

1. Company details

Name of entity:	Adrad Holdings Limited
ABN:	51121033396
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

IFRS financial measures					
			%		\$'000
Trading Revenue	Statutory	up	6.0%	to	77,896
Profit from ordinary activities after tax attributable to the owners of Adrad Holdings Limited	Statutory	down	(9.7%)	to	2,849
Profit for the half year attributable to the owners of Adrad Holdings Limited	Statutory	down	(9.7%)	to	2,849
	Pro forma ¹	down	(22.2%)	to	2,849
Non-IFRS financial measures ²					
Earnings before interest, tax, depreciation and amortisation	Statutory	down	(12.4%)	to	8,228
	Pro forma ¹	down	(16.9%)	to	8,228

1. There were no pro forma adjustments made to the 1HFY25 results. 1HFY24 pro-forma results include adjustments for costs associated with the IPO, business restructure and other significant non-recurring items. Pro forma results are presented on a post AASB-16 basis.

2. The directors believe the presentation of non-IFRS financial measures is useful for the users of the financial report as it provides additional and relevant information that reflects the underlying financial performance of the business.

Non-IFRS financial measures contained within this report are not subject to audit or review.

	1HFY25 Cents	1HFY24 Cents
Basic earnings per share	3.50	3.81
Diluted earnings per share	3.50	3.81

For explanation of the results refer to the Company's ASX/Media Announcement for the half-year ended 31 December 2024 and the accompanying Financial Report for the half-year ended 31 December 2024.

3. Net tangible assets

	31-Dec-24 Cents	30-Jun-24 Cents	31-Dec-23 Cents
Net tangible assets per ordinary security	101.3	97.1	95.7

4. Control gained over entities

During the half year ending 31 December 2024 the Company did not gain control over any entities.

5. Loss of control over entities

During the half year ending 31 December 2024 the Company did not lose control over any entities.

6. Dividends

The Directors declared a fully franked dividend of 1.40 cents per ordinary share on 25 February 2025.

	Amount per security Cents	Franked amount per security Cents
1H FY24 Interim dividend	1.33	1.33
1H FY25 Interim dividend	1.40	1.40

Record date for determining entitlements to the dividend:

26 March 2025

On 28 August 2024 the Directors declared a fully franked final dividend of 1.61 cents per ordinary share in relation to the FY24 full year results. The dividend was paid on 3 October 2024 and was based on the number of shares outstanding on the date of distribution. The financial effect of this final dividend was brought to account in the consolidated financial statements during the half year ended 31 December 2024.

On 25 February 2025 the Directors declared a fully franked interim dividend of 1.40 cents per ordinary share in relation to the financial half-year ending 31 December 2024. The interim dividend represents 40% of NPAT and has a record date of 26 March 2025 to be paid on 2 April 2025. The distribution of \$1.1m is based on the number of shares outstanding as at 25 February 2025; the financial effect of this dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2024.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

International Financial Reporting Standards (IFRS).

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the Company's external auditors and the review report is attached as part of the Financial Report for the half-year ended 31 December 2024.

11. Attachments

Details of attachments (if any):

The Financial Report of Adrad Holdings Limited for the half-year ended 31 December 2024 is attached.

Adrad Holdings Limited

ABN 51121033396

Financial Report for the half-year ended - 31 December 2024



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Directors	Mr. Glenn Davis (Independent Non-Executive Chairman) Mr. Donald McGurk (Independent Non-Executive Director) Mr. Darryl Abotomey (Independent Non-Executive Director) Mr. Gary Washington (Executive Director)
Chief Executive Officer	Mr. Kevin Boyle
Company Secretaries	Ms Kaitlin Smith Mr. Roderick Hyslop
Registered office and principal place of business	26 Howards Road Beverley, SA, 5009
Share register	Computershare Investor Services Pty Ltd
Auditor	William Buck (SA) Level 6, 211 Victoria Square Adelaide SA 5000
Bankers	Bank SA Level 5, 97 King William Street Adelaide SA 5000
Website	www.adradholdings.com.au
Stock exchange listing	Australian Stock Exchange (ASX Code: AHL)

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Adrad Holdings Limited (referred to hereafter as the 'Company', 'AHL' or 'Adrad') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were Directors of Adrad Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr. Glenn Davis (Independent Non-Executive Chairman)
Mr. Donald McGurk (Independent Non-Executive Director)
Mr. Darryl Abotomey (Independent Non-Executive Director)
Mr. Gary Washington (Executive Director)

Principal activities

Adrad is an Australian-based business specialising in the design and manufacture of innovative heat transfer solutions for industrial applications and the manufacture, importation and distribution of automotive cooling components for the aftermarket segment.

The company has two key segments:

- Heat Transfer Solutions – Designs and manufactures industrial cooling solutions for use in road transport and heavy vehicles, mining, power generation, data centres and rail industries.
- Distribution – Imports and distributes radiators, mobile and stationary heat exchange products and a variety of automotive parts for the Australian and New Zealand automotive and industrial markets.

Dividends

On 28 August 2024 the Directors declared a fully franked final dividend of 1.61 cents per ordinary share in relation to the FY24 full year results. The dividend was paid on 3 October 2024 and was based on the number of shares outstanding on the date of distribution. The financial effect of this final dividend was brought to account in the consolidated financial statements during the half year ended 31 December 2024.

On 25 February 2025 the Directors declared a fully franked interim dividend of 1.40 cents per ordinary share in relation to the financial half-year ending 31 December 2024. The interim dividend represents 40% of NPAT and has a record date of 26 March 2025 to be paid on 2 April 2025. The distribution of \$1.1m is based on the number of shares outstanding as at 25 February 2025; the financial effect of this dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2024.

Review of operations

The Group consolidated revenue for 1HFY25 increased 6% over the prior corresponding period (pcp or 1HFY24) to \$77.9m with growth in both business segments; Heat Transfer Solutions (HTS) increased 7.1% and Distribution increased 4.6%.

Pro forma earnings before interest, taxes, depreciation and amortisation (EBITDA) in 1HFY25 was \$8.2m (1HFY24: \$9.9m), a decrease of 16.9% versus pcp.

Several factors impacted 1HFY25 profit:

- Increase in materials and consumable costs; 1HFY25 input costs were 48.5% of revenue versus pcp at 47%.
- Increase in employee costs resulting in an increase of 0.4% as a % of revenue versus pcp.
- Doubtful debt provisions increased, relating to an increasingly unlikely collectable from an overseas entity.
- FX losses greater than pcp due to the deteriorating purchasing power of the Australian dollar.
- Insurance costs increased due to broadened cover for Cyber, Professional Indemnity and asset insurance.

In response, the Company has adjusted selling prices across the Distribution segment and has re-negotiated a significant OEM contract in the HTS segment with new selling prices effective January 2025. The Company implemented a freight cost reduction program to be more efficient with into-branch deliveries, recovery of freight costs incurred and in 2HFY25 will move towards centralised logistics management to gain purchasing efficiencies. The Company has also responded by deploying more active foreign currency exposure management and continues to rationalise and optimise manufacturing across Australian sites and shift manufacturing operations to its Thailand facility to leverage its lower manufacturing cost environment.

Warranty expenses for the group were lower than pcp. Work on the upgrade program announced on 31 May 2024 and fully provided for in FY24 has been progressing in line with costs and performance expectations.

Overall, profit for the consolidated entity after providing for income tax amounted to \$2.8m (1HFY24: \$3.1m).

The Company generated positive cash flow of \$10.1m (1HFY24: \$10.4m) from operations with lower comparative tax payments through 1HFY25 and an effort to lower debtor days to speed up cash collection.

Business Segments Review:

Heat Transfer Solutions (HTS):

The HTS segment delivered 1HFY25 revenue of \$43.6m (1HFY24: \$40.7m) up 7.1% from pcp and EBITDA of \$6.5m (1HFY24: \$6.7m) down 3.0% from pcp. This reflects the continued growth in the powergen market, demand for industrial off highway applications and efficiency endeavours within our manufacturing operations. The revenue performance was offset through reduced foreign currency purchasing power increasing raw material costs and inflationary pressures eroding margin. These cost pressures have impacted the Australian operations to a greater degree with product mix also driving a reduced margin outcome.

The Thailand expansion project was effectively completed with the re-lay of the factory floor and the completion of the administrative office extension. Some final equipment commissioning is currently underway which will strengthen our competitive position. The Company has now appointed a new sales director for the SE Asia market who will be located in our Thailand office.

Off-highway cooling (mining vehicle) units have seen increased sales volume as some of our key SE Asian customers begin to increase demand, but this has been dampened to a degree through lowering domestic on-highway (truck) demand for our cooling units.

During the reporting period the Company delivered five radiators for a hybrid thermal power station in Western Australia. These were our largest units delivered to date with the dual circuit modules mounted on a common support structure with a total footprint of 12.5 metres by 15.5 metres supporting our customer's 95MW hybrid power station.

Growth in the demand for our data centre backup power generation cooling systems continues following the previously announced product upgrade program we initiated with a key customer in this sector. FY25 has started ahead of expectation and the upgrade program is on track for cost and performance.

Warranty costs for HTS 1HFY25 have improved over pcp with continuous quality improvement activities across all sites remaining an area of focus for the organisation.

In December 2024 HTS received its first order to build two prototype Alufin units for large above ground mining vehicles to go into infield testing 2025/2026. The engineering team also progressed the new product development project "heavy-duty aluminium" advancing from the concept phase to ready for in-field testing. The sales team will be working with existing and potential customers aiming to add this product to our saleable offering and winning the opportunity to partner with customers to participate in the trial phase. This is a sought after product offering being developed in response to client feedback and market analysis.

Negotiations with our major customer for on highway (truck) products concluded in December 2024 resulting in a new 3-year agreement and the passing on of certain costs with increased selling pricing effective from 1 January 2025. The forecast demand for these products for CY25 has reduced circa 25% with the customer citing market conditions and softer sales. The longer-term outlook from our customer is a return to growth starting CY26.

In September 2024 Mr Jamie Baensch, after 14 years at Air Radiators retired and Mr Paul Sergeant has been appointed as our new General Manager for this business segment. Mr Sergeant brings a wealth of expertise in global manufacturing and engineering services gained over the past 20 years in markets such as rail, heavy vehicles, oil and gas, electronics, and bearings.

Distribution:

Distribution revenue continues to grow increasing \$1.5m or 4.6% over pcp to \$34.3m (1HFY24: \$32.8m). In achieving this outcome, the business segment refined its customer specific selling price methodology targeting continued customer growth. This campaign delivered growth in new and existing customers.

A selling price driven campaign targeting customer growth was implemented in FY24 which continued through 1HFY25, this campaign was successful in adding customers though reduced gross margin for the period v pcp by 2%. We have returned selling prices to pre-campaign norms for 2HFY25.

The segment achieved EBITDA of \$4.1m (1H FY24: \$5.1m) being 19.6% below pcp. While the result reflects a continuing growth in revenue it also reflects the increasing cost pressures on the business related to labour, freight and inventory.

Distribution bolstered its sales team during the period through the addition of a specialist in the crash repair sector with the aim of further penetrating this key growth area for the business segment.

Inventory management continues to be a focus, and the sales result has benefitted from technology enhanced inventory stock control ensuring the right stock is in the right location at the right time. Cost containment and improved supplier terms continue to be pursued. Further enhancements to our systems have improved efficiency and enabled the inventory team to better forecast and therefore plan for sales growth ensuring our branches are correctly stocked. These changes are a continuous improvement activity to improve network efficiency.

During the half year ended 31 December 2024, the Company celebrated its 40th Anniversary of the Natrad franchise.

Group Support:

During the reporting period the Company appointed a new Head of IT to oversee the Group IT team with the explicit tasks of modernising the current IT infrastructure, improving our cyber security stance and improving our e-commerce platforms. Working closely with the senior leadership team and the IT Steering Committee the IT team will lead the refinement of the Group IT strategy and move towards achieving its stated objectives.

Having refreshed the Company's core values during the latter half of FY24 the People and Culture team initiated the roll out of these values to the wider group including training programs on values-based culture and embedding these values in our "Living the Values" reward and recognition program.

Further reflecting the Group's commitment to occupational health and safety, the People & Culture team was strengthened during the reporting period with the addition of a key resource whose role it will be to focus on building standardised best practices in health and safety across the business segments which will see the Company progress towards its target of zero lost time injuries. Our people and their health and safety are a key priority.

FY25 Full Year Outlook:

The initiatives the Company has implemented and those that continue to be developed and rolled out during 2H FY25 improve the revenue outlook in both HTS and Distribution business segments. The Company has a strong order book particularly in data centre backup power generation and will initiate new industrial service and maintenance contracts in 2H FY25 in the rail and power generation sectors.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 25 February 2025 the Directors declared a fully franked interim dividend of 1.40 cents per ordinary share in relation to the financial half-year ending 31 December 2024. The interim dividend represents 40% of NPAT and has a record date of 26 March 2025 to be paid on 2 April 2025. The distribution of \$1.1m is based on the number of shares outstanding as at 25 February 2025; the financial effect of this dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2024.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a Directors' resolution pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'G. Davis', with a horizontal line underneath the name.

Glenn Davis
Independent Non-Executive Chairman

25 February 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Adrad Holdings Limited

As lead auditor for the review of Adrad Holdings Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adrad Holdings Limited and the entities it controlled during the period.

William Buck

William Buck (SA)
ABN: 38 280 203 274

M. D. King

M. D. King
Partner

Dated this 25th day of February, 2025



Adrad Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



		Consolidated	
	Note	31 December 2024	31 December 2023
		\$	\$
			Restated *
Revenue			
Sales revenue		77,896,458	73,509,274
Other income	4	116,855	678,098
Total revenue		<u>78,013,313</u>	<u>74,187,372</u>
Expenses			
Raw materials and other manufacturing expenses		(37,788,242)	(34,553,291)
Depreciation and amortisation expense		(3,656,115)	(3,708,666)
Share based payment		(11,021)	(456,115)
Other expenses	5	(10,574,935)	(9,894,096)
Employee expenses		<u>(21,410,962)</u>	<u>(19,918,446)</u>
Operating profit		4,572,038	5,656,758
Finance income		152,939	123,471
Finance costs	6	<u>(690,792)</u>	<u>(675,502)</u>
Profit before income tax expense		4,034,185	5,104,727
Income tax expense		<u>(1,185,645)</u>	<u>(2,018,711)</u>
Profit after income tax expense for the half-year attributable to the owners of Adrad Holdings Limited		2,848,540	3,086,016
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		<u>1,738,993</u>	<u>156,765</u>
Other comprehensive income for the half-year, net of tax		<u>1,738,993</u>	<u>156,765</u>
Total comprehensive income for the half-year attributable to the owners of Adrad Holdings Limited		<u><u>4,587,533</u></u>	<u><u>3,242,781</u></u>
		Cents	Cents
Basic earnings per share	15	3.50	3.81
Diluted earnings per share	15	3.50	3.81

* 1HFY24 has been restated to report manufacturing overhead recoveries and associated expenses as part of Raw materials and other manufacturing expenses; not part of Other expenses. This is in line with FY24 reporting.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Adrad Holdings Limited
Consolidated statement of financial position
As at 31 December 2024



		Consolidated	
	Note	31 December 2024 \$	30 June 2024 \$
Assets			
Current assets			
Cash and cash equivalents	7	19,088,848	15,840,359
Trade and other receivables		20,422,238	24,522,581
Inventories		47,717,331	47,260,845
Total current assets		<u>87,228,417</u>	<u>87,623,785</u>
Non-current assets			
Property, plant and equipment		19,255,374	17,662,778
Right-of-use assets		41,924,156	43,472,352
Intangible assets		36,965,654	36,965,654
Deferred tax asset		4,707,411	4,831,228
Total non-current assets		<u>102,852,595</u>	<u>102,932,012</u>
Total assets		<u>190,081,012</u>	<u>190,555,797</u>
Liabilities			
Current liabilities			
Trade and other payables		12,089,919	11,922,511
Borrowings and interest-bearing liabilities	8	25,782	807,301
Lease liabilities		3,873,431	3,663,157
Provision for income tax		(2,073,749)	(729,976)
Provisions		8,685,880	9,430,896
Total current liabilities		<u>22,601,263</u>	<u>25,093,889</u>
Non-current liabilities			
Borrowings and interest-bearing liabilities	8	658,688	585,277
Lease liabilities		42,383,318	43,714,998
Provisions		381,602	395,319
Total non-current liabilities		<u>43,423,608</u>	<u>44,695,594</u>
Total liabilities		<u>66,024,871</u>	<u>69,789,483</u>
Net assets		<u>124,056,141</u>	<u>120,766,314</u>
Equity			
Contributed equity	9	43,704,760	43,693,739
Reserves	10	(957,319)	(2,696,312)
Retained profits		81,308,700	79,768,887
Total equity		<u>124,056,141</u>	<u>120,766,314</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Adrad Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2024



Consolidated	Contributed Equity \$	Foreign Currency Translation Reserve \$	Common Control Acquisition Reserve \$	Acquisition of Non-Controlling Reserve \$	Share based payment Reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	42,986,191	(2,064,295)	4,804,650	(5,326,836)	288,937	76,197,567	116,886,214
Profit after income tax expense for the half-year	-	-	-	-	-	3,086,016	3,086,016
Other comprehensive income for the half-year, net of tax	-	156,765	-	-	-	-	156,765
Total comprehensive income for the half-year	-	156,765	-	-	-	3,086,016	3,242,781
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments (note 16)	341,815	-	-	-	114,300	-	456,115
Vested Share-based payments	365,733	-	-	-	(365,733)	-	-
Dividends Paid	-	-	-	-	-	(1,320,710)	(1,320,710)
Balance at 31 December 2023	<u>43,693,739</u>	<u>(1,907,530)</u>	<u>4,804,650</u>	<u>(5,326,836)</u>	<u>37,504</u>	<u>77,962,873</u>	<u>119,264,400</u>

Consolidated	Contributed Equity \$	Foreign Currency Translation Reserve \$	Common Control Acquisition Reserve \$	Acquisition of Non-Controlling Reserve \$	Share based payment Reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2024	43,693,739	(2,211,630)	4,804,650	(5,326,836)	37,504	79,768,887	120,766,314
Profit after income tax expense for the half-year	-	-	-	-	-	2,848,540	2,848,540
Other comprehensive income for the half-year, net of tax	-	1,738,993	-	-	-	-	1,738,993
Total comprehensive income for the half-year	-	1,738,993	-	-	-	2,848,540	4,587,533
<i>Transactions with owners in their capacity as owners:</i>							
Vested shares (note 9)	11,021	-	-	-	-	-	11,021
Dividends Paid	-	-	-	-	-	(1,308,727)	(1,308,727)
Balance at 31 December 2024	<u>43,704,760</u>	<u>(472,637)</u>	<u>4,804,650</u>	<u>(5,326,836)</u>	<u>37,504</u>	<u>81,308,700</u>	<u>124,056,141</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Adrad Holdings Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2024



	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
		Restated*
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	89,903,302	83,932,438
Payments to suppliers and employees (inclusive of GST)	(76,874,404)	(70,053,512)
Interest income	152,939	123,471
Finance cost	(13,382)	(29,587)
Finance charges on lease liabilities	(677,410)	(645,915)
Income tax paid	(2,405,604)	(2,857,336)
Net cash from operating activities	<u>10,085,441</u>	<u>10,469,559</u>
Cash flows from investing activities		
Payments for property, plant & equipment	(2,961,555)	(2,968,346)
Proceeds from disposal of property, plant and equipment	32,094	181,299
Net cash used in investing activities	<u>(2,929,461)</u>	<u>(2,787,047)</u>
Cash flows from financing activities		
Dividends paid	(1,308,727)	(1,320,710)
Repayment of borrowings	(708,108)	(613,740)
Repayment of lease liabilities (principal)	(1,890,656)	(1,816,394)
Net cash from/(used in) financing activities	<u>(3,907,491)</u>	<u>(3,750,844)</u>
Net increase in cash and cash equivalents	3,248,489	3,931,668
Cash and cash equivalents at the beginning of the financial half-year	15,840,359	13,931,145
Cash and cash equivalents at the end of the financial half-year	<u><u>19,088,848</u></u>	<u><u>17,862,813</u></u>

*1HFY24 has been restated to report the interest component of lease liability payments as Finance charges on lease liabilities within Cash flows from operating activities, in line with FY24 reporting. Previously interest on lease liabilities had been included with Repayments of lease liabilities (principal) reported as part of Cash flow from financing activities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Adrad Holdings Limited as a consolidated entity consisting of Adrad Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Adrad Holdings Limited's functional and presentation currency.

Adrad Holdings Limited is a Company limited by shares, incorporated and domiciled in Australia. The principal activities of the consolidated entity during the half-year ended 31 December 2024 were the design and manufacture of heat transfer solutions for OE customers globally and the manufacture, importation and distribution of radiators and automotive parts for the aftermarket.

The registered office and principal place of business of Adrad Holdings Limited is located at 26 Howards Road, Beverley SA 5009.

The consolidated annual financial statements of the Company as at and for the year ended 30 June 2024 are available from the Company's website (www.adradholdings.com.au) or upon request from the Company's registered office.

These financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation

Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is also the Company's functional currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in products and services provided: distribution of aftermarket radiators and parts and heat transfer solutions (original equipment (OE)) manufacturing. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Heat Transfer Solutions ("HTS")	Original equipment manufacturing
Distribution	Aftermarket radiators and parts

Note 3. Operating segments (continued)

Operating segment information

	Distribution \$	Heat Transfer Solutions \$	Total \$
Consolidated - 31 December 2024			
Revenue			
Sales to external customers	34,257,746	43,638,712	77,896,458
Total revenue	<u>34,257,746</u>	<u>43,638,712</u>	<u>77,896,458</u>
EBITDA	<u>4,065,737</u>	<u>6,508,852</u>	10,574,589
Corporate EBITDA			(2,346,436)
Depreciation and amortisation			(3,656,115)
Finance income			152,939
Finance costs			(690,792)
Profit before income tax expense			<u>4,034,185</u>
Income tax expense			(1,185,645)
Profit after income tax expense			<u>2,848,540</u>

	Distribution \$	Heat Transfer Solutions \$	Total \$
Consolidated - 31 December 2023			
Revenue			
Sales to external customers	32,843,404	40,665,870	73,509,274
Total revenue	<u>32,843,404</u>	<u>40,665,870</u>	<u>73,509,274</u>
EBITDA	<u>5,105,777</u>	<u>6,737,523</u>	11,843,300
Corporate EBITDA			(2,477,876)
Depreciation and amortisation			(3,708,666)
Finance income			123,471
Finance costs			(675,502)
Profit before income tax expense			<u>5,104,727</u>
Income tax expense			(2,018,711)
Profit after income tax expense			<u>3,086,016</u>

Note 4. Other income

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Rental	18,000	18,000
Grant	-	255,200
IT service	-	105,553
Other	<u>98,855</u>	<u>299,345</u>
	<u>116,855</u>	<u>678,098</u>

Note 5. Other expenses

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Advertising expenses	263,847	227,303
ASX related expenses	69,858	98,340
Foreign exchange loss	378,877	65,949
Freight and packaging expenses	3,569,094	3,464,819
Insurance expenses	920,893	677,768
IT & communications expense	842,939	734,560
Labour hire costs	523,976	701,547
Motor vehicle expenses	213,033	255,004
Occupancy expenses	960,873	992,745
Professional fees	430,596	728,476
Repairs and maintenance to assets	241,395	254,583
Travel, training, entertainment and staff related expenses	886,669	855,418
Other expenses	1,272,885	837,584
	<u>10,574,935</u>	<u>9,894,096</u>

Note 6. Finance cost

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Interest and finance charges paid/payable	26,263	29,587
Interest and finance charges paid/payable on lease liabilities	664,529	645,915
	<u>690,792</u>	<u>675,502</u>

Note 7. Cash and cash equivalents

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Cash on hand	20,501	14,748
Cash at bank	14,068,347	8,825,611
Term deposits	5,000,000	7,000,000
	<u>19,088,848</u>	<u>15,840,359</u>

Note 8. Borrowings and interest bearing liabilities

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
<i>Current liabilities</i>		
Trade refinance- secured	-	602,796
Equipment finance liability- secured	25,782	204,505
	<u>25,782</u>	<u>807,301</u>
<i>Non-current liabilities</i>		
Equipment finance liability- Secured	<u>658,688</u>	<u>585,277</u>

Pursuant to a Facility Agreement dated 13 December 2021 between the Company and BankSA, a division of Westpac Banking Corporation (Financier), a number of banking facilities were established (Facility Agreement).

The Facility Agreement included the following facilities:

- (a) Multi-Option, Trade Refinance, Letter of Credit and Overdraft Facilities (MO Facilities);
- (b) Letter of Credit Facility (LC Facility);
- (c) Equipment Finance Facility (Equipment Facility);
- (d) Visa Business Card Facility (Visa Facility);
- (e) Currency Exposure Management Facility (Currency Facility); and
- (f) Direct Debit Facility (Debit Facility).

The key terms of the Facility Agreement are summarised below.

The aggregate facility limit under the MO Facilities is \$4,300,000 and the total aggregate limits of all facilities established under the Facility Agreement is \$10,235,000.

Note 9. Contributed equity

	Consolidated			
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>81,303,113</u>	<u>81,287,358</u>	<u>43,704,760</u>	<u>43,693,739</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	81,287,358		43,693,739
Issued shares from exercise of performance rights*	14 October 2024	15,755	\$0.6995	11,021
Balance	31 December 2024	<u>81,303,113</u>		<u>43,704,760</u>

* On 14 October 2024, the Company granted 15,775 Fully Ordinary shares at the issue price of \$0.6995 for nil consideration. The issue price was based on a two month VWAP from 1 July 2024 to 31 August 2024 in accordance with the Company's Performance Rights Plan rules. These shares immediately vested and were issued on the same day.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 9. Contributed equity (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 10. Reserves

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Foreign currency translation reserve	(472,637)	(2,211,630)
Acquisition of non-controlling interest reserve	(5,326,836)	(5,326,836)
Common control acquisition reserve	4,804,650	4,804,650
Share based payments	37,504	37,504
	<u>(957,319)</u>	<u>(2,696,312)</u>

The foreign currency translation is used to record unrealised gains/losses on the conversion of the transactions of the wholly owned foreign subsidiaries to Australian dollars.

The acquisition of non-controlling interest reserve is used to record the difference in the capital purchase of the remaining 34% shareholding of Air Radiators Thailand Ltd, which amounts to \$5,326,836.

Common control acquisition reserve is to record the purchase of assets from Adcore Holdings Pty Ltd ATF the Gary Washington Family Trust where the purchase price was less than the fair value of assets and liabilities acquired for the amount of \$4,804,650.

The remaining balance of share-based payments reserve relates to options issued to Adelaide Equity Partners Ltd; an amount of \$37,504 was recognised in FY23. The options are exercisable at \$2.10 for a period of three years from the date of Admission (30 September 2022).

Note 11. Contingent liabilities

In addition to the amounts provided for in the consolidated statement of financial position's provisions account, the consolidated entity has given bank guarantees as at 31 December 2024 of \$808,108 to various landlords and \$178,096 to various Customers for Defects Liability.

Note 12. Related party transactions

The following entities are related parties of the consolidated entity due to being controlled by Gary and Karen Washington:

Note 12. Related party transactions (continued)

- Harrop Engineering Australia Pty Ltd (Harrop)
- Harrop Casting Technologies Pty Ltd (HCT)
- Adcore Holdings Pty Ltd ATF The Gary Washington Family Trust (Adcore)
- Harlaxton Pty Ltd ATF Washington Family Trust (Harlaxton)
- Arlyngton Pty Ltd ATF Beverley Property Unit Trust (Arlyngton)

The Company and Harrop are parties to a longstanding supply arrangement under which the Company supplies certain heat exchange products to Harrop. Prior to the disposal of Harrop by the Company in October 2021 (which predated the Company's conversion from a proprietary company to a public company), the Company supplied these products to Harrop on discounted terms (at cost) under its group intercompany trading policy. The Company now supplies Harrop on a cost plus basis.

HCT is a joint venture between Harrop and Australloy Pty Ltd, a party unrelated to the Company. The Company purchases inventory from HCT at commercial market rates.

Harlaxton is party to six separate leases with Adrad Pty Ltd and Air Radiators Pty Ltd, which are wholly owned subsidiaries of the Company (Harlaxton Leases). Arlyngton is party to a lease with Adrad Pty Ltd (Arlyngton Lease).

The Harlaxton Leases and Arlyngton Lease relate to commercial properties used by the Company for its manufacturing and business operations.

Each of the Harlaxton Leases and the Arlyngton Lease are on substantially similar terms and in a market standard form, consistent with other commercial leases that the Company has entered into with third party lessors.

The following entity is a related party of the consolidated entity due to Glenn Davis being a principal.

- DMAW Lawyers Pty Ltd ("DMAW Lawyers")

DMAW Lawyers has previously provided legal services to the Company however nil transactions (excluding Mr Davis' Director fees) has occurred in the current period. The fees paid by the Company to DMAW Lawyers for legal services are based on normal market rates. The Company may engage DMAW Lawyers for the provision of legal services from time to time but is not party to any ongoing retainer or other agreement with DMAW Lawyers.

Loans to/from and transactions with related parties

The following transactions occurred during the half year with related parties:

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
<i>Sales revenue:</i>		
Harrop Engineering Australia Pty Ltd	314,165	561,346
<i>Occupancy expenses:</i>		
Arlyngton Pty Ltd ATF Beverley Property Unit Trust	206,753	198,801
Harlaxton Pty Ltd ATF Washington Family Trust	1,053,866	1,194,345
<i>Raw materials and consumables expenses:</i>		
Harrop Engineering Pty Ltd	12,270	1,260
Harrop Casting Technologies Pty Ltd	50,794	21,763

Note 12. Related party transactions (continued)

The following balances are outstanding at the reporting date with related parties:

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
<i>Right of use assets (Net of depreciation):</i>		
Arlyngton Pty Ltd ATF Beverley Property Unit Trust	4,620,480	4,821,371
Harlaxton Pty Ltd ATF Washington Family Trust	22,642,714	27,123,813
<i>Current lease liabilities:</i>		
Arlyngton Pty Ltd ATF Beverley Property Unit Trust	296,540	284,664
Harlaxton Pty Ltd ATF Washington Family Trust	1,482,315	1,759,563
<i>Non-current lease liabilities:</i>		
Arlyngton Pty Ltd ATF Beverley Property Unit Trust	4,866,253	5,019,575
Harlaxton Pty Ltd ATF Washington Family Trust	23,814,277	28,101,572

Terms and conditions

All lease transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
		31 December	30 June
		2024	2024
Controlled entities that form part of the consolidated entity are;	Country of incorporation	%	%
Adrad Investments Pty Ltd	Australia	100.00%	100.00%
Adrad Group Limited	Australia	100.00%	100.00%
Adrad Management Services Pty Ltd	Australia	100.00%	100.00%
Adrad IT Services Pty Ltd	Australia	100.00%	100.00%
Adrad Pty Ltd	Australia	100.00%	100.00%
National Radiators Ltd	New Zealand	100.00%	100.00%
Air Radiators Pty Ltd	Australia	100.00%	100.00%
Air Radiators Beverley Pty Ltd	Australia	100.00%	100.00%
Air Radiators Industrial Pty Ltd	Australia	100.00%	100.00%
Air Radiators (Thailand) Limited	Thailand	100.00%	100.00%
Air Radiators (WA) Pty Ltd	Australia	100.00%	100.00%
Breakaway Industrial Radiators Pty Ltd	Australia	100.00%	100.00%
Wingfan Pty Ltd	Australia	100.00%	100.00%

Note 14. Events after the reporting period

On 25 February 2025 the Directors declared a fully franked interim dividend of 1.40 cents per ordinary share in relation to the financial half-year ending 31 December 2024. The interim dividend represents 40% of NPAT and has a record date of 26 March 2025 to be paid on 2 April 2025. The distribution of \$1.1m is based on the number of shares outstanding as at 25 February 2025; the financial effect of this dividend has not been brought to account in the consolidated financial statements for the half year ended 31 December 2024.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Profit after income tax attributable to the owners of Adrad Holdings Limited	<u>2,848,540</u>	<u>3,086,016</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>81,296,866</u>	<u>80,973,648</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>81,296,866</u>	<u>80,973,648</u>
	Cents	Cents
Basic earnings per share	3.50	3.81
Diluted earnings per share	3.50	3.81

Note 16. Share-based payments

On 14 October 2024, the Company issued 15,775 Fully Paid Ordinary Shares (Shares) for Nil consideration to eligible employees under the Company's Short Term Incentive (STI) Plan.

In the Directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "G. Davis", with a horizontal line underneath.

Glenn Davis
Independent Non-Executive Chairman

25 February 2025

Independent auditor's review report to the members of Adrad Holdings Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Adrad Holdings Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck (SA)
ABN 38 280 203 274

M.D. King

M.D. King
Partner

Dated this 25th day of February, 2025.

