

**2022 Annual General Meeting
Addresses and CEO presentation**

Attached are copies of the addresses to be given by the Chair and the Chief Executive Officer at Adrad's Annual General Meeting today.

This announcement is authorised for release by the Board of Directors of Adrad Holdings Limited.

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Chair's Address

Since our establishment in 1985 by Gary and Karen Washington, Adrad has expanded from being a local supplier of quality radiator parts to specialist repair workshops, into a significant importer and distributor of complete radiators, primarily for the passenger vehicle aftermarket segment as well as a designer and manufacturer of industrial original equipment (OE) solutions. Today, Adrad operates two major segments with 475 employees across 8 main sites and 16 warehouse locations in Australia, New Zealand and Thailand.

Adrad's experienced senior management team has delivered significant revenue and profit growth over the last few years in what has been a challenging operating environment. Our goal is to continue to grow both operating segments, further leverage our strong track record in Australia and New Zealand and the competitive advantages gained through our Thailand facilities.

In the Aftermarket segment, Adrad established an online channel directly targeting mechanical workshops in 2019 which, together with an expanding portfolio of aftermarket automotive parts, has seen the business rapidly expand its customer base. Continued investment in product range, marketing and distribution footprint underpins Adrad's aftermarket growth strategy into 2023 and beyond.

With our second purpose-developed manufacturing facility recently completed in Thailand, we see significant opportunities to leverage our strong credentials in power generation engine cooling to expand Adrad's OE offering into neighbouring Southeast Asian markets including Vietnam, the Philippines and Cambodia. With continued investment in heavy-duty aluminium production capabilities in Thailand and ongoing product R&D, we are positioned to be at the forefront of technological change and continue to grow our international customer base.

2022 has been a landmark year for Adrad. The Company transitioned from a private company to an ASX Listed Public Company via a successful IPO in September and we welcomed a number of new shareholders through the IPO process.

Adrad is now term debt free with strong cash flows to continue to fund future growth. Our strong capital position will allow us to further our strategic objectives.

Looking forward, we are seeing some challenges in the global economy just like you but pleasingly your company is in a strong position to continue to take advantage of a number of opportunities which our CEO, Don Cormack, will discuss in a moment.

Before I pass over to Don I do, however, want to thank a few people:

- to all those involved in the IPO thank you. It's no easy task but you did a great job;
- to Don and everyone in the team for their hard work, commitment and contribution throughout the year thank you;
- thank you to Gary and Donald for their contribution at the board table; and
- thank you to our shareholders, especially our new shareholders, for your support and we look forward to the year ahead.

Chief Executive Officer's Address

Mr. Chairman, Shareholders and other persons present, thank you for the opportunity to address the meeting.

I am pleased to report that results for FY 22 finished slightly better than forecast and that the business fundamentals in terms of our customer base, production capability and the business environment all remain stable and strong for the group.

I am also pleased to report that our trading for Q1 FY 23 is in line with management expectations and that that trend has continued through the month of October and into November.

October sales for the aftermarket were however impacted by the recent floods in New South Wales and the unseasonal cold weather. We are now seeing some bounce back in aftermarket sales through November.

I will comment further in relation to our FY 23 outlook later, but at a high level, we expect continued expansion in top line revenue on the back of investment initiatives put in place following the receipt of IPO funds.

FY 23 represents a year of both investment and consolidation following the IPO and investors should expect steady financial performance through FY23 and see more significant growth both in revenue and margin in FY 24 and beyond as the full benefit of initiatives gain traction.

Key Business Attributes

I would like to take a moment to refresh on the key business attributes that make Adrad a solid and stable business: –

- we have very strong heat exchange design and engineering skills particularly around the heavy to ultra-heavy segment of the market and our OE business is recognised globally in this regard by the major engine manufacturers and OEM's;
- in the aftermarket space we are recognised as having the most extensive range of radiators for both automotive and industrial applications in Australia and New Zealand;
- we have growth opportunities across both the aftermarket and OE market segments
- we have a very stable high quality customer base including long-term relationships with the likes of Kenworth, Caterpillar, Hitachi, Cummins and Clarke Energy.
- In the aftermarket space we have diverse channels to market including specialist independent radiator repairers, general automotive mechanical workshops, wholesale customers and our Natrad franchise consisting of some 40 specialist radiator repairers across Australia.
- We have a long history of stable financial performance and significant opportunities in the future to leverage our well-established lower cost Thailand manufacturing facilities.

Growth Initiatives

The Prospectus sets out the strategic initiatives to support growth that we said we would implement and I provide an update on progress in relation to those key initiatives.

Continued Expansion in Thailand

We have established a second factory in Thailand and replicated our Australian based knowledge and capability in relation to production of coil and other product for the powergen sector. The intention here is to achieve growth in this rapidly developing sector in South East Asia.

We have won an initial project with a total value of about AUD\$600K and our business development team are working on a number of other sales opportunities.

Continued Aftermarket Expansion – Growing Customer Base

We are continuing to successfully grow our customer base in the mechanical workshop channel to market. Our number of customer accounts in this channel now exceeds 8,000 having grown by over 1,000 from June'22. Our trading with this channel to market is conducted predominantly via our online platforms which we are continuing to invest in.

Being successful in this space requires the ability to rapidly supply products to customers and so to support this strong growth we have established a number of new distribution warehouses in the eastern states. These new sites are well stocked and fully operational and are already contributing to growth in sales. Their full potential will be reached over the next 12-18 months.

Continued Aftermarket Expansion – Growing Product Range

Whilst radiators and cooling products remain our primary focus, we are continuing to grow our range of other traded automotive product available to take advantage of the broader automotive product requirements of the general mechanical workshop customer base.

We have recently introduced a range of brake parts covering the majority of the Australian car fleet with good success.

Driving Margin Improvement – Transitioning Production To Thailand

Transitioning of production to Thailand is underway to take advantage of the lower production costs associated with our Thailand facility. This initiative will provide for margin improvement over time.

A number of radiator panels are now being produced in Thailand and exported back to Australia for assembly into complete cooling packages for our customers.

We are also developing steel fabrication capabilities in Thailand to enable further production work to be undertaken in the future to support the Australian operations.

Driving Margin Improvement – Expanding Thailand Factory

Extension to the rear of the company owned factory in Thailand has commenced to provide additional floor space to support the ongoing expansion of production activities in Thailand.

Completion of these building works is scheduled for mid 2023.

Innovative Product Development

Our alufin single tube grommated product is being used in a number of customer applications and continues to be developed to further improve durability and resistance to corrosion.

We are currently negotiating with a leading global OEM to develop prototype product for field testing having successfully worked through in-house design, testing and validation stages.

There are a number of stages in working with OEM's in the development of new product. The design, product development, testing and validation stages including field trials, can take between 1 and 3 years. Once successful, sales from the supply of both product for new builds and product for spare parts typically continue for very many years.

Disciplined Growth Capital Allocation

Management is taking a very disciplined approach to capital allocation focussing on expenditure that will best deliver value and growth for the business.

The building extension is underway and there is some key manufacturing equipment on order for the Thailand operation to enable the business to bring previously outsourced processes in-house to achieve margin improvements through lower costs and efficiency gains.

Strong Pipeline of Opportunities

There are a number of other noteworthy opportunities that I would like to update on:-

- We have locked in AUD\$7.5m of revenue in relation to supply of cooling packages for backup power supply for data centres in Australia to be delivered through CY 23;
- We are bidding to supply cooling packages for some 150 haul trucks being converted from diesel to hydrogen fuel cells by a major global business;
- We are in the final stages of negotiation to supply prototype cooling packages for trial by a major global OEM using our Alufin product; and
- Hydrogen fuel cells are emerging as a key focus for large horsepower engines and present growth opportunities for the OE segment – our OE team are involved in design of cooling packages for a number of early stage hydrogen fuel cell projects.

FY 23 Outlook

- Following on from the positive end to FY22, the initial start to FY23 has been in line with management expectations;
- It should be noted that Q1 is historically the lowest trading quarter for the business - trading is weighted towards Q2-Q4;
- The aftermarket segment remains stable and growing strongly in line with management expectations; with growth in both customer numbers and product range;
- Our key OEM customer retains very strong order books;
- FY23 expectations are for less disruptions including the impact of COVID-19, floods and reduced impact of supply chain related events;
- Revenue for FY23 is expected to be in the range of \$135m to \$140m;
- Growth in revenue will come from:-
 - Continued Aftermarket expansion;
 - Winning new powergen work in South East Asia utilising our Thailand facility; and
 - Lift in build rates of major OEM's as supply chains and labour shortage constraints ease.
- Q1 FY23 EBITDA results are in line with management expectations; and
- FY23 EBITDA is expected to be similar in dollar value to FY22 with growth expected in FY24 and beyond.

People

I would like to take this opportunity to thank our people right across the Group for their willingness to embrace the significant changes taking place within the Group and for remaining focused on achieving great results for the business.

Following on from the challenges associated with the pandemic in the previous year, the supply chain disruptions presented new challenges that our teams have responded to ensure materials have been available for production needs as well as products available for resale to our aftermarket customers. Great forward planning and a systematic approach to our materials and inventory requirements has ensured our ability to meet customer needs.

The strong top-line growth being achieved by the Group has placed added logistical pressures onto the business and our people have responded magnificently in coping with the increased demands.

On behalf of the Board, I would like to thank all our people for their outstanding performance in these challenging times.