

## Trading Update

**Adrad Holdings Limited** ('ASX: AHL', 'Adrad' or the 'Company') provides a trading update based on performance to date and current trading conditions.

Over recent months AHL has seen a softening of demand across its businesses.

- The Heat Transfer Solutions business specialises in the development of custom designed and manufactured products predominately for the Australian environment. As part of new product development there are continuous innovations leading to improvements in design. One particular product for a high growth market has required an upgrade to enhance its performance. In conjunction with the customer, HTS has been undertaking an upgrade program, which will incur an additional one-off cost of ~\$1.5m to ~\$2.0m in the FY24 year. This additional investment is expected to secure orders for this product into the future.

Over the last few months there has been a deferral or cancellation of a number of projects such that the revenue from these projects will no longer be included in the FY24 results, with the majority of these projects expected to move into the FY25 year.

- Demand in Distribution market has also softened, particularly for industrial radiators.

Overall AHL now expects that FY24 Forecast Revenue will be ~\$140m to \$144m, being flat to ~3% above FY23 actual. FY24 EBITDA (post AASB16) is forecast to be between \$18m and \$19m, which is between 6% and 10% below FY23 actual.

- Heat Transfer Solutions revenue is forecast to be ~1% below FY23 actual owing to customer deferrals or cancellations of projects as outlined. Many of these projects are expected to come to fruition in FY25. FY24 EBITDA is forecast to be ~20% below FY23 actual due to the combination of the deferrals of projects and product upgrades as outlined above.
- Distribution is forecast for revenue to increase ~5% above FY23 actual with forecast EBITDA ~10% above FY23 actual.

AHL is confident in the long-term outlook for the business and is:

- Undertaking a review of manufacturing costs to ensure product is being made in the most cost-effective location, in particular optimising our Thailand facility with a view to rationalise and optimise manufacturing facilities;
- Implementing initiatives in the Distribution segment to deliver continued strong growth;
- Continuing to develop a range of innovative and unique products for the HTS market in both Australia and Asia, particularly for applications in the mining, power generation, data centre and mobile sectors.

An investor update call will be held at 11.00 AEST this morning.

## **Investor details**

Adrad CEO Kevin Boyle, CFO Rod Hyslop and outgoing interim CEO (and current Non-Executive Director) Darryl Abotomey will host an investor call to discuss recent business activity on Friday, 31 May at 11:00am (AEST).

Please note, the webinar will be recorded, and a copy will be made available on Adrad's website shortly after it is completed.

## **Webinar**

[https://us02web.zoom.us/webinar/register/WN\\_Y4xAfCRGQuquPxF\\_s15Oxw](https://us02web.zoom.us/webinar/register/WN_Y4xAfCRGQuquPxF_s15Oxw)

Investors can submit questions prior to the webinar to [melanie@nwrcommunications.com.au](mailto:melanie@nwrcommunications.com.au) or do so via the Q&A function during the investor call.

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

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