

ASX Announcement

31 July 2024

AVADA Group Limited — Appendix 4C for the period 1 April 2024 to 30 June 2024

Dear Sir or Madam

In accordance with ASX Listing Rule 4.7B and 4.7C AVADA Group Limited and its controlled entities is pleased to provide its quarterly activities report, together with its Appendix 4C, for the three-month period ended 30 June 2024.

Key Highlights

- Strong, consistent work profile and performance through all regions supported by recurring maintenance works and project pipelines.
- Robust debtor management and cash collections supported by payment management contributed to the cash position at the end of the quarter.
- STA Traffic Management integration completed.
- Operational cost efficiencies continue with consistent gross profit margins achieved.

HIGHLIGHTS OF CASH FLOW	
	\$A'000
Cash Receipts	61,646
Operating Cash Expenditures	53,512
Net Operating cash flow	8,134
Cash and cash equivalents at end of period	8,500
Unused financing facilities available at end of quarter	4,818

Commercial Operations

Implemented operational initiatives outlined last quarter, refocusing on core business drivers including improved client service delivery and employee engagement and progression is delivering results.

As announced on 28 June 2024, AVADA Group is refining its operational strategy, structure and brand to further strengthen the competitive advantages of its national scale and position. This includes:

- an operational structure under a single brand, AVADA Traffic, which is expected to provide operational value, benefits and revenue synergies;
- a reduction in complexity, capitalising on economies of scale to drive service innovations and realise efficiencies;
- optimise the deployment of resources across the network to support local services, national clients and projects;
- the strengthening of the Group's employee value proposition to recruit, retain and develop traffic controllers and drive improved client service standards; and
- consistency to deliver industry best practice and public company standards for safety, governance and reporting across all operations.

Yours faithfully



Michael Wilkes
Company Secretary

About AVADA Group Limited

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

Visit us at avadagroup.com.au

For further information contact the following:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AVADA Group Limited

ABN

57 648 988 783

Quarter ended ("current quarter")

30/06/2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	61,646	222,502
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(19)	(87)
(d) leased assets		
(e) staff costs	(40,479)	(154,325)
(f) administration and corporate costs	(11,593)	(57,606)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	84
1.5 Interest and other costs of finance paid	(809)	(3,083)
1.6 Income taxes received / (paid)	(615)	(781)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	8,134	6,704
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		(10,609)
(c) property, plant and equipment	(1,218)	(3,679)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	255	547
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(963)	(13,741)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		7,000
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(445)
3.5 Proceeds from borrowings	990	7,795
3.6 Repayment of borrowings	(1,476)	(9,487)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(486)	4,863

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,897	10,834
4.2 Net cash from / (used in) operating activities (item 1.9 above)	8,134	6,704
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(963)	(13,741)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(486)	4,863
4.5	Effect of movement in exchange rates on cash held	(82)	(160)
4.6	Cash and cash equivalents at end of period	8,500	8,500

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,500	1,897
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,500	1,897

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	310
6.2	Aggregate amount of payments to related parties and their associates included in item 2	N/A
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p><i>Payments related to Director Salaries, superannuation and working capital payments.</i></p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	46,287	41,469
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	46,287	41,469
7.5 Unused financing facilities available at quarter end		4,818
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Refer Appendix 1 for facilities.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	8,134
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,500
8.3 Unused finance facilities available at quarter end (item 7.5)	4,818
8.4 Total available funding (item 8.2 + item 8.3)	13,318
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: NA	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: NA	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Appendix 1 – Notes to 7.6

Description	Facility Limit	Amount	Lender	Interest Rate	Maturity Date	Secured / Unsecured
Overdraft facility	2,500,000	-	Commonwealth Bank	7.60%	25/08/2025	Secured
Working capital loan	17,500,000	17,500,000	Commonwealth Bank	5.75%	25/08/2025	Secured
Market Rate Loan	9,500,000	4,500,000	Commonwealth Bank	4.39%	25/08/2025	Secured
Market Rate Loan		5,000,000	Commonwealth Bank	4.42%	25/08/2025	Secured
Asset Finance -ABZD001258001	5,000,000	99,470	Commonwealth Bank	6.59%	13/12/2027	Secured
Asset Finance -AEKH003438001		55,743	Commonwealth Bank	5.90%	11/05/2027	Secured
Asset Finance -AEKH003439001		84,255	Commonwealth Bank	5.90%	13/05/2027	Secured
Asset Finance -AEKH003440001		229,057	Commonwealth Bank	7.74%	13/05/2027	Secured
Asset Finance -AIJG000609001		283,692	Commonwealth Bank	7.74%	11/04/2027	Secured
Asset Finance -AIJG000611001		931,920	Commonwealth Bank	7.75%	3/05/2027	Secured
Asset Finance - AKEY000030		2,440,894	Commonwealth Bank	7.06%	28/04/2028	Secured
Asset Finance - ABZD001473		421,242	Commonwealth Bank	7.64%	27/06/2029	Secured
Asset Finance - ABZD001474		476,869	Commonwealth Bank	7.64%	27/06/2029	Secured
Asset Finance -AKEY000006001 ***	3,257,496	3,257,496	Commonwealth Bank	6.17%	23/08/2027	Secured
Kiwi Bank Loan	3,660,657	2,995,200	Kiwi Bank	11.61%	5/05/2028	Secured
Overdraft facility	915,164	-	Kiwi Bank	11.60%	5/05/2028	Secured
Asset Finance loan	3,111,559	2,554,611	Kiwi Bank	9.00%	5/05/2028	Secured
Corporate Credit Cards	45,758	24,776	Kiwi Bank	12.50%	5/05/2028	Secured
AVADA Lease - 69 Percival Road Smithfield		158,446	Commonwealth Bank	2.50%	2/03/2029	Secured
AVADA Lease - 39 Matheson Streer, Virginia QLD		82,734	Commonwealth Bank	2.50%	1/02/2029	Secured
AVADA Lease - 224 Whitehall Street, Yarraville VIC		80,667	Commonwealth Bank	2.50%	31/01/2027	Secured
AVADA Lease - Ground Floor, 116 Ipswich Road, Woolloongabba QLD	546,164	66,000	Commonwealth Bank	2.50%	1/08/2027	Secured
Bank Guarantees - Ventia Performance Guarantee		25,000	Commonwealth Bank	2.50%	20/06/2025	Secured
Bank Guarantees - AVADA property Lease		81,067	Commonwealth Bank	2.50%	1/02/2033	Secured
Bank Guarantees - CTM property Lease		52,250	Commonwealth Bank	2.50%	1/05/2033	Secured
Corproate Credit Cards	250,000	67,490	Commonwealth Bank	17.57%	25/08/2025	Secured
Total	46,286,798	41,468,879				

*** Non revolving facility - No redraw available

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: By the board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.