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ASX Announcement

31 July 2023

AVADA Group Limited — Appendix 4C for the period 1 April 2023 to 30 June 2023

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 2023.

Key Highlights

- Strong and consistent weekly performance through all regions supported by recurring maintenance and utilities work and strong project pipeline.
- Weather conditions returning to the long-term average enabling a return to expected work volumes.
- Operational cost efficiencies and resource allocation improving gross margin and EBITDA.
- Establishment of an Indigenous joint venture in the traffic management industry.
- Robust debtor management and payment management through all operations contributed to the cash position at the end of the quarter.
- The appointment of two new non-executive directors enhancing the board skills with traffic industry, legal and commercial capabilities.

HIGHLIGHTS OF CASH FLOW	
\$A'000	
Cash Receipts	53,627
Operating Cash Expenditures	46,029
Net Operating cash flow	6,680
Cash and cash equivalents at end of period	10,835
Unused financing facilities available at end of quarter	8,384

Commercial Operations

As announced on 17 April 2023 AVADA secured a pathway to enter the New Zealand market after its subsidiary AVADA NZ Limited ('AVADA NZ') entered into a binding agreement to acquire Wilsons TM Limited ('Wilsons Traffic Management' or 'Wilsons'), the largest traffic management company in New Zealand's South Island. This acquisition settled on 5 May 2023 providing strategic growth opportunity in New Zealand for organic growth and further acquisitions including in New Zealand's North Island.

The purchase price for the acquisition included:

- A cash payment on completion of NZ\$9.6 million (which was subject to customary working capital adjustments).
- The acquisition was funded through a combination of New Zealand bank debt of NZ\$7.4 million and cash reserves and existing Australian facilities of NZ\$2.2 million.

Yours faithfully



Paul Fitton
Company Secretary

About AVADA Group Limited

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

With an extensive network of 30 Depots, more than 970 vehicles and 2,000 dedicated employees the Group is well positioned in the integrated traffic management and associated civil sectors.

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 June 2023

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	52,891	186,637
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(18)	(48)
(d) leased assets		
(e) staff costs	(36,798)	(135,118)
(f) administration and corporate costs	(8,421)	(43,384)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	13
1.5 Interest and other costs of finance paid	(566)	(1,927)
1.6 Income taxes paid	(360)	(1,263)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	6,736	4,910
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(7,733)	(25,709)
(c) property, plant and equipment	(361)	(1,544)
(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	383	606
	(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	(7,711)	(26,647)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	11,176	41,247
3.6	Repayment of borrowings	(2,443)	(9,331)
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	(8,733)	31,916

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,791	550
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,736	4,910
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,711)	(26,647)

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)	8,733	31,916
4.5	Effect of movement in exchange rates on cash held	106	106
4.6	Cash and cash equivalents at end of period	10,835	10,835

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	10,835	10,835
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)	10,835	10,835

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	N/A
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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	50,518	42,103
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	50,518	42,103
7.5	Unused financing facilities available at quarter end		8,415
7.6	<p>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.</p> <p>Refer Appendix 1 for facilities.</p> <p>AVADA Group Limited, through it's subsidiary, AVADA NZ Limited entered into debt funding in respect to the Wilsons TM Limited acquisition with KiwiBank Limited and Kiwi Asset Finance Limited. This comprises: term loan of NZD4,000,000, repayable over 5 years with a variable interest rate, currently 10.00% per annum; asset finance of NZD3,400,000, repayable over 5 years with a variable interest rate, currently 9.00% per annum; overdraft facility of NZD1,000,000 at a variable interest rate, currently 11.6% per annum.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	6,736
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,835
8.3	Unused finance facilities available at quarter end (item 7.5)	8,415
8.4	Total available funding (item 8.2 + item 8.3)	19,250
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: N/A	
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: N/A	

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

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.

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	16,671,185	Commonwealth Bank	5.09%	25/08/2025	Secured
Market Rate Loan	9,500,000	4,500,000	Commonwealth Bank	3.56%	25/08/2025	Secured
Market Rate Loan		5,000,000	Commonwealth Bank	3.69%	25/08/2025	Secured
Asset Finance -ABZD001258001		123,917	Commonwealth Bank	6.59%	13/12/2027	Secured
Asset Finance -AEKH003438001		72,756	Commonwealth Bank	5.90%	11/05/2027	Secured
Asset Finance -AEKH003439001		109,961	Commonwealth Bank	5.90%	13/05/2027	Secured
Asset Finance -AEKH003440001	5,000,000	296,517	Commonwealth Bank	6.45%	13/05/2027	Secured
Asset Finance -AIJG000609001		369,983	Commonwealth Bank	6.69%	11/04/2027	Secured
Asset Finance -AIJG000611001		1,239,455	Commonwealth Bank	6.63%	3/05/2027	Secured
Asset Finance -AKEY000006001	5,000,000	4,275,210	Commonwealth Bank	6.17%	23/08/2027	Secured
Asset Finance - AKEY000030	2,800,000	2,800,000	Commonwealth Bank	6.31%	28/04/2028	Secured
Kiwi Bank Loan - NZD	3,675,457	3,627,704	Kiwi Bank	10.00%	5/05/2028	Secured
Overdraft facility - NZD	918,864	-	Kiwi Bank	11.60%	5/05/2028	Secured
Asset Finance loan	3,124,139	2,671,965	Kiwi Bank	9.00%	5/05/2028	Secured
Bank Guarantees - The Traffic Marshal property Lease		17,688	Commonwealth Bank	2.50%	13/03/2022	Secured
Bank Guarantees - D&D property Lease		20,625	Commonwealth Bank	2.50%	30/09/2023	Secured
Bank Guarantees - D&D property Lease		42,054	Commonwealth Bank	2.50%	30/09/2023	Secured
Bank Guarantees - Ventia Performance Guarantee	250,000	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
Corporate Credit Cards	250,000	105,895	Commonwealth Bank	17.57%	25/08/2025	Secured
Total	50,518,460	42,103,231				

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 2023

Authorised by: Mr Paul Fitton
Chief Financial Officer and Company Secretary

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.