

Full Year 2023 Financial Results

Adrad Holdings Limited ('ASX: AHL', 'Adrad' or the 'Company') 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 aftermarket parts. The Company is pleased to announce its full year results for the year ending 30 June 2023 (FY23).

Key highlights

- Revenue of \$141.1m, a 15% increase compared to the prior corresponding period; and equivalent to an 8% increase on pro forma prior comparative period revenue of \$130.7m
- Pro forma EBITDA of \$15.6m down 5% from the \$16.4m pro forma EBITDA achieved in the prior corresponding period
- Positive cashflow from operations of \$13.1m before taxes and finance costs
- Automotive Aftermarket segment achieved revenue growth of 13%, contributed to by the growth in on-line customers (2,000 additional) and the expanded product range
- Solid order book in Heat Transfer Solutions from Original equipment Manufacturer customers
- Final fully franked dividend of 1.63 cents per share declared bringing total declared dividends in respect of FY23 to 2.33 cents per ordinary share, fully franked, representing 34% of NPAT.

AHL Chief Executive Officer (CEO), Darryl Abotomey said: "The Company successfully completed its IPO and commenced trading on the ASX on 30 September 2022, having raised \$22.0 million with the support of both new and existing institutional, professional and retail investors.

"AHL's underlying business performed solidly during the year achieving proforma revenue growth of 8% compared to pro forma FY22.

"Having recently been appointed CEO I see that the Company is in an enviable position to grow revenue streams and margin following from the investments made in FY22 and FY23.

"The Company acknowledges the 17-year contribution of Don Cormack as its CEO, Don has had a tremendous influence on positioning the Company to take advantage of its recent listing and investment in people and capabilities. I look forward to leveraging off this strong position and using my experience to help the Company on its growth path."

FY23 Results

AHL reported FY23 revenue of \$141.1m; exceeding the expected target range as disclosed at half-year results presentation.

A very positive pro forma EBITDA of \$15.6m was generated despite the impact of inflationary pressures on IT, insurance, freight and occupancy, a reduction in other income and an increase in lease costs.

This EBITDA result was supported by the introduction of over 4,000 new products in our Automotive Aftermarket product range. Additionally, our warehouse expansion has contributed to customer growth with over 2,000 new customers added during the year. Realisation of the full benefit of the Company's investment in expanding our distribution footprint is expected to be delivered in FY24.

The Heat Transfer Solutions business segment was awarded the prestigious Kenworth Supplier of the Year award, a reflection of its long-standing commitment to quality and excellence. The business segment is well positioned to continue its performance, with global supply chains easing and a very strong order book from key customers.

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Further expansion of our Thailand factory is underway to provide increased manufacturing capacity and capability. A key growth initiative for the Company is to transition select volume production from the Company's Australian facilities to Thailand which was initiated during FY23.

Key Results:

		2023	2022	Change
Income				
Statutory trading revenue	\$ m	141.1	122.8	14.9%
Statutory EBITDA	\$ m	19.3	18.3	5.5%
Net profit after tax (NPAT)	\$ m	5.6	7.1	(20.6%)
Pro forma trading revenue ⁽¹⁾	\$ m	141.1	130.7	8.0%
Pro forma EBITDA ⁽¹⁾	\$ m	15.6	16.4	(5.1%)
Pro forma NPAT ⁽¹⁾	\$ m	8.5	8.4	1.5%
Interim dividends paid	\$ m	0.56	2.00	(71.8%)
Final dividends announced	\$ m	1.31	-	
Basic EPS	cps	8.46	272.35	(96.9%)
Cash Flow				
Operating cash flow	\$ m	6.8	8.1	(15.6%)
Financial position				
		As at 30 June	As at 30 June	
Cash (including term deposit)	\$ m	13.9	3.5	300.5%
Net assets	\$ m	116.9	72.0	62.3%

(1) Pro forma results in the table above are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Outlook

FY23 represents a year of both investment and consolidation following AHL's ASX listing. During FY24 the Company will focus its attention towards:

- expanding its presence in SE Asia via direct sales
- further expansion of manufacturing capability in Thailand
- developing a heavy-duty aluminium product range
- driving operating efficiencies in manufacturing
- continuing to invest in and grow the Automotive Aftermarket product range
- enhance our direct to trade operations, and
- leverage off prior period investments in increasing our distribution network

The Company will undertake a reorganisation to focus on core segments and clarify accountability. The business remains resilient with a strong order book. We will continue to work with key customers on product development, prototype testing and growing our presence in powergen cooling applications in the SE Asia market.

Results webinar

AHL's CEO, Darryl Abotomey, and CFO, Rod Hyslop, will host a live Q&A webinar today, Tuesday, 29 September at 12:30pm (AEDST). Please note, the webinar will be recorded, and a copy will be made available on AHL's website shortly after it is completed.

Webinar link: https://us02web.zoom.us/webinar/register/WN_Lj9GoCxERSqrnFWfrV9S1Q

Investors can submit questions prior to the webinar to melanie@nwrcommunications.com.au or do so via the Q&A function on Zoom, during the webinar.

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

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