduled covenant testing date of 30 September 2025 for the year ending 30 June 2026, Kiwibank waived the requirement for the Group to test compliance with the financial undertakings until 31 December 2025. In January 2026, Kiwibank confirmed a suspension of the covenant testing requirements until such time as Kiwibank notifies the Group otherwise. Accordingly, the Group was not required to test compliance with the financial undertakings during the year ended 30 June 2026, including at 30 June 2026.

26. Provisions

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current		
Annual leave	2,150	2,298
Long service leave	89	100
Make good provision	139	161
Other employee provisions	151	–
Restructuring provision	–	95
	2,529	2,654
Non-current		
Long service leave	366	326
	366	326
Total provisions	2,895	2,980

26. PROVISIONS (CONT'D)

MOVEMENTS IN PROVISIONS

Year ended 30/06/2026	Employee benefits $'000	Other $'000	Total $'000
At 1 July 2025	2,724	256	2,980
Charges to profit or loss	6,256	(117)	6,139
Amounts used during the period	(6,224)	–	(6,224)
At 30 June 2026	2,756	139	2,895

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

27. Other financial liabilities

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Current		
Contingent consideration — STA Traffic Management No.2	–	206
Total other financial liabilities	–	206

28. Issues of equity securities

Year ended 30/06/2026	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 30/06/2025	No. of shares	$'000
Ordinary shares		
Balance at beginning of the year	84,935,025	57,715
Share issues	–	–
Transaction costs arising on share issues	–	–
Balance at the end of the year	84,935,025	57,715

28. ISSUES OF EQUITY SECURITIES (CONT'D)

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of surplus assets in proportion to the number of shares held.

Each shareholder present has one vote and, on a poll, one vote for each fully paid share held, and for each partly paid Share, a fraction of a vote equivalent to the proportion to which the share has been paid up. Voting may be in person or by proxy, attorney, or representative.

29. Reserves

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Share-based payments reserve	3,700	3,700
Acquisition reserve	10,175	10,175
Foreign currency translation reserve	(47)	(273)
	13,828	13,602

MOVEMENT IN EACH CLASS OF RESERVE

Year ended 30/06/2026	Share based payments reserve $'000	Acquisition reserve $'000	Foreign Currency Translation Reserve $'000
At 1 July 2025	3,700	10,175	(273)
Exchange differences on translation of foreign operations	–	–	226
At 30 June 2026	3,700	10,175	(47)

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	–	–	(220)
At 30 June 2025	3,700	10,175	(273)

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.

29. RESERVES (CONT'D)

DETAILS OF RESERVES (CONT'D)

Acquisition reserve

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

Foreign currency translation reserve

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

30. Dividends

DETAILS OF DIVIDENDS

No final or interim fully franked or unfranked dividend was paid during the year ended 30 June 2026 (2025: 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 $11,196,984. (2025: $8,720,348).

31. Notes to the statement of cash flows

RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Profit/(loss) for the year		(15,182)	(15,562)
Adjustments for:			
Depreciation and amortisation		6,323	10,914
Movement in expected credit loss		882	–
(Gains) on sale of fixed assets		408	(54)
(Gains) on remeasurement of contingent liability		(206)	(484)
Impairment of goodwill and other intangibles	**9**	15,005	14,767
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(12,442)	1,390
(Increase) in other assets		(164)	(678)
(Increase)/decrease in deferred tax liabilities		(1,795)	(2,415)
Increase/(decrease) in trade and other payables		2,785	4,496
Increase/(decrease) in current tax payable		1,154	(1,953)
Increase/(decrease) in other liabilities		(983)	(88)
Net cash generated from operating activities		(4,215)	10,333

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

CHANGES IN LIABILITIES ARISING FROM FINANCING AND INVESTING 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 2025 $'000	**Financing and Investing cash flows[1] $'000**	**Acquisition of subsidiaries $'000**	**New lease commitments $'000**	**Remeasurements $'000**	**30 June 2026 $'000**
Bank loans and other financial facilities	27,120	(4,752)	–	–	(172)	22,196
Chattel mortgage	8,143	10,589	–	–	(362)	18,370
Lease liabilities	4,938	(2,163)	–	1,875	(650)	4,000
Contingent consideration[2]	206	–	–	–	(206)	–
Total liabilities from financing activities	40,407	3,674	–	1,875	(1,390)	44,566

			Non-cash changes			
	1 July 2024 $'000	**Financing and Investing cash flows[1] $'000**	**Acquisition of subsidiaries $'000**	**New lease commitments $'000**	**Remeasurements $'000**	**30 June 2025 $'000**
Bank loans and other financial facilities	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 consideration[2]	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.

32. Key Management Personnel

	Year ended 30/06/2026	Year ended 30/06/2025
Short-term employee benefits	1,954,220	1,686,597
Post-employment benefits	127,263	102,233
Long-term benefits	70,062	5,567
Termination pay	–	117,470
	2,151,545	1,911,867

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, fringe benefits and short-term annual leave benefits accruing during the year to Key Management Personnel including Executive and Non-executive Directors.

Post-employment benefits

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

Long-term benefits

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

33. 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 30/06/2026	Fair value hierarchy	Valuation technique(s) and key input(s)
Contingent consideration in a business combination	Liabilities (FVTPL) – Nil	Level 3	Present Value of expected future cash outflow

MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

Year ended 30/06/2026	Note	STA Traffic Management No.2 Pty Ltd $'000
Opening balance		206
Total (gains) or losses:		
– In profit or loss	**7**	–
Foreign exchange loss/(gain)		–
Disposals/payments		(206)
Closing balance		–

34. 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 changed by +1.0%/-1.0% absolute and all other variables were held constant, the Group's post tax result for the year would have been $25,414 higher or $25,414 lower respectively. 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 2026

34. 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 and includes undiscounted future interest and other payments. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Year ended 30/06/2026	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	–	13,345	13,015	–	–	–	26,360	26,360
Bank loans and other financial facilities	8.16	1,293	1,072	20,035	-	–	22,401	22,196
Lease liabilities	6.30	169	1,855	1,250	1,031	70	4,375	4,000
Equipment finance	10.35	569	6,256	13,852	330	–	21,007	18,370
Contingent consideration	–	–	–	–	–	–	–	–
Provisions	–	36	447	283	850	1,278	2,895	2,895
		15,413	22,645	35,420	2,213	1,348	77,037	73,821

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 and other financial facilities	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

34. FINANCIAL RISK MANAGEMENT (CONT'D)

LIQUIDITY RISK (CONT'D)

Liquidity and interest risk tables(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 30/06/2026 $'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	–	19,488	13,321	3,841	–	214
Amount unused	–	512	2,179	304	2,500	–
	–	20,000	15,500	4,145	2,500	214
Kiwibank (NZD)						
Amount used	1,609	–	1,623	–	1,141	–
Amount unused	2,391	–	1,777	–	359	–
	4,000	–	3,400	–	1,500	–

	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	–

34. 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.

35. Related party balances or transactions

The Company's main related parties are as follows:

Entities exercising control over the Group

The ultimate parent entity that exercises control over the Group is AVADA Group Limited, which is incorporated in Australia.

Key management personnel

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, are considered Key Management Personnel. For details of disclosures relating to Key Management Personnel, refer to Note 32.

Other related parties

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

Joint venture accounted for under the equity method

The Group has a 49% interest in Bilingarra Indigenous Services Pty Ltd. The interest in the joint venture is accounted for under the equity method of accounting. Refer to Note 17 for details of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

35. 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 30/06/2026

Related party	Purpose	Relationship	Transactions with related parties	Amounts owed to/(from) related parties
Bilingarra Indigenous Services Pty Ltd	Working capital credit	Investee of Joint Venture	–	($319,484)
Bilingarra Indigenous Services Pty Ltd	Revenue	Investee of Joint Venture	$1,281,904	–

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 GP (Aust) Pty Ltd.

36. Remuneration of auditors

	Year ended 30/06/2026 $	Year ended 30/06/2025 $
BDO		
Audit or review of AVADA Group Limited financial reports	348,740	357,500
Audit of subsidiary statutory financial report	20,000	–
Total BDO audit services	368,740	357,500
Other advisory services	7,725	–
Total other advisory services	7,725	–
Total amount paid or payable to BDO	376,465	357,500

37. 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 subsidiary 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

37. PARENT ENTITY INFORMATION (CONT'D)

	Year ended 30/06/2026 $'000	Year ended 30/06/2025 $'000
Statement of financial position		
Assets		
Current assets	3,441	561
Non-current assets	106,497	109,507
Total assets	109,938	110,068
Liabilities		
Current liabilities	7,710	4,079
Non-current liabilities	78,530	62,483
Total liabilities	86,240	66,562
Net assets	23,698	43,506
Equity		
Share capital	57,715	57,715
Share-based payments reserve	3,700	3,700
Acquisition reserve	10,175	10,175
Accumulated losses	(47,892)	(28,083)
Total equity	23,698	43,506
Loss for the year	(19,808)	(15,380)
Total comprehensive loss for the year	(19,808)	(15,380)

38. Subsidiaries and controlled entities

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

		Equity holding	
Name of entity	**Country of incorporation**	**Year ended 30/06/2026**	**Year ended 30/06/2025**
A2O 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 NZ Limited	New Zealand	100%	100%
AVADA Traffic NZ Limited	New Zealand	100%	100%

38. SUBSIDIARIES AND CONTROLLED ENTITIES (CONT'D)

DEED OF CROSS GUARANTEE

Nature of the Deed

AVADA Group Limited, Verifact Traffic Pty Ltd and Avada Traffic Pty Ltd are parties to a Deed of Cross Guarantee (Deed) pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument). The effect of the Deed is that AVADA Group Limited guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under the provisions of the Act, the subsidiary has also been given similar guarantees in the event that AVADA Group Limited is wound up. By entering into the Deed, the subsidiary under the Deed is relieved from the requirement to prepare and lodge a financial report and Directors' report under the Instrument.

Parties to the Deed as at 30 June 2026

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

Changes to the parties during the period

During, or since the end of, the financial year ended 30 June 2026, the following changes occurred to the parties to the Deed:

- Avada Traffic Pty Ltd became a party to the Deed by an assumption deed dated 9 June 2026, which was lodged with ASIC on 24 June 2026;
- Avada Traffic Pty Ltd substituted Verifact Traffic Pty Ltd as the Alternative Trustee under the Deed by a deed of variation lodged with ASIC on 25 June 2026; and
- Verifact Traffic Pty Ltd was removed from the Deed by a revocation deed dated, and lodged with ASIC on, 2 July 2026.

No party to the Deed was the subject of a notice of disposal during or since the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

38. SUBSIDIARIES AND CONTROLLED ENTITIES (CONT'D)

DEED OF CROSS GUARANTEE (CONT'D)

Additional consolidation information

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

	Year ended 30/06/2026[1] $'000	Year ended 30/06/2025[2] $'000
Revenue	177,727	121,204
Other income	(21)	12
Other gains	219	455
Depreciation and amortisation expense	(3,680)	(786)
Direct equipment hire and consumables	(28,690)	(15,686)
Direct wages and salaries	(137,362)	(104,137)
Non-direct wages and salaries	(16,822)	(16,057)
Administration expenses	(3,112)	(2,811)
Other expenses	(7,212)	(3,648)
Finance costs	(4,033)	(2,524)
Loss before income tax	(22,986)	(23,978)
Income tax benefit	1,069	41
Loss for the year	(21,917)	(23,937)
Other comprehensive income, net of tax	–	–
Total comprehensive loss for the year	(21,917)	(23,937)

1 Members of the closed Group for this year include AVADA Group Limited, Verifact Pty Ltd and Avada Traffic Pty Ltd.
2 Members of the closed Group for this year include AVADA Group Limited and Verifact Pty Ltd.

38. SUBSIDIARIES AND CONTROLLED ENTITIES (CONT'D)

DEED OF CROSS GUARANTEE (CONT'D)

Set out below is a consolidated statement of financial position at 30 June 2026 for the closed group consisting of AVADA Group Limited, Verifact Traffic Pty Ltd and Avada Traffic Pty Ltd.

	Year ended 30/06/2026[1] $'000	Year ended 30/06/2025[2] $'000
Assets		
Current assets		
Cash and cash equivalents	6,372	6,852
Trade and other receivables	38,067	23,152
Current tax assets	–	1,660
Other current assets	1,592	1,679
Total current assets	46,031	33,343
Non-current assets		
Property, plant and equipment	4,351	442
Right-of-use-assets	2,744	2,071
Goodwill	14,270	–
Other intangible assets	3,987	–
Other non-current assets	105,427	105,408
Deferred tax assets	4,536	1,884
Total non-current assets	135,315	109,805
Total assets	181,346	143,148
Liabilities		
Current liabilities		
Trade and other payables	24,647	79,427
Lease liabilities	1,236	769
Borrowings	4,248	2,009
Provisions	2,433	2,366
Other financial liabilities	196	206
Total current liabilities	32,760	84,777
Non-current liabilities		
Lease Liabilities	1,685	1,436
Borrowings	28,741	26,374
Deferred tax liabilities	2,207	–
Provisions	366	282
Other non-current liabilities	104,044	–
Total non-current liabilities	137,043	28,092
Total liabilities	169,803	112,869
Net assets	11,543	30,279
Equity		
Share capital	57,714	57,714
Reserves	13,875	13,875
Accumulated losses	(60,046)	(41,310)
Total equity	11,543	30,279

1 Members of the closed Group for this year include AVADA Group Limited, Verifact Pty Ltd and Avada Traffic Pty Ltd.
2 Members of the closed Group for this year include AVADA Group Limited and Verifact Pty Ltd.

39. Events after the reporting period

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 in accordance with AASB 10 *Consolidated Financial Statements*.

DETERMINATION OF TAX RESIDENCY

Section 295(3B) 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. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

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	Tax residency: Body corporate jurisdiction
AVADA Group Limited	Australia	Body corporate	Nil	Yes	N/A
A2O 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
AVADA Traffic NZ Limited	New Zealand	Body corporate	100%	No	New Zealand

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 26 August 2026.

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	57	91.2%
10,001 to 100,000	185	7.7%
5,001 to 10,000	69	0.7%
1,001 to 5,000	114	0.4%
1 to 1,000	43	0.0%
Total	**468**	**100.0%**

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The twenty largest security holders of quoted equity securities are:

Rank	Name	Numbers held	% of total shares issued
1	ALTUS GROUP HOLDINGS PTY LTD	13,110,305	15.4%
2	MIDMARLAR PTY LTD	9,439,503	11.1%
3	BOND STREET CUSTODIANS LIMITED	6,100,000	7.2%
4	CROWLEY SUPERANNUATION PTY LTD	6,009,524	7.1%
5	UBS NOMINEES PTY LTD	5,670,447	6.7%
6	HOCKRIDGE SUPERANNUATION FUND PTY LTD	4,416,706	5.2%
7	HOCKRIDGE ESTATE PTY LTD	3,787,474	4.5%
8	CROWLEY SUPERANNUATION PTY LTD	3,300,000	3.9%
9	KERN GROUP (LICENSING) PTY LTD	3,000,000	3.5%
10	BOND STREET CUSTODIANS LIMITED	2,379,763	2.8%
11	RODECA PTY LTD	1,679,887	2.0%
12	MR DEAN SAMUEL WEINMAN & MRS ROCHELLE WEINMAN & MR PHILIP WEINMAN	1,526,667	1.8%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,411,309	1.7%
14	BOWE DEVELOPMENTS PTY LTD	1,213,570	1.4%
15	BOWE DEVELOPMENTS PTY LTD	941,293	1.1%
16	MR DANIEL JAMES CROWLEY & MRS LISA GAYE CROWLEY	936,070	1.1%
17	FABIAN DIAZ	920,802	1.1%
18	MS KAREN THERESE BRANDENBURG	867,720	1.0%
19	ALLPIPER HOLDINGS PTY LTD	759,085	0.9%
20	SC&I HOLDINGS PTY LTD	741,012	0.8%
	Total	**68,211,137**	**80.3%**

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:

Rank	Name	Numbers held	% of total shares issued
1	ALTUS GROUP HOLDINGS PTY LTD	13,110,305	15.4%
2	MIDMARLAR PTY LTD	9,439,503	11.1%
3	BOND STREET CUSTODIANS LIMITED	6,100,000	7.2%
4	CROWLEY SUPERANNUATION PTY LTD	6,009,524	7.1%
5	UBS NOMINEES PTY LTD	5,670,447	6.7%
6	HOCKRIDGE SUPERANNUATION FUND PTY LTD	4,416,706	5.2%
	Total	**44,746,485**	**52.7%**

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.

CORPORATE DIRECTORY

COMPANY

AVADA Group Limited

Suite 1, Level 2
116 Ipswich Road
Woolloongabba QLD 4102
www.avadagroup.com.au

DIRECTORS

Lance Hockridge
Non-Executive Chairman

Ann-Maree Robertson
Independent Non-Executive Director
and Deputy Chair

Daniel Crowley
Executive Director

Courtney Black
Independent Non-Executive Director

Neil Scales OBE
Independent Non-Executive Director

COMPANY SECRETARY

Andrew Metcalfe

SHARE REGISTRY

MUFG Corporate Markets (AU) Limited
Level 12
680 George Street
Sydney NSW 2000

AUDITOR

BDO
Level 18
360 Queen Street
Brisbane QLD 4000

AVADA

avadagroup.com.au