

ASX Announcement

19 July 2023

TRADING UPDATE FOR AVADA GROUP LIMITED

AVADA Group Limited (ASX:AVD) ('AVADA', 'the Company' or 'the Group'), the listed provider of traffic management services in Australia and New Zealand, is pleased to provide an update on trading performance for the second half of financial year 2023, and expected underlying earnings for the 2023 financial year.

Key Highlights

- Unaudited underlying EBITDA of \$15.8m for the 2023 financial year
- Unaudited underlying EBITDA of \$8.7m for the second half of the 2023 financial year
- Forecast underlying EBITDA of between \$20m and \$22m for the 2024 financial year
- Extension of escrow arrangements for key shareholders (see below), demonstrating continued confidence in the Company

Trading update

The Company's unaudited earnings outcome for the second half of the 2023 financial year is ahead of the guidance range provided on 13 June 2023, and reflects ongoing initiatives which were implemented in the first half to improve profitability, supported by trading conditions (including weather patterns) returning to the long-term average.

The two strategic acquisitions that were completed during the financial year have also contributed to the Company's improved financial position. The Company continues to assess potential acquisition targets in line with its growth strategy.

\$m	FY23 Guidance ⁽¹⁾		FY23 Unaudited ⁽²⁾
	Low	High	
Revenue	n/a	n/a	181.1
EBITDA	14.6	15.6	15.8

\$m	FY23 Unaudited ⁽²⁾		
	H1 ⁽³⁾	H2	Total
Revenue	90.6	92.6	183.2
EBITDA	7.1	8.7	15.8
EBITDA %	8%	9%	9%

(1) - Guidance as detailed in the FY23 trading update, released with the ASX on 13 June 2023

(2) - Unaudited underlying results. Underlying results include full year trading of Construct Traffic as if it were acquired on 1 July 2022 (the acquisition was completed on 26 August 2022) and excludes transaction related costs and non-recurring items, consistent with adjustments presented in the H1FY23 Results Presentation. Trading for Wilsons Traffic Management is included from the date of acquisition (being 5 May 2023)

(3) - As reported in the H1FY23 Results Presentation

FY24 forecast earnings

The Company will continue to focus on organic growth in the 2024 financial year as well as realising cost efficiencies and margin improvements. Based on the current trading outlook, and assuming a continuation of long-term average weather conditions and prevailing industry demand and macro-economic factors, the Company is forecasting underlying EBITDA of between \$20m and \$22m for the 2024 financial year.

FY24 underlying EBITDA (low) includes expected organic EBITDA growth of 8% combined with full year impact of Wilsons Traffic Management which was acquired on 5 May 2023.

\$m	FY23 (Unaudited)	FY24 Forecast Low	FY24 Forecast High
EBITDA	\$15.8	\$20.0	\$22.0
Existing business	\$15.3	\$16.5	\$18.2
Acquisitions (Wilsons Traffic Management)	\$0.5	\$3.5	\$3.8

Numbers are presented on an underlying basis. Underlying results include full year trading of Construct Traffic as if it were acquired on 1 July 2022 (the acquisition was completed on 26 August 2022) and excludes transaction related costs and non-recurring items, consistent with adjustments presented in the H1FY23 Results Presentation. Trading for Wilsons Traffic Management is included from the date of acquisition (being 5 May 2023)

Extension of escrow arrangements

The Company has extended escrow arrangements for key shareholders, entered into at the time of the Initial Public Offering by 12 months, reflecting underlying confidence in the Company.

Shareholder name	Position	Shares continuing under escrow	% of issued shares	Previous date of escrow	Revised date of escrow
Lance Edwin Hockridge ⁽¹⁾	Chairman	5,620,847	8%	4-Sep-23	4-Sep-24
Daniel James Crowley ⁽²⁾	Managing Director and Chief Executive Officer	4,518,365	6%	4-Sep-23	4-Sep-24
Gregory James Kern ⁽³⁾		2,667,720	4%	4-Sep-23	4-Sep-24

(1) - Shares held through Hockridge Superannuation Pty Ltd as trustee for Hockridge Family Superannuation Fund and Hockridge Estate Pty Ltd as trustee for Hockridge Family Trust

(2) - Shares held through Crowley Superannuation Pty Ltd as Trustee for the Crowley Superannuation Fund

(3) - Shares held through Kern Group (Licensing) Pty Ltd as Trustee for Singapore Investment Trust

This announcement is authorised for release by the Board of Directors of AVADA Group Limited.

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:

Paul Fitton
Chief Financial Officer & Company Secretary
+61 434 685 661
pfitton@avadagroup.com.au