FY26 Results

Improved Earnings and Cash Flow Reflect Operational Improvements

Adrad Holdings Limited (ASX: AHL) today announced its financial results for the year ended 30 June 2026, delivering improved profitability and operating cash flow despite modest revenue growth. During FY26 management increased its focus on operational efficiency, margin improvement and cash generation, with these initiatives contributing to improved earnings across the Group. The Group ended FY26 with a strong balance sheet providing capacity to continue investing in strategic growth initiatives.

Financial Performance

Revenue from continuing operations increased 1.6% to $155.5 million. Underlying EBITDA increased 10.8% to $19.5 million, while statutory EBITDA increased 7.9% to $17.8 million. Underlying NPAT increased 9.7% to $7.9 million and statutory NPAT increased 15.4% to $6.5 million.

The improvement in earnings reflects strengthened leadership, organisational restructuring and operational efficiency initiatives implemented throughout FY26, together with continued growth in the Heat Transfer Solutions segment and disciplined cost management across the Group.

Operating cash flow increased 28.8% to $17.9 million during FY26, supporting the Group's continued investment in strategic growth initiatives while maintaining a disciplined approach to capital allocation.

	Underlying				Statutory			
	FY26	FY25	Change		FY26	FY25	Change	
	$m	$m	$m	%	$m	$m	$m	%
Sales revenue from continuing operations	155.5	153.1	2.4	1.6%	155.5	153.1	2.4	1.6%
EBITDA[1] from continuing operations	19.5	17.6	1.9	10.8%	17.8	16.5	1.3	7.9%
NPAT [2]	7.9	7.2	0.7	9.7%	6.5	5.7	0.8	15.4%

1. FY26 underlying EBITDA has been adjusted for one-off restructuring costs and the one-off accounting impact associated with the long-term Executive Incentive .

2. FY26 underlying NPAT has been tax effected using the applicable effective tax rate.

Operational Overview

During FY26 the Group completed a broad operational reset, including leadership changes, organisational restructuring and initiatives to improve efficiency across both operating segments. These initiatives were undertaken to strengthen profitability, improve decision making and position the business for sustainable long-term growth.

While revenue growth moderated following the growth achieved in recent years, FY26 demonstrated progress in converting the Group's revenue base into improved profitability and operating cash flow.

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Heat Transfer Solutions

The Heat Transfer Solutions segment delivered improved operating performance during FY26, supported by continued demand across the power generation, data centre and industrial infrastructure markets together with improved manufacturing efficiencies.

During the year the Group significantly expanded its dedicated data centre manufacturing capability, including the completion of a radiator assembly work cell that doubled production capacity within six months. Data centre orders exceeded 400 units across Lara and Gillman, positioning the business to support increasing customer demand.

The segment also continued to expand its pipeline of opportunities across key growth markets. During FY26, the Group manufactured and delivered 20 large radiator systems for an 85MW power station in Western Australia, secured approximately $4.3 million of additional mining and power generation contracts for FY27 delivery and secured three major Japanese heavy industries OEM customers through the Thailand operation for Southeast Asian power generation projects.

Product development initiatives also progressed, including Alu Fin product development and the launch of the Thailand coil product range, which secured approximately $2.0 million of new business during the year. The Board also approved the expansion of the Thailand manufacturing facility to support future OEM, industrial coil, power generation and Asia Pacific growth opportunities.

The long-term outlook for Heat Transfer Solutions remains positive, supported by continued investment in data centre infrastructure, power generation, mining, defence and industrial markets where the Group maintains established technical capability.

Distribution

The Distribution segment continued implementing operational initiatives introduced during FY26. The business expanded its product offering, strengthened customer engagement, increased its mechanical trade and reseller distribution activities, and continued the rollout of the Natrad Autocare network.

Trading conditions softened across some traditional aftermarket channels during the second half, reflecting the broader impact of the war in the Middle East and the resulting impact on end user demand on the Australian economy. Growth across mechanical trade, reseller distribution and Natrad Autocare channels partially offset weaker demand in traditional radiator repair markets. Operational initiatives, restructuring and pricing actions implemented during the fourth quarter supported margin improvement entering FY27.

Distribution continues to provide a strong cash-generating platform supporting investment in the Group's higher-growth Heat Transfer Solutions business.

Dividend

The Directors have declared a fully franked final dividend of 2.56 cents per ordinary share, bringing total dividends declared for FY26 to 4.01 cents per share, representing approximately 50% of statutory NPAT. The dividend has a record date of 21 September 2026 and will be paid on 21 October 2026.

Outlook

The Group enters FY27 with improved profitability, stronger operating cash flow and a strengthened operational platform following the initiatives implemented during FY26.

Management will continue to focus on operational excellence, disciplined capital allocation and sustainable earnings growth. Within Heat Transfer Solutions, the Group expects significant opportunities across higher growth markets such as data centres, power generation, mining and industrial infrastructure while progressing product development and manufacturing optimisation initiatives.

Within Distribution, management will continue expanding the product offering, strengthening customer relationships and increasing market penetration through the mechanical trade, reseller distribution channels and Natrad Autocare network.

The business is positioned to deliver a stronger half year result than the previous corresponding period, supported by a substantial order book in the Heat Transfer Solutions business.

Results webinar

Adrad's CEO, Paul Proctor will host a webinar to discuss the results on Tuesday, 18 August at 12:30pm (AEST). Investors may register via the webinar link: https://us02web.zoom.us/webinar/register/WN_uN-04WOuSW6KxEUAjRUSAA

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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