ADRAD

ANNUAL REPORT 2026

Adrad Holdings Limited
ABN 51 121 033 396

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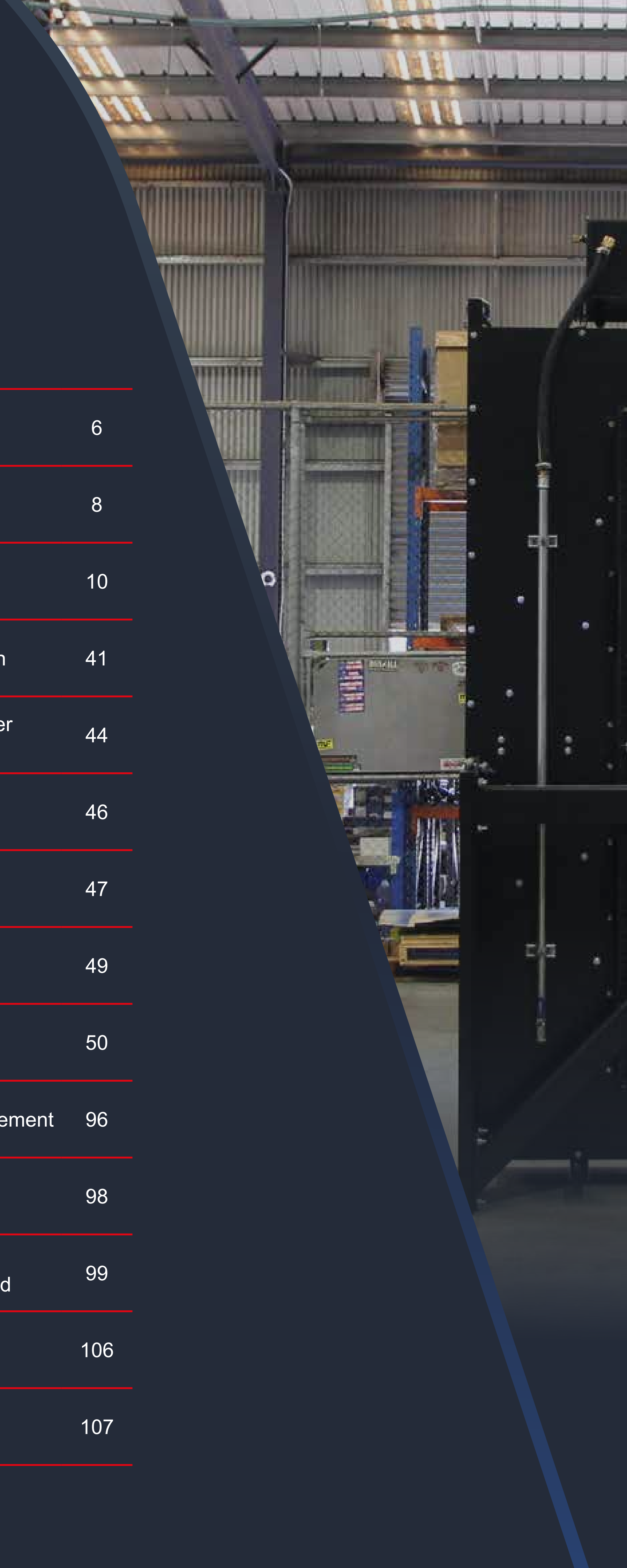
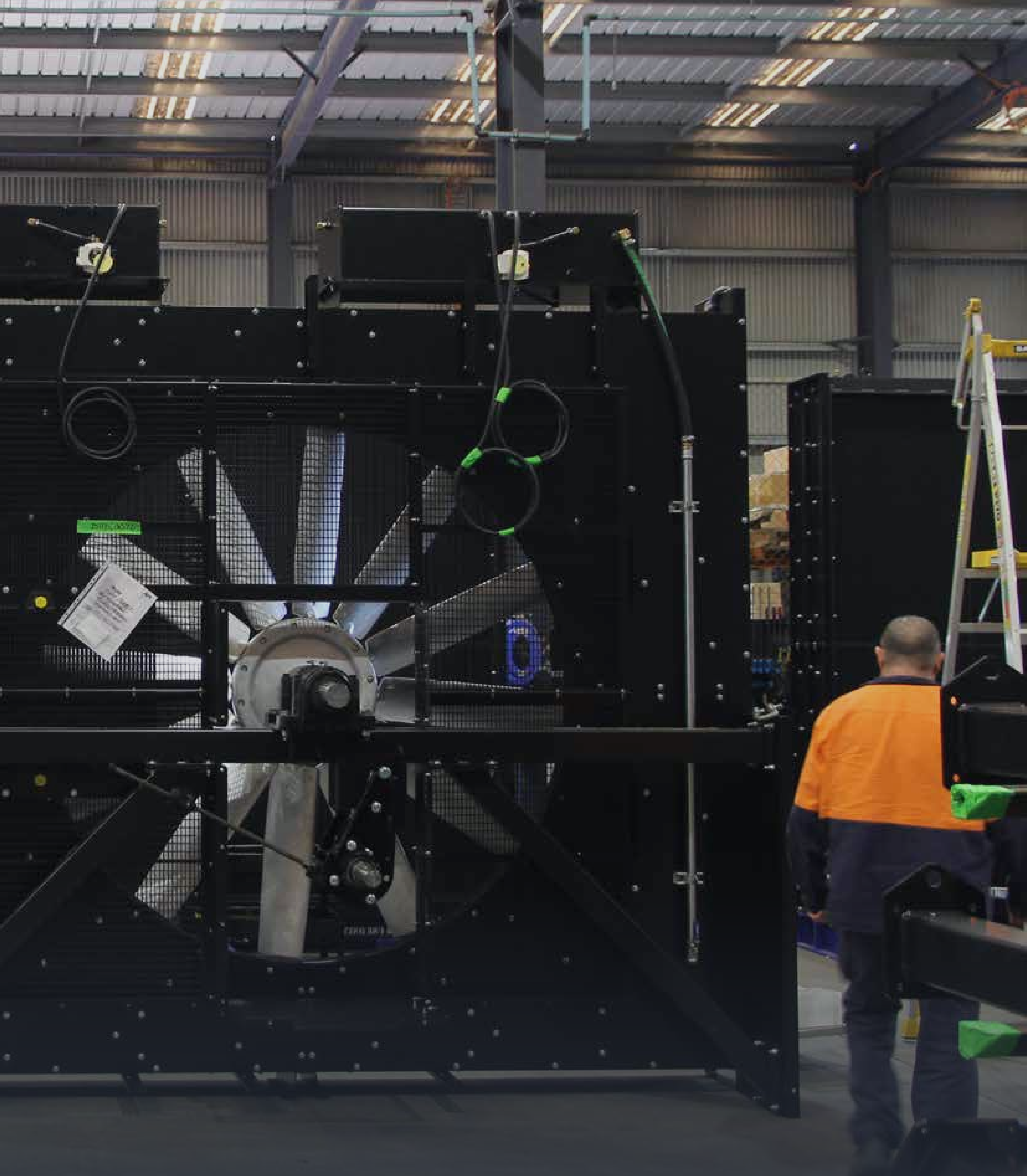




ABOUT THIS REPORT

This Annual Report is a summary of Adrad Holdings Limited's operations and financial results for the financial year ended 30 June 2026. All references to 'Adrad', 'Adrad Holdings', 'the company', 'the group', 'we', 'us' and 'our' refer to Adrad Holdings Limited (ABN 51 121 033 396, ASX:AHL) and the entities it controlled, unless otherwise stated. References in this report to a 'year' are to the financial year ended 30 June 2026 unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

FY26 FINANCIAL HIGHLIGHTS

$155.5m

TRADING REVENUE

Up **1.6%** from FY25

$17.8m

EBITDA[1]

Up **7.9%** from FY25

$6.5m

STATUTORY NPAT

Up **14%** from FY25

$17.9m

OPERATING CASH FLOW

Up **28.8%** from FY25

$19.5m

UNDERLYING EBITDA[1]

Up **10.8%** from pro forma FY25

$7.9m

UNDERLYING NPAT

Up **9.7%** from FY25

$5.2m

CAPITAL INVESTMENT

8.02cps

BASIC EPS

4.01cps

FULL YEAR DIVIDEND[2]

Fully franked

1 Earnings Before Interest, Tax and Depreciation & Amortisation ("EBITDA")

2 Equates to 50% of statutory full year Net Profit After Tax ("NPAT"), fully franked. The final declared dividend of 2.56 cps has a record date of 21 September 2026 and a payment date of 21 October 2026.

OVERVIEW OF ADRAD

OUR BUSINESS

Delivering innovative heat transfer, cooling solutions and replacement parts across industrial and automotive markets.

Two major segments

Servicing all aspects of the engine cooling market:

Adrad operates two complementary business segments, providing engineered heat transfer solutions and automotive aftermarket products to customers throughout Australia, Asia and other global markets.

Heat Transfer Solutions
(AIR RADIATORS)

A vertically integrated designer, manufacturer and service provider of industrial and automotive radiator and cooling solutions. Delivering engineered cooling solutions for complex applications across a broad range of industries, including data centres, power generation, transport, mining and defence. Manufacturing operations in Australia and Thailand support customers across domestic and international markets.

Distribution
(ADRAD)

Importer and distributor of cooling, automotive service and mechanical parts through an extensive distribution network, servicing mechanical workshops, resellers and industrial customers. Partnering with world-leading OE and aftermarket auto parts manufacturers.

LETTER FROM **THE CHAIR**

Dear Shareholders,

On behalf of the Board, I am pleased to present Adrad Holdings Limited's 2026 Annual Report.

FY26 was a year of significant leadership transition, continued operational development across the Group and improved financial performance. Importantly, FY26 demonstrated early progress in converting the Group's revenue base into improved profitability and operating cash flow, supported by operational initiatives, leadership changes and disciplined cost management.

During the year, Paul Proctor was appointed Chief Executive Officer and subsequently Managing Director. Since his appointment, the Company has continued to strengthen its leadership capability, refine its operating structure and implement initiatives directed at improving operational performance, manufacturing efficiency, customer service and accountability across both business segments.

The Board was also strengthened through the appointment of Howard Coombs as a Non-Executive Director. Howard brings extensive commercial and governance experience, complementing the skills and experience of the existing Board as the Company continues to execute its long-term strategy.

The Heat Transfer Solutions business continued to invest in manufacturing capability, product development and customer relationships. During the year, the business increased output for data centre applications, secured additional work within the power generation and defence markets and progressed product development for both Australian and Southeast Asian customers. The Board also approved the expansion of the Thailand manufacturing facility which is expected to provide additional capacity to support future growth across data centre cooling, coil projects and other strategic opportunities.

Within Distribution, management continued to broaden the product offering, expand customer relationships and strengthen the Company's market position through growth in its mechanical trade, reseller distribution and Natrad Autocare workshop networks. While trading conditions remained challenging in some traditional markets during the second half of the year, the initiatives implemented during FY26 provide a broader platform for future growth.

These operational initiatives contributed to improved profitability and operating cash flow despite modest revenue growth. The Board remains focused on ensuring that growth opportunities are pursued with discipline and converted into sustainable earnings, cash flow and shareholder returns.

The Board recognises the contribution made by our employees across Australia and Thailand throughout the year. Their commitment to our customers, operational performance and continuous improvement has supported the delivery of our strategic initiatives during a period of organisational change.

Finally, I would like to thank our shareholders for your continued support and confidence in Adrad Holdings Limited. The Board remains focused on disciplined execution of the Company's strategy, investing in opportunities that enhance long-term shareholder value while maintaining prudent financial management.

Donald McGurk
Non-Executive Chairman
Adrad Holdings Ltd

Donald McGurk
Non-Executive Chairman

"FY26 demonstrated early progress in converting the Group's revenue base into improved profitability and operating cash flow"

DIRECTORS' REPORT

DIRECTORS' REPORT

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' or 'Adrad') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

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

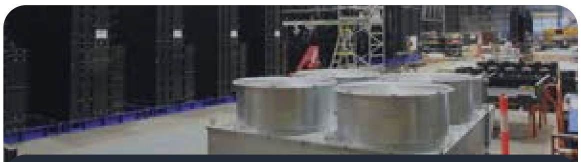
NAME	POSITION
Non-Executive Directors	
Donald McGurk	Independent Non-Executive Chairman; transitioned from Independent Non-Executive Director on 9 September 2025
Howard Coombs	Independent Non-Executive Director, appointed 10 March 2026
Glenn Davis	Independent Non-Executive Chairman, resigned 9 September 2025
Darryl Abotomey	Independent Non-Executive Director, resigned 22 September 2025
Executive Director(s)	
Gary Washington[1]	Executive Director
Paul Proctor	Managing Director (appointed 9 September 2025)

1. Mr Washington was reappointed Executive Director on 9 July 2026; he served as Non-Executive Director from 24 July 2025 to 8 July 2026.

Principal activities

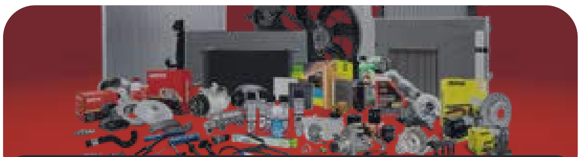
Adrad is an Australian-based business specialising in the design and manufacture of innovative heat transfer solutions for industrial applications and the manufacture, importation and distribution of automotive cooling components and parts for the aftermarket segment.

The Company has two key business 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 automotive and industrial markets.

During the reporting period the Company operated across Australia and Thailand. This included warehousing, manufacturing and the provision of services and facilities capable of responding to urgent customer needs. The Company has approximately 500 employees.

There has been no significant change in the nature of the Company's activities during the year.

Operating and financial review

The Company's financial results for FY26 and a review of operations during the financial year are set out below.

Directors Report - Operating and financial review				
		FY26	FY25	CHANGE
Statutory financial performance				**%**
Statutory sales revenue from continuing operations	$ m	155.5	153.1	1.6%
EBITDA[1] from continuing operations	$ m	17.8	16.5	7.9%
Net profit after tax (NPAT)	$ m	6.5	5.7	14.0%
Interim dividend	cps	1.45	1.40	3.6%
Final dividend	cps	2.56	2.08	23.1%
Basic EPS	cps	8.02	6.95	15.4%
Underlying[2] financial performance				
Underlying sales revenue from continuing operations	$ m	155.5	153.1	1.6%
Underlying EBITDA from continuing operations	$ m	19.5	17.6	10.8%
Underlying NPAT	$ m	7.9	7.2	9.7%
Cash Flow				
Operating cash flow	$ m	17.9	13.9	28.8%
Financial position		**As at 30 June**		
Cash (including term deposit)	$ m	24.5	18.2	34.6%
Net assets	$ m	128.7	126.2	2.0%

1. Earnings before interest, tax, depreciation and amortisation.

2. Underlying 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.

Revenue growth moderated during FY26 following the growth achieved in recent years. During the year, management increased its focus on operational efficiency, margin improvement and operating cash flow. The improvement in profitability was supported by leadership changes, non-recurring organisational restructuring and operational initiatives implemented across the Group during the year.

- Statutory sales revenue from continuing operations in FY26 was $155.5 million, an increase of 1.5% on the prior year (FY25: $153.1 million) reflecting continued growth in the HTS data centre market despite softer trading conditions in parts of the Distribution business during the second half.
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) in FY26 was $19.5 million, an increase of 10.8% from $17.6 million in FY25.
- The Company delivered statutory profit before income tax from continuing operations of $9.3 million for FY26, an increase of 10.7% from $8.4 million in FY25
- Statutory Net Profit after Tax in FY26 was $6.5 million, an increase of 14% from $5.7 million in FY25.
- Underlying Net Profit after Tax in FY26 was $7.9 million, up 9.7% from $7.2 million in FY25.
- Other comprehensive income included a $1.8 million decrease in the foreign currency translation reserve, primarily reflecting the impact of the stronger Australian dollar on the translation of the Group's Thai operations. This movement did not affect statutory NPAT or operating cash flows.
- Operating cash flow improved to $17.9 million, an increase of 28.8% from $13.9 million in FY25, reflecting stronger profitability and improved operating discipline.
- Net assets increased to $128.7 million as at 30 June 2026, compared with $126.2 million at 30 June 2025

Non-IFRS financial information

This report contains non-IFRS financial information provided to assist readers to better understand the business.

Underlying EBITDA is presented post *AASB 16 Leases* and before significant or abnormal items including one-off costs associated with mergers, acquisitions & divestment activity, capital restructuring and other non-recurring costs incurred that are not reflective of underlying business activity.

Underlying NPAT is presented before significant and abnormal items at the Company's statutory Australian tax rate of 30% unless otherwise noted.

The Directors believe the presentation of non-IFRS financial measures is useful as they provide additional and relevant information that reflects the underlying financial performance and trends of the business. Non-IFRS financial measures contained within this report are not subject to audit or review.

Underlying NPAT

The Company reported statutory NPAT of $6.5 million (FY25: $5.7 million). After adjusting for abnormal items, Underlying NPAT was $7.9 million representing a 9.7% increase compared to FY25 Underlying NPAT of $7.2 million.

The reconciliation between statutory NPAT and Underlying NPAT is:

Directors Report reconciliation between NPAT and pro-forma NPAT				
	FY26	FY25	CHANGE	CHANGE
	$M	$M	$M	%
Statutory NPAT	6.5	5.7	0.8	14.0%
Significant and abnormal items (net of tax at 30%)				
Discontinued Operation[1]	0.2	0.6	(0.4)	(72.5%)
Impairment loss on R&D asset	0.0	0.9	(0.9)	N/A
Non-recurring restructuring costs and one-off accounting impact of the long-term Executive Incentive Agreement (EIA)	1.2	0.0	1.2	
Underlying NPAT	**7.9**	**7.2**	**0.7**	**9.7%**

1. FY25 and FY26 financial results report the operating results (net of tax) of the National Radiators Ltd (NZ) subsidiary as a Discontinued Operation.

2. The Company has elected to take up an impairment loss on an internally developed R&D asset related to the development of a new product and manufacturing technique that in its present form is not economically viable.

Underlying EBITDA

The Company recorded a statutory EBITDA from continuing operations of $17.8 million (FY25: $16.5 million). After adjusting for significant and abnormal items, Underlying EBITDA was $19.5 million representing a 10.8% increase from FY25 Underlying EBITDA of $17.6 million.

The reconciliation between continuing operations' statutory EBITDA and Underlying EBITDA is:

Directors Report reconciliation between EBITDA and pro-forma EBITDA				
	FY26	FY25	CHANGE	CHANGE
	$M	$M	$M	%
Profit before income tax from continuing operations[1]	9.3	8.4	0.9	10.7%
Add back depreciation and net finance costs	8.5	8.1	0.4	4.9%
EBITDA	**17.8**	**16.5**	**1.3**	**7.9%**
Impairment loss on R&D asset	0.0	1.1	(1.1)	N/A
Non recurring restructuring costs and one-off accounting impact of the long-term EIA	1.7	0.0	1.7	N/A
Underlying EBITDA	**19.5**	**17.6**	**1.9**	**10.8%**

1. FY25 and FY26 financial results report the operating results (net of tax) of the National Radiators Ltd subsidiary as a Discontinued Operation.

Heat transfer solutions (HTS)

The Heat Transfer Solutions segment continued to expand its presence across the data centre, power generation, mining and defence sectors during FY26 while investing in manufacturing capability, engineering resources and product development. Operational initiatives undertaken across the Australian and Thailand manufacturing facilities were directed towards increasing production capacity, improving manufacturing efficiency, strengthening quality and supporting future growth.

Demand from the data centre sector continued to increase during the year. The Lara and Gillman facilities secured additional customer orders, supporting further expansion of production capacity. During the year the Group completed a $0.5M investment in a dedicated assembly work cell for data centre radiators, doubling production capacity within six months. A further customer was onboarded within the data centre power generation market, with orders exceeding 200 units for the Lara facility and more than 400 units across the Lara and Gillman operations.

Activity within the power generation sector also increased during the year. Gillman completed the manufacture and delivery of 20 large radiator systems for an 85MW peaking power plant in Western Australia, while securing approximately $4.3M of additional mining and power generation contracts for delivery during FY27. Three major Japanese OEM customers were also onboarded by the Thailand operation for power generation projects across Southeast Asia.

Product development activities continued throughout FY26. The new coil product range manufactured in Thailand secured approximately $2.0M of new business across Southeast Asia. Development of the Alu Fin product range also progressed, with OEM approvals advancing through customer field trials and further approvals targeted during FY27.

The Group continued to expand its participation in defence-related programs during the year, securing contracts supporting Australian defence vehicle programs with deliveries scheduled throughout 2027 and 2028. In addition, a new three-year supply agreement was secured with Kenworth Australia, reinforcing the strength of Adrad's longstanding customer relationships in heavy vehicle cooling applications.

Investment in manufacturing capability continued across the segment. Lara commenced building upgrade works to optimise plant layout and extend the operational life of the facility. Gillman commissioned a new fan case flanging machine to improve manufacturing efficiency and product quality. In addition, the Group approved a $0.8M investment in its research and development testing facility, including expansion of the wind tunnel capability.

The Air Radiators Western Australian operation also delivered improved performance during FY26 with sales increasing by 15% compared with FY25 and a significant improvement in EBIT as the business continued to grow into the overhead base of its newer facility. The facility provides scope for further expansion within the existing site. During the year, the operation also received its first direct shipment of aluminium bar and plate coolers from ACP in China, broadening access to higher-margin product lines and supporting the local product offering. Skilled labour availability remains a challenge for the Western Australian operation and continues to be an area of management focus.

During FY26 the Thailand operation completed a significant organisational and operational restructure to strengthen leadership capability, improve accountability and support future growth. Manufacturing operations were consolidated through the relocation of the ART3 facility into the ART1 facility, generating annualised lease savings in excess of $0.3M while supporting a major customer program. Operational improvement initiatives focused on manufacturing efficiency, workplace safety, factory layout optimisation, product quality, inventory management and waste reduction.

Quality and manufacturing controls also improved during the year contributing to reduced warranty cost expectations across the Thailand operation. The business also continued to actively manage supply chain cost pressures through strengthened supplier partnerships, extended supplier payment terms and supplier stock holding arrangements designed to reduce lead times and optimise inventory levels.

Safety remained a key priority across the segment with Thailand achieving a zero Lost Time Injury Frequency Rate and Gillman and Air Radiators Western Australia recording no lost time injuries during FY26.

During the year the Board approved the expansion of the Thailand manufacturing facility with construction of the ART2 extension commencing in July 2026. The expansion will provide an additional 4,000 square metres of manufacturing capacity and is expected to support anticipated growth across data centre cooling, coil projects and future aluminium core manufacturing opportunities.

BUILDING CAPACITY AND CAPABILITY TO MEET RISING DEMAND

$0.5M

Investment in dedicated assembly cell for data centre radiators

2x

Data centre **production capacity, doubled** within six months

$0.8M

R&D testing **facility upgrade,** including expanded wind tunnel capability

+4,000m²

New Thailand **manufacturing capacity underway** (ART2 expansion)

400+

Data centre **radiator units in production** across Lara & Gillman

2 sites

Australian **plant upgrades** at Lara & Gillman for efficiency and quality

DISTRIBUTION

The Distribution segment continued to implement operational initiatives during FY26 following leadership changes undertaken during the first half of the financial year. The business delivered revenue broadly consistent with FY25 despite more challenging trading conditions during the second half driven by the war in Iran and its broader impact on the Australian economy and business confidence. The business continued to broaden its product offering, expand its customer base and strengthen its distribution network. EBITDA for the year was lower than the prior corresponding period.

Product range expansion remained a key strategic initiative throughout FY26. The business expanded its steering and suspension, clutch and brake product ranges, while introducing additional drivetrain components, workshop tools and equipment. Within the industrial product category, new marine heat exchangers and rotating electrical products were also introduced. These initiatives were designed to increase share of wallet with existing customers and support growth in adjacent product categories.

The mechanical trade direct customer segment continued to expand during the year, with customer numbers increasing by 5.4% and revenue increasing by 7.8%. Growth was supported by inventory availability, pricing initiatives and increased customer engagement. The reseller distribution channel also expanded, with customer numbers increasing by 6.9% and revenue increasing by 21%. This channel remains an important part of the Distribution segment's strategy to broaden market reach and leverage the Group's product range and distribution capability.

The Natrad Autocare Mechanical Workshop licence program continued to grow during FY26, increasing from four participating workshops at the beginning of the year to 25 workshops by 30 June 2026. A further five workshops were scheduled to commence during July 2026. Revenue generated through this program increased by 16% during the year reflecting the Distribution segment's continued focus on broadening its revenue base beyond traditional radiator repair markets.

Trading conditions within the traditional radiator repair market softened during the second half of FY26, reflecting reduced activity across the transport and mining sectors. Revenue from this customer segment declined by approximately 10% compared with the prior year. Management continues to monitor activity levels across these markets while maintaining its focus on expanding mechanical parts, reseller distribution and workshop licence channels.

Likely developments and expected results of operations

The Company will continue to focus on operational efficiency, disciplined cost management and the expansion of its product offering across both operating segments.

Within the Heat Transfer Solutions segment, management will continue to develop opportunities in the data centre, power generation, mining and defence sectors. Investment in manufacturing capability, including the approved expansion of the Thailand manufacturing facility, is intended to increase production capacity and support anticipated customer demand. Product development activities will continue, including field trials and progression of OEM approvals for the Alu Fin product range. The Company will also continue to pursue opportunities across Southeast Asia through the development of new customer relationships and products targeted to local market requirements.

Within the Distribution segment, management will continue to expand the mechanical parts product offering, grow the Natrad Autocare Mechanical Workshop network and increase market penetration across the mechanical trade and reseller distribution channels. The business will also continue to focus on inventory management, pricing discipline and customer service initiatives.

The Company will continue to pursue opportunities in its core markets while maintaining a disciplined approach to capital investment, operational efficiency and customer service.

Material business risks

The Board is committed to meeting the expectations of shareholders by leading a company culture that embodies good corporate governance and ethical business practice. Our risk management practices are guided by the Company's Risk Management Policy, Risk Appetite Statement and Risk Management Framework. The Company is committed to maintaining and continually improving systems and processes to identify and effectively manage risk. Embedding robust risk management into our Company is continuously improving as we consistently prioritise risk management and continually review our culture, people, processes and technology.

Key strategic risks faced by the Company that could have a material impact on its financial prospects include:

Risk Management

Sales and Product risk

Customers continuously seek lighter, stronger or cheaper products and we need to ensure our products remain in demand to meet our sales objectives.

- We have invested in improving our manufacturing capacity and capabilities, including Board approval for a $3M expansion of our Thailand manufacturing operations involving the construction of a second factory adjacent to our existing Thailand facility, which will add approximately 4,000 square metres of manufacturing space. This expansion is being undertaken to support increasing demand across our HTS business and to provide additional capacity for future growth, whilst also delivering operational efficiencies and cost savings.
- We continue to focus on enhancing our customer relationship management, including working more closely with key customer accounts to better manage these relationships.
- We understand the role the Company plays in electric, hybrid and nontraditional power plants versus internal combustion engine (ICE) vehicles. We invest considerable engineering effort in developing a product portfolio that is sought by our customers. We are adapting our product portfolio to meet the preferences of customers as markets increasingly adopt electrified and alternative powertrain technologies.

Human capital risk

Inability to attract, develop and retain people with necessary skills, capabilities could negatively impact delivery of our strategy and our financial performance.

- We continue to build a culture that supports all our employees and promotes our core values (Caring, Trustworthy, One Team, Innovative, We Deliver), inclusion, wellbeing and development.
- We continue to reinforce values-based behaviours and recognise colleagues who demonstrate our core values.
- Our people are crucial to delivering our strategy. We ensure we have the right people with the right skills from diverse backgrounds, and we provide training, development and competitive rewards for them.

Safety risk

Workplace injuries / illness impact people, performance and reputation.

- We have implemented systems and processes for compliance with Work Health and Safety laws and regulations and to effectively manage safety-related risks.
- We monitor and report on workforce safety key performance indicators.
- We complete safety incident investigations and learn from incidents to help drive further improvements in safety.
- We continue to enhance our group-wide safety reporting system and processes, including incident and hazard reporting, health monitoring, workplace inspections, and risk assessments to monitor the strength of controls to prevent incidents and embed practices to mitigate the likelihood of work-related injuries and illness.
- We continued to focus on both physical and psychosocial wellbeing.

Competitor risk

We operate in a dynamic globally competitive market, and we want to ensure that we understand and manage the factors that can make us vulnerable to competitors

- We regularly review our pricing strategies, keep abreast of market intelligence, and monitor the service and pricing strategies of our larger competitors.
- We continue to invest in improving manufacturing capabilities and operating efficiencies to reduce overall costs.
- We continue to invest in developing our product portfolio (e.g. aluminium products) and in other innovative product development, new technology, and design and engineering support for future income streams, to meet changing customer demands and leverage from our competitive advantages and value proposition.
- We continue to protect the company's reputation (including the quality of our products and services).

Technology risk

Failure of critical information technology (IT) infrastructure and protecting against and dealing with cybersecurity threats is an ever-evolving issue.

- ***Cybersecurity.*** The severity, sophistication and scale of cyber-attacks continue to evolve and managing cyber risk is a priority. We seek to manage this risk through a range of measures, which include alignment to cyber security and data protection framework and standards, security protection tools, ongoing detection and monitoring of threats and digital response and recovery procedures. Our annual insurance package includes cyber cover.
- ***IT Operations and Data Management.*** We have introduced a series of new IT policies to strengthen how we manage our systems, information, and security such as Information Security Policy, AI Acceptable Use Policy and IT Change Management Policy.
- ***ICT Infrastructure.*** We continue to invest in modern, reliable and secure technology infrastructure to support business operations and future growth. Our technology initiatives focus on improving system resilience, communication and collaboration capabilities, endpoint device management, and the delivery of efficient and responsive IT services, while enabling the business to adopt emerging technologies where appropriate.

Regulatory risk

Failure to cost-effectively manage evolving and heightened regulatory scrutiny including corporate reporting requirements.

- We continue to monitor changes in government policy, regulatory requirements and emerging reporting obligations, together with technological innovation and evolving customer and investor preferences.
- We maintain policies, procedures and internal controls designed to support compliance with applicable legal, financial reporting, corporate governance and other regulatory obligations across the Group.
- As an ASX-listed entity, the Group is subject to an annual independent external audit. We engage William Buck to perform the statutory audit of the Group's financial report, providing independent assurance over our financial reporting and compliance with applicable accounting standards and regulatory requirement

FY26 Dividends

On 18 August 2025 the Directors declared a fully franked final dividend of 2.08 cents per ordinary share in relation to the financial year ended 30 June 2025. The financial effect of this dividend has been recognised in the consolidated financial statements for the year ended 30 June 2026.

On 18 February 2026 the Directors declared a fully franked interim dividend of 1.45 cents per ordinary share in relation to the financial half-year ending 31 December 2025. The financial effect of this dividend has been recognised in the consolidated financial statements for the year ended 30 June 2026.

On 17 August 2026 the Directors declared a fully franked final dividend of 2.56 cents per ordinary share, with a record date of 21 September 2026 and a payment date of 21 October 2026. The estimated distribution is approximately $2.1 million and is not reflected in the consolidated financial statements for the year ended 30 June 2026.

The final dividend takes total dividends declared in relation to FY26 to 4.01 cents per share, fully franked, an increase of 15.2% over FY25. The total FY26 dividend represents approximately 50% of statutory NPAT for the year ended 30 June 2026.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity during the year.

Environmental legislation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Executive performance rights

Details of KMP remuneration are included in the Remuneration Report which has been audited and included in this Directors' Report.

Shares under option

During FY23 the Company issued 403,268 options to Adelaide Equity Partners Ltd upon successful listing on the ASX; admission to the Official List took place on 30 September 2022. The Options had a three year vesting horizon and lapsed, unvested at 30 September 2025.

Shareholdings of key management personnel

Details of shareholdings of KMP as at 30 June 2026 and movements during FY26 are contained in the Remuneration Report which has been audited. KMP are restricted from trading in Company shares during closed periods as outlined in the Company's Share Trading Policy; this includes the period from 30 June to the day after the lodgement of the Company's results. There has been no change in the shareholdings of any KMP since 30 June 2026.

Information on Directors

The names of the Directors of Adrad who held office during the financial year and at the date of this report are

DONALD MCGURK

Independent Non-Executive Chairman

Experience and expertise

Mr McGurk is the former Managing Director and Chief Executive Officer of Codan Limited, a global electronic solutions company developing technology solutions such as metal detection, tactical and critical communication solutions for government, military, public safety, non-government organisations and consumer markets internationally. Mr McGurk has an extensive background in change management applied to manufacturing operations and has held senior manufacturing management positions in several industries.

Current and former listed company directorships in the last 3 years

Mr McGurk resigned as a non-executive Director of Aerometrex Limited (ASX:AMX) on 31 December 2023.

Mr McGurk was managing Director of Codan Limited until resigning in February 2022.

Responsibilities

Mr McGurk's special responsibilities include member of the Audit and Risk Committee and Chairman of the People, Culture and Governance Committee.

Date of appointment

Mr McGurk joined the Board of the Company on 23 March 2022 and was appointed Chairman on 9 September 2025.

GARY WASHINGTON

Executive Director
(reappointed 9 July 2026)

Experience and expertise

Mr Washington founded Adrad in 1985 and has successfully led significant growth in the Company's business since its establishment, both organically and by way of acquisition, including the acquisition of the Natra group of companies in 2006. Mr Washington has over 50 years' experience in the industrial and automotive heat exchange industries and in manufacturing in Australia. Mr Washington was Chair of the Company from its establishment until the appointment of Mr Davis to the role in January 2022.

Current and former listed company directorships in the last 3 years

None.

Responsibilities

Mr Washington is a member of the People, Culture and Governance committee and Audit and Risk Committee.

Date of appointment

Since inception in 1985 Mr Washington served as an Executive Director. He transitioned to Non-Executive Director from 24 July 2025 until his reappointment as Executive Director on 9 July 2026

PAUL PROCTOR

Managing Director
(appointed 9 September 2025)

Experience and expertise

Mr Proctor is an experienced manufacturing sector leader having led various businesses globally including as the former Managing Director of Seeley International. Mr Proctor has held General Manager, Managing Director and Vice President roles at Air International, Cooper Standard Automotive and Tenneco Automotive (Monroe Australia). Mr Proctor brings a wealth of experience in operations and the execution of growth initiatives.

Current and former listed company directorships in the last 3 years

None.

Responsibilities

Mr Proctor was not a member of any committee of the Board during the reporting period.

Date of appointment

Mr Proctor joined the Board of the Company on 9 September 2025.

HOWARD COOMBS

Independent Non-Executive Director
(appointed 10 March 2026)

Experience and expertise

Mr Coombs is the Executive Director of Finance at Seeley International having held this position since August 2016. Seeley International is the largest manufacturer of air conditioning units in Australia. He has 36 years of post-professional accountancy qualification experience. 22 years gained in the UK leading finance teams of various sizes in large private and public sector organisations, and 14 years in Australia leading a team of Finance and IT professionals. Mr Coombs has extensive Audit and Risk Committee experience gained over the last 14 years at Seeley International.

Current and former listed company directorships in the last 3 years

None.

Responsibilities

Mr Coombs' special responsibilities include Chairman of the Audit and Risk Committee and member of the People, Culture and Governance Committee.

Date of appointment

Mr Coombs joined the Board of the Company on 10 March 2026.

GLENN DAVIS

Independent Non-Executive Chairman LLB, BEc, FAICD
(resigned 9 September 2025)

Experience and expertise

Mr Davis has practiced as a solicitor in corporate and risk throughout Australia for over 30 years initially in a national firm and then a firm he founded. He has expertise and experience in the execution of large transactions, risk management and in corporate activity regulated by the Corporations Act (2001) and ASX Limited. Mr Davis has broad director and industry experience across manufacturing, retail, energy resources and primary production.

Current and former listed company directorships in the last 3 years

Mr Davis is currently a director of ASX listed company SkyCity Entertainment Group Ltd (since 2022), iTech Minerals Ltd (ITM) (since 2021) and Elders Ltd (since 2024).

Mr Davis resigned as a director of Beach Energy Ltd on 14 November 2023.

Responsibilities

Mr Davis's special responsibilities included Chairman of the Board; member of the People, Culture and Governance Committee and member of the Audit and Risk Committee.

Date of appointment

Mr Davis joined Adrad as Chair of the Company on 17 January 2022. He resigned on 9 September 2025.

DARRYL ABOTOMEY

Independent Non-Executive Director
(resigned 22 September 2025)

Experience and expertise

Mr Abotomey brings over 30 years of executive leadership and financial expertise having held Board and executive leadership roles across manufacturing, global paper and packaging distribution and automotive aftermarket industries. Mr Abotomey was most recently Chief Executive Officer and Managing Director of Bapcor Limited, Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions, where during his 10 years in that role he was instrumental to the successful growth and expansion of the business in line with its strategic growth plan.

Current and former listed company directorships in the last 3 years

Mr Abotomey is a director of Metal Powder Works Limited appointed 4 April 2022.

Responsibilities

Mr Abotomey's special responsibilities included member of the Audit and Risk Committee and Chairman of the People, Culture and Governance Committee.

Date of appointment

Mr Abotomey joined the Board of the Company on 11 April 2023. He resigned on 22 September 2025.

Joint Company secretary

MS KAITLIN SMITH

B.Comm (Acc.), CA, FGIA

Ms Smith provides company secretarial and accounting services to various public and proprietary companies; she is a chartered accountant and a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce (Accounting).

MR ROD HYSLOP

B.A. (Econ.), CA

Mr Hyslop was appointed Joint Company Secretary on 1 December 2022 and brings extensive company secretarial experience across both public and proprietary companies. In addition to his company secretarial responsibilities, he served as Group Chief Financial Officer until his resignation from both roles, effective 15 July 2026.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director was:

	Board Meeting		Audit and Risk		People, Culture & Governance	
NAME	HELD [1]	ATTENDED	HELD [1]	ATTENDED	HELD[1]	ATTENDED
Glenn Davis	2	2	1	1	-	-
Donald McGurk	10	10	2	2	1	1
Gary Washington	10	10	1	-	1	1
Darryl Abotomey	2	2	1	1	-	-
Paul Proctor	8	8	-	-	-	-
Howard Coombs	4	4	1	1	-	-

1. Number of meetings held during the time that the director was appointed to the Board or Committees

Board Committees

Chairmanship and membership of each Board committee throughout the year and at the date of this report are as follows:

Committee	Chairman	Members
Audit and Risk	Howard Coombs	Donald McGurk, Gary Washington
People, Culture and Governance	Donald McGurk	Gary Washington, Howard Coombs

1.Following the resignation of Glenn Davis on 9 September 2025 the Board assumed responsibility for audit and risk matters until the appointment of Howard Coombs on 10 March 2026.

2. During the year the People, Culture and Governance Committee was chaired by Darryl Abotomey until his resignation on 22 September 2025, after which Donald McGurk was appointed Chair. Howard Coombs joined the Committee on 10 March 2026

Remuneration Report (audited)

The Remuneration Report sets out the remuneration arrangements for the key management personnel (KMP) of Adrad Holdings Limited (the Company or Adrad) and the consolidated entity for the year ended 30 June 2026. It has been prepared in accordance with section 300A of the Corporations Act 2001 and forms part of the Directors' Report. The information in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

Introduction to the Remuneration Report

The Board, through the People, Culture and Governance Committee, is responsible for overseeing Adrad's remuneration framework to ensure it supports the Group's strategy, promotes sound governance and aligns executive remuneration with the delivery of sustainable shareholder value. The Committee regularly reviews remuneration arrangements to maintain market competitiveness while reinforcing accountability for financial performance, operational execution and long term value creation.

FY26 was an important year in the continued development of Adrad's executive remuneration framework and in positioning the Group for its next phase of growth. During the year, the Group delivered improved profitability and operating cash flow while implementing initiatives to improve competitiveness, including organisational and operational restructuring, investment in manufacturing capability, expansion into growth markets and programs to enhance operational efficiency. In assessing remuneration outcomes, the Board considered both the financial performance achieved and the progress made against the Group's strategic and operational priorities.

Following assessment of performance against the approved objectives, the Board exercised its discretion in determining FY26 STI outcomes. While the Group delivered a strong financial result, the Board considered it appropriate that remuneration outcomes remain well below the maximum opportunities available under the STI framework. Final awards comprised a combination of cash and performance rights for eligible participants, reflecting the Board's assessment of both financial performance and the quality and sustainability of operational and strategic achievements during the year. The Board also approved a long-term performance rights framework for selected members of management to strengthen retention and reinforce alignment between remuneration and sustainable long-term performance. Individual disclosures in this Report relate only to Key Management Personnel, while awards granted to other selected participants are disclosed on an aggregate basis in the financial statements where required by the Australian Accounting Standards.

During the year, the Board also refined the incentive arrangements for Managing Director and Chief Executive Officer, Mr Paul Proctor. Following stakeholder consultation, the original arrangement was amended to introduce a maximum reward cap, include an equity component subject to shareholder approval and extend the service period. These changes were designed to strengthen alignment with long-term shareholder value creation while maintaining an appropriate balance between reward, retention and performance.

The Board considers the FY26 remuneration outcomes appropriately balance the recognition of performance, prudent remuneration governance and the alignment of executive reward with the long-term interests of shareholders.

Key management personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. They include the Company's Non-Executive Directors (NED), Executive Director(s) (ED) and Executive KMP and are listed in the table below.

Directors and Executive KMP covered in this report		
NAME	**POSITION**	**PERIOD AS KMP DURING THE YEAR**
Directors		
Donald McGurk	Independent Non-Executive Chairman;	Appointed 9 September 2025
	Independent Non-Executive Director;	Resigned 9 September 2025
	Chairman of the Audit and Risk Committee;	Resigned 9 September 2025
	Member of the Audit and Risk Committee;	Appointed 10 March 2026
	Member of the People, Culture and Governance Committee	Resigned 22 September 2025
	Chairman of the People, Culture and Governance Committee	Appointed 22 September 2025
Gary Washington[1]	Non-Executive Director;	Appointed 24 July 2025
	Executive Director; and,	Resigned 24 July 2025
	Member of the People, Culture and Governance Committee	All of FY26
	Member of the Audit and Risk Committee	Appointed 24 July 2025
Paul Proctor	Managing Director;	Appointed 9 September 2025
	Chief Executive Officer;	Appointed 28 July 2025
Howard Coombs	Independent Non-Executive Director	Appointed 10 March 2026
	Chairman of the Audit and Risk Committee; and	Appointed 10 March 2026
	Member of the People, Culture and Governance Committee	Appointed 10 March 2026
Glenn Davis	Independent Non-Executive Chairman;	Resigned 9 September 2025
	Member of the Audit and Risk Committee; and,	Resigned 9 September 2025
	Member of the People, Culture and Governance Committee	Resigned 9 September 2025
Darryl Abotomey	Independent Non-Executive Director	Resigned 22 September 2025
	Member of the Audit and Risk Committee; and,	Resigned 22 September 2025
	Chairman of the People, Culture and Governance Committee	Resigned 22 September 2025
Executive KMP		
Kevin Boyle	Chief Executive Officer	Resigned 28 July 2025
Rod Hyslop	Chief Financial Officer	All of FY26

1. Mr Washington transitioned from Executive director to Non-executive director on 24 July 2025; he subsequently transitioned back into an Executive director role on 9 July 2026.

Mr Paul Proctor was appointed Chief Executive Officer on 28 July 2025 and Managing Director on 9 September 2025. For the purposes of this remuneration report, Mr Proctor is presented as the Executive Director. References to Executive KMP relate to key management personnel who are employees of the Company and are not Directors.

Changes after 30 June 2026

- Mr Gary Washington transitioned from Non-Executive Director to Executive Director with effect from 9 July 2026. The material terms of his executive employment arrangements were announced to ASX on 9 July 2026.
- Mr Rod Hyslop resigned as Chief Financial Officer with effect from 15 July 2026.

Remuneration governance and decision-making

The Board is responsible for the remuneration framework and the remuneration outcomes of Directors and Executive KMP. The People, Culture and Governance Committee assists the Board by reviewing remuneration policy, succession, performance objectives, incentive outcomes and the terms of executive appointments. No executive participates in decisions concerning their own remuneration.

The Board retains absolute discretion when determining final incentive outcomes. In exercising this discretion, the Board considers the Group's overall performance, the quality and sustainability of earnings, progress against strategic objectives, individual performance and any other factors considered relevant to the long-term interests of shareholders. This discretion was exercised in determining the FY26 short-term incentive outcomes.

Governance body	Responsibilities
Board	Approves remuneration policy, executive KMP remuneration, performance measures, incentive outcomes and any use of discretion.
People, Culture and Governance Committee	Reviews remuneration arrangements and makes recommendations to the Board.
Management	Provides factual information and performance results but does not decide its own remuneration outcomes.
External advisers	No remuneration recommendation was received during FY26 from external advisers.

Executive remuneration framework

Component	Form	Purpose	Opportunity / operation
Fixed remuneration	Base salary, superannuation and other statutory benefits	Reflects role scope, experience, performance and relevant market conditions	Reviewed annually; no guaranteed increase
Short-term incentive (STI)	Annual incentive opportunity	Rewards delivery of annual financial, operational, strategic and individual objectives	Up to 50% of fixed remuneration for the CEO and 25% for other eligible Executive KMP, subject to Board assessment and discretion
Long-term incentive (LTI)	Performance rights	Rewards sustained EPS growth and supports retention over a three-year period	Maximum opportunity generally 50% of fixed remuneration for the CEO and 25% for other eligible executives, subject to invitation and Board discretion
Executive Incentive Agreement (EIA)	One-off cash and performance-right arrangement	Rewards substantial improvement in shareholder value and supports retention of the Managing Director	Separate appointment-related arrangement; not part of the recurring executive LTI framework

FY26 Executive remuneration at a glance

Component	Purpose	Design	FY26 outcome
Fixed remuneration	Attract and retain appropriately experienced KMP	Salary or director fees, superannuation and statutory benefits	Paid in accordance with contractual arrangements
STI	Reward annual financial, operational and strategic performance	Annual cash and potential equity opportunity; Board discretion applies	Awards determined materially below the maximum opportunity. Eligible participants received a combination of cash and performance rights.
LTI	Align selected management with sustained earnings growth and retention	Performance rights tested over three years against EPS hurdles and continued employment	For Executive KMP, Mr Hyslop's FY24 tranche did not meet the performance hurdle; FY25 and FY26 tranches will be forfeited on cessation of employment
Executive Incentive Agreement	One-off recruitment, retention and shareholder-alignment arrangement	Cash-settled and equity-settled components linked to total shareholder return and service conditions	Arrangement revised on 30 June 2026; equity component remains subject to shareholder approval

FY26 short-term incentive

The FY26 Short-Term Incentive ("STI") Plan was designed to reward executive performance against annual financial and strategic objectives aligned with the Group's business plan.

Performance measures comprised a combination of financial and non-financial objectives relevant to each participant's role. Financial measures reflected the achievement of profitability and earnings objectives, while non-financial measures included delivery of strategic initiatives, operational improvements, safety performance and leadership objectives.

Following completion of FY26, the Board assessed performance against the approved objectives. While the Group delivered a strong financial result, the Board also considered the quality and sustainability of operational improvements delivered during the year together with the significant transformation initiatives undertaken across the Group.

After considering these matters, the Board exercised its discretion and determined STI outcomes materially below the maximum opportunities available under the Plan.

Consistent with the approved FY26 STI framework, final awards comprised a combination of cash and performance rights.

Performance category	Indicative Weighting	Assessment basis	FY26 outcome
Financial performance	90% CEO 70% CFO	Achieve NPAT targets	Considered by the Board as a key factor in determining STI outcomes. The Group delivered a strong financial result during FY26.
Work Health and Safety Metric	10%	Achieve safety metrics related to LTIFR	Satisfied.
Individual leadership objectives	20% CFO	Achieve personal objectives related to cost, efficiency and operational improvements	The Board considered the executive's individual contribution, leadership and delivery of business objectives during FY26.
Board discretion	Overall assessment including quality and sustainability of performance	Overall assessment of the quality, sustainability and balance of performance outcomes.	After considering all performance factors, the Board exercised its discretion to determine final STI outcomes. Awards were approved below the maximum opportunities available under the STI framework.

FY26 outcome

Following assessment of performance against the approved objectives, the Board exercised its discretion in determining FY2026 STI outcomes. While the Group delivered a strong financial result, the Board considered the quality and sustainability of performance together with the significant operational and strategic initiatives undertaken during the year. Accordingly, the Board approved STI awards at levels materially below the maximum opportunities available under the FY2026 STI framework.

The approved awards comprise both cash and equity components. The equity component will be satisfied through the issue of performance rights in accordance with the approved invitation terms. At 30 June 2026, the performance rights had not been granted. Performance rights relating to the Managing Director remain subject to shareholder approval.

Executive KMP	STI salary base	Maximum opportunity	Maximum STI	Cash STI	Equity STI	Total STI	Actual as % of maximum
Paul Proctor	$600,000	50%	$300,000	$75,000	$75,000 (55,308 rights)*	$150,000	50.0%
Rod Hyslop	$298,828	25%	$74,707	$10,000	$10,000 (7,374 rights) *	$20,000	26.8%

* The equity component of the FY2026 STI has been determined by dividing the approved equity value by the 30-day volume weighted average market price of the Company's ordinary shares of $1.356 per share for the 30-day period immediately prior to 30 June 2026. The proposed equity grant to Paul Proctor remains subject to shareholder approval.

Long-Term Incentive Plan

The Long-Term Incentive Plan provides selected members of management with an opportunity to receive performance rights for nil consideration. Each vested performance right entitles the participant to one ordinary share, subject to the Plan Rules and the terms of the relevant invitation.

Key Terms	Summary
Performance measure	Earnings per share compound annual growth over the relevant three-year performance period
Threshold	Generally, 5% EPS CAGR, at which 20% of the award vests; the FY24 tranche has specific terms approved for that tranche
Target	10% EPS CAGR, at which 100% of the award vests
Between threshold and target	Straight-line vesting between 20% and 100%
Service condition	Continued employment through the applicable vesting or testing date, subject to the Plan Rules and Board discretion
Settlement	One ordinary share for each vested performance right; no exercise price

Awards are intended to align management with long-term shareholder interests by linking vesting to sustained earnings growth over a three-year performance period and requiring continued employment. The Board may adjust the EPS measure for significant abnormal items where appropriate to ensure the assessment reflects underlying performance.

FY26 KMP LTI outcome

Mr Hyslop was the only Executive KMP participant in the recurring LTI plan during FY26. Other participants in the Plan were selected members of management who are not KMP and are therefore not individually disclosed in this Remuneration Report.

The FY24 tranche did not satisfy the applicable performance target, and no share-based payment expense was recognised for that tranche. The rights will be cancelled following the Board's approval of the FY26 financial statements and confirmation of the vesting outcome.

Mr Rod Hyslop resigned as Chief Financial Officer on 15 July 2026. The FY24 performance rights tranche did not satisfy the applicable performance hurdles and will lapse. The FY25 and FY26 performance rights tranches will lapse following cessation of employment in accordance with the terms of the Plan. Accordingly, no benefit will be received in respect of those awards

KMP	Tranche	Rights granted	FY26 assessment	Expected to vest	Status
Rod Hyslop	FY24	79,951	Did not meet performance condition	Nil	To be cancelled following Board confirmation
Rod Hyslop	FY25	101,408	Service condition will not be met	Nil	To be forfeited
Rod Hyslop	FY26	100,291	Service condition will not be met	Nil	To be forfeited

Executive Incentive Agreement (EIA)

As part of Mr Proctor's appointment, the Board approved a one-off long-term incentive arrangement designed to attract and retain an experienced listed-company executive capable of leading the Group's next phase of growth and delivering sustained shareholder value.

The Board considered that a conventional remuneration package alone would not appropriately align reward with the significant value expected to be created over the medium term. Accordingly, the arrangement directly links remuneration to the achievement of meaningful long-term shareholder value creation.

Following consultation with shareholders and other stakeholders, the Board revised the original proposal by:

- introducing a substantial equity component;
- capping the maximum opportunity;
- requiring shareholder approval before performance rights may be issued; and
- extending the service period.

These amendments further strengthened alignment between executive remuneration and long-term shareholder interests while preserving the original commercial objective of rewarding sustained value creation.

Key Term	Summary
Purpose	Reward long-term shareholder value creation and support attraction and retention of the Managing Director
Award	EIA Cash Award: Maximum cash payment of $2,000,000. EIA Rights Award: Subject to receipt of shareholder approval, the issue of 1,015,000 performance rights under the Company's Performance Rights Plan.
Performance period	Cash Component - 1 September 2025 to 31 August 2027 Equity Component - 1 September 2025 to 30 September 2027
Eligibility condition	The MD/CEO must remain continuously employed by the Company for the duration of the performance period.
Performance condition	Eligibility to receive the cash payment and the performance rights will be calculated based on absolute Total Shareholder Return (TSR) during the performance period. Entitlement to the EIA Award will be determined as follows: • Below 15% TSR: No entitlement to cash payment and no entitlement to performance rights. • 15% or greater but less than 175% TSR: Entitlement to cash payment and performance rights is calculated on a straight-line basis up to maximum award. • 175% and above TSR: Full entitlement to cash payment and performance rights TSR for the performance period will be measured by comparing the 30-day volume weighted average price (VWAP) of the Company's shares for the period commencing on the trading day immediately following the date of release to ASX of the Company's FY27 financial results against a share price of $0.742.
Settlement/ Vesting	Payment of the EIA Cash Award will occur within 30 days of the end of the performance period. The performance rights will only vest and become convertible into fully paid ordinary shares in the Company, on 30 September 2028 subject to the performance condition being satisfied and remaining employed by the Company as at that date.
Shareholder approval	Required before the performance rights are granted
One-off status	Appointment-related arrangement separate from the recurring executive remuneration framework

FY26 accounting and remuneration report presentation

For financial reporting purposes, the revised arrangement contains both a cash-settled share-based payment component and an equity-settled performance-right component. The cash component is remeasured at each reporting date. The equity component is recognised over the service period using an estimate of grant-date fair value until shareholder approval is obtained, after which the cumulative amount will be adjusted to actual grant-date fair value.

The statutory remuneration table includes the FY26 expense recognised in accordance with the applicable accounting standards. The accounting expense does not represent cash paid to Mr Proctor during FY26 and is not the same as the maximum potential benefit under the arrangement.

Component	FY26 remuneration expense	30 June 2026 balance	Status
Cash-settled component	$268,465	$268,465	No cash settlement in FY26 and continued employment
Equity-settled component	$123,878	$123,878	Subject to shareholder approval and continued employment
Total	$392,343	$392,343	Accounting expense only

Non-Executive Directors' remuneration

Non-Executive Director fees are set at levels intended to attract and retain appropriately qualified Directors and reflect the responsibilities and time commitments of the role. Non-Executive Directors do not participate in performance-based remuneration or receive retirement benefits other than statutory superannuation.

The aggregate fee pool approved by shareholders is $600,000 per annum. Within that pool, the Board determines individual fees. Additional fees may be paid for chairing or serving on Board committees.

Role	FY26	FY25
Board Chair	$150,000	$150,000
Non-Executive Director	$90,000	$90,000
Audit and Risk Committee Chair	$10,000	$10,000
People, Culture and Governance Committee Chair	$10,000	$10,000
Committee member	$5,000	$5,000

Remuneration policy and relationship to Company performance

Adrad's executive remuneration framework combines fixed remuneration with at-risk remuneration. The framework is intended to provide competitive remuneration while ensuring that material incentive outcomes depend on performance and, for long-term awards, continued service and sustained value creation.

Principle	Application in FY26
Alignment with shareholders	Long-term incentives use EPS or total shareholder return measures and include service conditions.
Performance differentiation	STI outcomes are assessed against approved financial, strategic and individual objectives. The Board retains discretion to adjust final outcomes having regard to overall Company performance and the long-term interests of shareholders.
Retention	LTI awards generally require continued employment through the relevant performance or vesting period.
Affordability and governance	The Board considers the Company's overall result, quality of earnings, risk and shareholder experience before approving awards.
Transparency	KMP opportunities, outcomes and equity interests are disclosed in this report.

Company performance

The table below is intended to show the relationship between Company performance and executive remuneration over the five-year period shown below.

		FY22[1]	FY23[2]	FY24	FY25	FY26
Statutory NPAT	$	7,060,636	5,605,615	5,973,152	5,653,933	6,522,194
Basic EPS	cps	176.77	8.46	7.36	6.95	8.02
Dividends paid/ declared per share	cps	53.32	2.33	2.94	3.48	4.01
Closing share price (30 June)	$	n/a	0.94	0.72	0.63	1.45
Variable KMP remuneration awarded	$	-	251,433	-	-	562,343

1. During FY22 the Company was a private company
2. The Company listed on the ASX on 30 September 2022

Details of Remuneration

The remuneration disclosed in the following tables includes an accounting accrual recognised in respect of estimated FY26 short-term incentive remuneration together with accounting expenses recognised under AASB 2 for share-based payment arrangements. The remuneration disclosed includes the FY26 STI awards determined by the Board following assessment of performance against the approved objectives. Accordingly, the remuneration disclosed does not necessarily represent cash paid during the financial year.

Director and Executive KMP remuneration details

		Short term benefits		Share based payments [2]	Share based payments [2]	Post-employment benefits	Long term benefits					
		Fixed remuneration [1]	Short term incentive plan	Performance rights	Cash settled	Superannuation	Long service leave [3]	Total	Total fixed	At risk - LTI	At risk - STI	Total issued in equity
		$		$	$	$	$	$	%	%	%	%
Non-Executive Directors												
Glenn Davis [4]	**FY26**	**27,465**	**-**	**-**	**-**	**-**	**-**	**27,465**	**100%**	**0%**	**0%**	**0%**
	FY25	150,000	-	-	-	-	-	150,000	100%	-	-	-
Donald McGurk	**FY26**	**138,750**	**-**	**-**	**-**	**16,200**	**-**	**154,950**	**100%**	**0%**	**0%**	**0%**
	FY25	105,000	-	-	-	10,350	-	115,350	100%	-	-	-
Darryl Abotomey	**FY26**	**26,250**	**-**	**-**	**-**	**2,700**	**-**	**28,950**	**100%**	**0%**	**0%**	**0%**
	FY25	105,000	-	-	-	10,350	-	115,350	100%	-	-	-
Gary Washington	**FY26**	**98,671**	**-**	**-**	**-**	**11,040**	**-**	**109,711**	**100%**	**0%**	**0%**	**0%**
	FY25	119,134	-	-	-	13,110	-	132,244	100%	-	-	-
Howard Coombs	**FY26**	**35,000**	**-**	**-**	**-**	**4,200**		**39,200**	**100%**	**0%**	**0%**	**0%**
	FY25	-	-	-	-	-	-	-	-	-	-	-
Executive Director(s)												
Paul Proctor	**FY26**	**561,629**	**75,000**	**198,878**	**268,465**	**28,885**	**1,577**	**1,134,434**	**52%**	**41%**	**7%**	**18%**
	FY25	-		-		-	-	-	-	-	-	-
Executive KMP												
Kevin Boyle	**FY26**	**322,164**	**-**	**-**	**-**	**7,500**	**-**	**329,664**	**100%**	**0%**	**0%**	**0%**
	FY25	518,327	-	-	-	29,932	-	548,259	100%	-	-	-
Rod Hyslop	**FY26**	**298,828**	**10,000**	**10,000**	**-**	**30,000**	**-**	**348,828**	**94%**	**3%**	**3%**	**3%**
	FY25	296,269	-	-	-	30,000	-	326,269	100%	-	-	-
Total												
	FY26	**1,508,757**	**85,000**	**208,878**	**268,465**	**100,525**	**1,577**	**2,173,202**	**74%**	**22%**	**4%**	**10%**
	FY25	1,293,730		-		93,742	-	1,387,472	100%	0%	-	-

1. Fixed remuneration comprises base salary, annual leave and other contractual payments treated as remuneration where applicable.

2. Remuneration includes the accounting expense recognised during the year in respect of share-based payment arrangements. Equity-settled awards are recognised over the relevant vesting period based on the fair value of the equity instruments. For the Managing Director's revised long-term incentive, shareholder approval had not been obtained at 30 June 2026 and, accordingly, the equity component has been recognised using an estimated grant-date fair value over the relevant service period. The cash-settled component is measured at fair value at each reporting date until settlement. Amounts recognised as remuneration are accounting values and do not necessarily reflect the value ultimately received by the executive.

3. This amount represents the movement in the relevant long service leave entitlement provision during the year.

4. No superannuation contributions were made on behalf of Mr Davis. Director's fees for Mr Davis were paid to a related entity and he did not receive additional fees for committee work.

Performance rights held by KMP and proposed equity awards not granted at 30 June 2026

The following table records movements in performance rights held by KMP. It excludes rights held by management participants who were not KMP during FY26.

KMP / arrangement	Balance 1 July 2025	Grant Date	Granted during FY26	Vested	Forfeited / lapsed	Balance 30 June 2026	Rights Proposed to be Granted	Expected to vest after year end
Rod Hyslop - FY24 LTI	-	3 April 2026	79,951	-	-	79,951[1]		Nil - performance condition not met
Rod Hyslop - FY25 LTI	-	3 April 2026	101,408	-	-	101,408[1]		Nil - service condition not met
Rod Hyslop - FY26 LTI	-	3 April 2026	100,291	-	-	100,291[1]		Nil - service condition not met
Paul Proctor - FY26 STI Performance Rights				-	-		55,308	Subject to shareholder approval and service condition
Paul Proctor - MD incentive equity component	-			-	-		1,015,000	Subject to shareholder approval and service condition
Rod Hyslop - FY26 STI Performance Rights							7,374	Yes

1 The fair value of the rights at grant date was $1.10.

The Company retains a Performance Rights Plan to align the interests of eligible employees with shareholders through the sharing of a personal interest in the future growth and development of the Company and to provide a means of attracting and retaining skilled and experienced eligible persons.

The number of performance rights offered to an eligible participant will be specified in any invitation made by the Board to that eligible participant.

Each performance right carries a right to receive a share (subject to satisfaction of any performance criteria within any performance period as set by the Board).

Performance rights granted become exercisable if certain non-market performance criteria are achieved. A performance right will only vest if the Board determines that the performance criteria (if any) have been satisfied within the performance period.

Offers of performance rights are made pursuant to the terms and conditions of the Company's Performance Rights Plan as part of Executive KMP's STI and LTI incentive schemes.

Performance rights granted carry no dividend or voting rights. All performance rights are granted over unissued fully paid ordinary shares in the Company. Performance rights vest based on achieving performance criteria over the performance period, whereby the executive becomes beneficially entitled to the performance rights on the vesting date. Performance rights are exercisable by the holder from the vesting date. There has not been any alteration to the terms or conditions of any grant since their respective grant date(s). No amounts are paid or payable by the recipient regarding granting such performance rights.

Shareholdings of KMP

The following table details the movements during the reporting period in ordinary shares in the Company held directly, indirectly or beneficially by each KMP and their related entities:

Director interest in ordinary shares	Balance at start of the year	Issued during the year	Purchased	Sold	Balance at end of the year
	#	#	#	#	#
Non-Executive Directors					
Glenn Davis	-	-	-	-	-
Donald McGurk	-	-	-	-	-
Darryl Abotomey	-	-	-	-	-
Gary Washington[1]	49,320,114	-	224,039	-	49,544,153
Howard Coombs	-	-	7,500	-	7,500
Executive Director(s)					
Paul Proctor	-	-	13,107	-	13,107
Executive KMP					
Rod Hyslop	19,577	-	6,410	-	25,987
Total	**49,339,691**	**-**	**251,056**	**-**	**49,590,747**

1. Held by entities in which a relevant interest is held.

No ordinary shares were issued to Directors and Executive KMP as part of compensation during the year ended 30 June 2026.

Employment and service agreements

Executive KMP are employed under ongoing service agreements. The agreements may be terminated by either party by giving the notice specified below, subject to statutory requirements and the terms of the relevant agreement. The Company may make payment in lieu of notice. Statutory leave and superannuation entitlements are payable on termination.

Executive	Role	Fixed remun-eration	Term	Executive notice	Company notice	Incentive eligibility / comments
Paul Proctor	Managing Director and CEO	$600,000	Ongoing	3 months	1 month	Eligible for STI, recurring LTI and the one-off Managing Director incentive
Rod Hyslop	Chief Financial Officer	$298,828	Ongoing to resignation	3 months	3 months	FY24 LTI failed to achieve targets; FY25 and FY26 LTI to be forfeited; FY26 STI cash and proposed equity outcome.
Gary Washington	Executive Director from 9 July 2026	Terms announced 9 July 2026	Ongoing	1 month	1 month	Post-year-end appointment; not FY26 executive remuneration

Details of the historical service arrangement for former Chair Mr Glenn Davis have not been repeated because he resigned during FY26. His remuneration for the period served remains included in the statutory remuneration table.

Other transactions with KMP

The Company has entered into the following related party transactions:

(a) deeds of indemnity, access and insurance with each of its Directors and Executive KMP on standard arm's length terms;

(b) a letter of appointment with Mr Washington in relation to his appointment as Non-Executive Director;

(c) an employment agreement with Mrs Washington, the wife of Mr Washington, in relation to her appointment as Co-Founder Relationship Manager;

(d) supply arrangements with Harrop Engineering Australia Pty Ltd ACN 134 196 080 (Harrop Engineering). Harrop Engineering is controlled by Mr and Mrs Washington; and

(e) various leases with Harlaxton Pty Ltd ACN 058 185 760 (Harlaxton) and Arlyngton Pty Ltd (ACN 058 716 573) (Arlyngton), both of which are controlled by Mr and Mrs Washington, who are Directors and controlling shareholders of each entity.

There have been no loans to KMP or their related parties during the financial year.

At the date of this report, no other material transactions with related parties or Directors' interests exist of which the Directors are aware, other than those disclosed in this report.

Changes since the end of the reporting period

On 9 July 2026, Mr Gary Washington transitioned from Non-Executive Director to Executive Director. The terms of his executive appointment were announced to ASX on that date. Because the change occurred after 30 June 2026, the executive employment terms do not form part of his FY26 remuneration, although the change is disclosed to provide shareholders with current information at the date of this report.

Mr Rod Hyslop resigned as Chief Financial Officer with effect from 15 July 2026. His FY24 LTI tranche did not satisfy the applicable performance condition. His FY25 and FY26 LTI tranches require continued employment and will be forfeited because the service condition will not be met. No benefit is expected to arise to Mr Hyslop from those LTI tranches.

The equity component of the Managing Director value creation incentive remains subject to shareholder approval. The final grant-date fair value and statutory remuneration expense will be updated following shareholder approval in accordance with the applicable accounting requirements.

This concludes the Remuneration Report, which has been audited.

Indemnity and insurance of Directors and officers

The Company has indemnified the Directors and Executives of the Company for costs incurred in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against liability to the extent permitted by the Corporations Act 2001. The insurance contract prohibits disclosure of the liability's nature and the premium's amount.

Auditor

William Buck (SA) was appointed auditor of Adrad Holdings Limited in November 2023 having received approval by members via ordinary resolution at the Annual General Meeting held on 17 November 2023.

Non-audit services

There was a total of $129K in non-audit services provided during the financial year by the Company's auditors and component auditors (30 June 2025: $100K).

The Directors are satisfied that the provision of non-audit services during the financial year by the audit firm (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the audit firm; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 – Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Indemnity of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Matters subsequent to the end of the financial year

Other than the matters disclosed elsewhere in this Directors' Report, no matter or circumstance has arisen since 30 June 2026 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

Donald McGurk
Non-Executive Chairman
17 August 2026

AUDITOR'S INDEPENDENCE DECLARATION

William Buck
ACCOUNTANTS & ADVISORS

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 audit of Adrad Holdings Limited for the year ended 30 June 2026, 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 audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

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

William Buck

William Buck (SA)
ABN: 38 280 203 274

M. D. King
Partner

Adelaide, 17th August 2026

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FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income

		Consolidated	
	NOTE	2026	2025
		$	$
Revenue			
Sales revenue	5	155,454,713	153,085,226
Other income	6	1,166,616	1,262,915
		156,621,329	154,348,141
Expenses			
Raw materials and other manufacturing expenses		(75,321,177)	(73,013,599)
Employee expenses		(40,900,550)	(41,964,298)
Depreciation expenses	7	(7,498,364)	(7,187,498)
Other expenses	8	(21,996,121)	(22,805,527)
Share-based payment expense		(607,460)	(11,021)
Operating profit		10,297,657	9,366,198
Finance income		270,487	303,284
Finance costs	9	(1,253,817)	(1,261,565)
Net finance cost		(983,330)	(958,281)
Profit before income tax expense from continuing operations		9,314,327	8,407,917
Income tax expense	10	(2,627,149)	(2,185,104)
Profit after income tax expense from continuing operations		6,687,178	6,222,813
Loss after income tax expense from discontinued operations	11	(164,984)	(568,880)
Profit after income tax expense for the year attributable to the owners of Adrad Holdings Limited		6,522,194	5,653,933
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,778,296)	2,478,591
Net change in the fair value of cash flow hedges and cost of hedging		270,474	(212,980)
Other comprehensive income for the year, net of tax		(1,507,822)	2,265,611
Total comprehensive income for the year attributable to the owners of Adrad Holdings Limited		5,014,372	7,919,544
Total comprehensive income for the year is attributable to:			
Continuing operations		5,179,356	8,488,424
Discontinued operations		(164,984)	(568,880)
Total comprehensive income for the year		5,014,372	7,919,544

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

Statement of profit or loss and other comprehensive income

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Adrad Holdings Limited			
Basic earnings per share	37	8.23	7.65
Diluted earnings per share	37	8.21	7.65
Earnings per share for loss from discontinued operations attributable to the owners of Adrad Holdings Limited			
Basic earnings per share	37	(0.20)	(0.70)
Diluted earnings per share	37	(0.20)	(0.70)
Earnings per share for profit attributable to the owners of Adrad Holdings Limited			
Basic earnings per share	37	8.02	6.95
Diluted earnings per share	37	8.01	6.95

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

Statement of financial position

		Consolidated	
	Note	2026	2025
		$	$
Assets			
Current assets			
Cash and cash equivalents	12	24,482,515	18,222,297
Trade, other receivables and prepayments	13	21,892,658	22,081,062
Contract assets	14	718,747	4,652,409
Inventories	15	48,352,134	46,916,660
Derivative financial instruments	16	57,494	-
Current tax assets	10	-	1,162,632
		95,503,548	93,035,060
Non-current assets classified as held for sale		-	604,964
Total current assets		95,503,548	93,640,024
Non-current assets			
Right-of-use assets	17	36,931,395	36,324,329
Property, plant and equipment	18	20,543,735	19,021,882
Intangible assets	19	36,965,654	36,965,654
Deferred tax assets	10	4,872,726	4,216,446
Other assets		216,806	215,300
Total non-current assets		99,530,316	96,743,611
Total assets		195,033,864	190,383,635
Liabilities			
Current liabilities			
Trade and other payables	20	16,275,586	16,223,817
Borrowings and interest-bearing liabilities	21	183,393	166,434
Derivative financial instruments	16	-	212,980
Lease liabilities	22	4,306,560	3,475,945
Current tax liabilities	10	890,608	-
Provisions	23	5,718,795	5,839,331
Total current liabilities		27,374,942	25,918,507
Non-current liabilities			
Borrowings and interest-bearing liabilities	21	222,519	394,215
Lease liabilities	22	37,918,401	37,312,829
Provisions	23	784,990	508,175
Total non-current liabilities		38,925,910	38,215,219
Total liabilities		66,300,852	64,133,726
Net assets		128,733,012	126,249,909
Equity			
Contributed equity	24	43,718,349	43,704,760
Reserves	25	(1,650,621)	(430,701)
Retained profits		86,665,284	82,975,850
Total equity		128,733,012	126,249,909

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

Statement of changes in equity

Consolidated	Contributed Equity $	Foreign Currency Translation Reserve $	Hedging 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 year	-	-	-	-	-	-	5,653,933	5,653,933
Other comprehensive income for the year, net of tax	-	2,478,591	(212,980)	-	-	-	-	2,265,611
Total comprehensive income for the year	-	2,478,591	(212,980)	-	-	-	5,653,933	7,919,544
Transactions with owners in their capacity as owners:								
Share based payment expense (note 38)	11,021	-	-	-	-	-	-	11,021
Dividends Paid (note 26)	-	-	-	-	-	-	(2,446,970)	(2,446,970)
Balance at 30 June 2025	43,704,760	266,961	(212,980)	4,804,650	(5,326,836)	37,504	82,975,850	126,249,909

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

Statement of changes in equity

Consolidated	Contributed Equity $	Foreign Currency Translation Reserve $	Hedging Reserve $	Common Control Acquisition Reserve $	Acquisition of Non-Controlling Reserve $	Share based Payment Reserve $	Retained Profits $	Total Equity $
Balance at 1 July 2025	43,704,760	266,961	(212,980)	4,804,650	(5,326,836)	37,504	82,975,850	126,249,909
Profit after income tax expense for the year	-	-	-	-	-	-	6,522,194	6,522,194
Other comprehensive income for the year, net of tax	-	(1,778,296)	270,474	-	-	-	-	(1,507,822)
Total comprehensive income for the year	-	(1,778,296)	270,474	-	-	-	6,522,194	5,014,372
Transactions with owners in their capacity as owners:								
Share based payment expense (note 38)	13,589	-	-	-	-	325,406	-	338,995
Transfer of lapsed vested share options	-	-	-	-	-	(37,504)	37,504	-
Dividends Paid (note 26)	-	-	-	-	-	-	(2,870,264)	(2,870,264)
Balance at 30 June 2026	43,718,349	(1,511,335)	57,494	4,804,650	(5,326,836)	325,405	86,665,284	128,733,012

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

Statement of cash flows

		Consolidated	
	Note	2026	2025
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		176,735,548	170,875,723
Payments to suppliers, employees and others (inclusive of GST)		(156,583,368)	(153,959,392)
Finance cost		(24,990)	(36,282)
Interest income		270,487	311,645
Finance charges on lease liabilities		(1,228,827)	(1,241,839)
Income tax paid		(1,230,188)	(2,003,077)
Net cash from operating activities	35	17,938,662	13,946,778
Cash flows from investing activities			
Payments for property, plant & equipment		(5,490,897)	(4,167,636)
Proceeds from sale of non-current assets held-for-sale		604,964	-
Proceeds from disposal of property, plant and equipment		280,397	100,377
Net cash used in investing activities		(4,605,536)	(4,067,259)
Cash flows from financing activities			
Dividends paid	26	(2,870,264)	(2,446,970)
Repayment of borrowings		(154,737)	(831,929)
Repayment of lease liabilities (principal)		(3,919,554)	(4,218,682)
Net cash used in financing activities		(6,944,555)	(7,497,581)
Net increase in cash and cash equivalents		6,388,571	2,381,938
Cash and cash equivalents at the beginning of the financial year		18,222,297	15,840,359
Effects of exchange rate changes on cash and cash equivalents		(128,353)	-
Cash and cash equivalents at the end of the financial year	12	24,482,515	18,222,297

The above 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 (collectively "Consolidated Entity" or "Group") at the end of, or during, the 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 and listed on Australian Securities Exchange ("ASX"). The principal activities of the Company during the year ended 30 June 2026 were the design and manufacture of heat transfer solutions for OE customers globally and the manufacture, importation and distribution of automotive parts and radiators 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 financial statements were authorised for issue, in accordance with a resolution of Directors, on 17 August 2026. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with 'Accounting Standards (including Australian Accounting Interpretations)' issued by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements are presented in Australian dollars, which is also the Consolidated Entity’s functional currency.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Adrad Holdings Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Adrad Holdings Limited and its subsidiaries together are referred to in these financial statements as the ('Consolidated Entity' or 'the Group').

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity.
They are de-consolidated from the date that control ceases.

Note 2. Material accounting policy information (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods - Distribution

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. The customers also have the right to return faulty parts for repair or replacement dependant on the type of fault, during goods' warranty period. An estimated cost for returns is recognised in the Consolidated Entity's provisions and expense account and is based on past experience and projections.

Sale of goods – Heat Transfer Solutions

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Revenue from the manufacture of power generation products is recognised using the percentage of completion method based on the actual cost of material and labour as a portion of the total materials and labour to be performed. The customers also have the right to return faulty parts for repair or replacement dependant on the type of fault, during goods' warranty period. An estimated cost for returns is recognised in the Consolidated Entity's provisions and expense account and is based on past experience and projections.

Note 2. Material accounting policy information (continued)

Construction revenue

The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. Contracted revenue is recognised over time by comparing costs incurred in total estimated costs required to deliver the project to measure progress. Estimated costs are reviewed on a monthly basis. The requirements of over time measurement are met as the construction creates assets with no alternative use to the Group and there is an enforceable right to payment for performance completed.

Contract variations are assessed to determine whether they represent a separate contract with the customer or are modifications to the original contract.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability excluding a business combination that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in profit or loss except where it relates to items which are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse changes will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Adrad Holdings Limited and its wholly owned subsidiaries are consolidated for tax purposes under the Tax Consolidation System. Adrad Holdings Limited is responsible for recognising the current tax assets and liabilities of the Consolidated Entity. The group notified the Australian Taxation Office on 5 December 2007 that it had formed an income tax consolidated group to apply from the date of incorporation of the Company. The tax consolidated group has entered into tax sharing and tax funding agreements whereby each company in the group contributes to the income tax payable in proportion to their contribution to the taxable profit of the tax consolidated group.

Note 2. Material accounting policy information (continued)

INVENTORY

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Manufactured Inventory

Manufactured inventory includes raw materials, work-in-progress, and finished goods produced by the entity.

- Cost of manufactured inventory comprises direct materials, direct labour, and an appropriate proportion of fixed and variable production overheads incurred in converting materials into finished goods. Overheads are allocated based on normal operating capacity. The cost is determined using the first-in, first-out (FIFO) method.

Purchased Inventory

Purchased inventory consists of goods acquired for resale or use in production that are not yet processed.

- The cost of purchased inventory includes the purchase price, import duties, non-recoverable taxes, and transport and handling costs directly attributable to the acquisition. Costs of purchased inventory are determined after deducting rebates and discounts. Cost is assigned using the average cost method

Net Realisable Value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory is written down to net realisable value when events or changes in circumstances indicate that the carrying amount may not be recoverable.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

DERIVATIVE FINANCIAL INSTRUMENTS

The consolidated entity has entered into derivative financial instruments to hedge its exposure to variability in cash flows arising from highly probable forecast purchases denominated in foreign currencies. These forecast transactions are expected to occur within the next 12 months and will be recognised in profit or loss as part of the cost of inventory.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged At inception of the hedge relationship, the consolidated entity documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The consolidated entity documents its risk management objective and strategy for undertaking its hedge transactions.

Note 2. Material accounting policy information (continued)

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Consolidated Entity actually hedges and the quantity of the hedging instrument that the Consolidated Entity actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below:

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs. Cash flow hedges are tested for effectiveness both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss. If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the report amounts of the assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant judgements, estimates and assumptions made during the year have been considered for significance. No significant critical judgement or accounting estimates have been made during the period, with the exception of the following:

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to note 18 for accounting policy of depreciation of property, plant and equipment.

Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carried forward losses, only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Inventory Valuation

Inventory is measured at the lower of cost and net realisable value. Significant judgement is applied in estimating the net realisable value of slow-moving and obsolete inventory, including assumptions regarding expected future demand, selling prices and the costs required to complete and sell the inventory. Where net realisable value is assessed to be lower than cost, the inventory is written down accordingly.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for warranty

A provision is taken up for expected future warranty claims, usually based on past claims. This involves significant judgement, particularly with respect to newly acquired entities or changes in the trading conditions of existing entities.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Share-based Payments

The Group's share-based payment arrangements require management to exercise judgement in determining the amount of employee services recognised during each reporting period and, where applicable, the fair value of awards.

For equity-settled awards granted under the Executive Performance Rights Plan, management estimates the number of performance rights expected to vest based on the continued employment and non-market performance conditions. At each reporting date, these estimates are reviewed and the cumulative expense recognised is adjusted prospectively to reflect the number of awards expected to ultimately vest.

The Executive Incentive Agreement comprises both cash-settled and equity-settled components. The cash-settled component is measured at fair value at each reporting date until settlement, with changes in fair value recognised in profit or loss. The fair value measurement requires management to estimate the expected outcome of the performance conditions together with the resulting obligation at the reporting date.

The equity-settled component of the Executive Incentive Agreement is subject to shareholder approval. As shareholder approval had not been obtained at 30 June 2026, grant date had not occurred. Accordingly, employee services have been recognised using an estimated grant-date fair value determined from an independent valuation applying a Monte Carlo simulation that incorporates the market-based total shareholder return (TSR) condition. Once shareholder approval is obtained and grant date occurs, the cumulative expense recognised will be adjusted prospectively, if necessary, to reflect the actual grant-date fair value.

Further information regarding the Group's share-based payment arrangements, including valuation methodologies and significant assumptions, is provided in note 38 – Share-based payments.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value of derivative financial instruments designated as cash flow hedges

The fair value of derivative financial instruments designated as cash flow hedges are obtained from third party valuations. The fair value is determined using valuation techniques which maximise the use of observable market data.

Construction contracts

Construction contract revenue is recognised over the life of the contract on a percentage of completion basis. Estimations are made of the final contract value including the likelihood of unapproved variations being accepted. Estimating the percentage of completion requires an estimate of the costs to fulfil the contract.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in products and services provided: automotive aftermarket 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	Original equipment manufacturing
Distribution	Automotive aftermarket radiators and parts

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2026	Distribution $	Heat Transfer Solutions $	Total $
Revenue			
Gross sales	65,343,354	100,624,195	165,967,549
Less: inter-segment sales	(1,750,362)	(8,762,474)	(10,512,836)
Revenue from external customers	63,592,992	91,861,721	155,454,713
Unallocated other income			1,166,616
Total revenue			156,621,329
Segment EBITDA from continuing operations	4,636,267	14,224,352	18,860,619
Corporate EBITDA			(1,064,598)
Total EBITDA from continuing operations			17,796,021
Depreciation and amortisation			(7,498,364)
Finance income			270,487
Finance costs			(1,253,817)
Profit before income tax expense from continuing operations			9,314,327
Income tax			(2,627,149)
Profit after income tax expense from continuing operations			6,687,178
Assets			
Segment assets	57,429,080	79,529,465	136,958,545
Corporate assets			4,961,059
			141,919,604
Less: consolidation adjustments			(8,333,909)
Unallocated assets:			
Cash and cash equivalents			24,482,515
Intangible assets			36,965,654
Total assets			195,033,864
Liabilities			
Segment liabilities	34,005,971	37,765,003	71,770,974
Corporate liabilities			2,669,566
			74,440,540
Less: consolidation adjustments			(8,139,688)
Total liabilities			66,300,852

Note 4. Operating segments (continued)

Consolidated - 2025	Distribution $	Heat Transfer Solutions $	Total $
Revenue			
Gross sales	65,156,409	99,501,210	164,657,619
Less: inter-segment sales	(1,952,798)	(9,619,595)	(11,572,393)
Revenue from external customers	63,203,611	89,881,615	153,085,226
Unallocated other income			1,262,915
Total revenue			154,348,141
EBITDA from continuing operations	6,015,657	9,625,347	15,641,004
Corporate EBITDA			912,692
Total EBITDA from continuing operations			16,553,696
Depreciation and amortisation			(7,187,498)
Finance income			303,284
Finance costs			(1,261,565)
Profit before income tax expense from continuing operations			8,407,917
Income tax			(2,185,104)
Profit after income tax expense from continuing operations			6,222,813
Assets			
Segment assets	54,732,863	80,206,691	134,939,554
Corporate assets			3,018,712
			137,958,266
Less: consolidation adjustments			(3,540,030)
Discontinued operations segment assets			777,448
Unallocated assets:			
Cash and cash equivalents			18,222,297
Intangible assets			36,965,654
Total assets			190,383,635
Liabilities			
Segment liabilities	31,423,807	36,358,939	67,782,746
Corporate liabilities			178,768
			67,961,514
Less: consolidation adjustments			(4,239,451)
Discontinued operations segment liabilities			411,663
Total liabilities			64,133,726

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Corporate assets and liabilities comprise head office balances that are not allocated to the reportable operating segments. Investments in subsidiaries and intercompany balances are excluded from the segment disclosures and are reflected through the consolidation elimination process.

Note 4. Operating segments (continued)

GEOGRAPHICAL INFORMATION

The Company operates manufacturing facilities in Australia and Thailand. Sales offices are located in Australia and Thailand, and the Company sells its products to customers in various countries throughout the world.

	Consolidated	
	2026	2025
	$	$
Revenue by customer location		
Australasia	136,522,080	139,796,686
Asia	18,387,515	12,482,055
Other	545,118	806,485
	155,454,713	153,085,226

	Consolidated	
	2026	2025
	$	$
Location of Company's non-current assets		
Australasia	85,542,106	82,703,721
Asia	9,115,484	9,823,444
	94,657,590	92,527,165

The geographical non-current assets above are exclusive of deferred tax assets.

Note 5. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Distribution	Heat Transfer Solutions	Total
Consolidated - 2026	$	$	$
Timing of transfer of goods and services			
Transferred at a point in time	63,592,992	62,910,278	126,503,270
Transferred over time	-	28,951,443	28,951,443
	63,592,992	91,861,721	155,454,713

	Distribution	Heat Transfer Solutions	Total
Consolidated - 2025	$	$	$
Timing of transfer of goods and services			
Transferred at a point in time	63,203,611	77,793,396	140,997,007
Transferred over time	-	12,088,219	12,088,219
	63,203,611	89,881,615	153,085,226

Note 6. Other income

	Consolidated	
	2026	2025
	$	$
Profit from disposal of property, plant and equipment	58,215	29,019
Other income	188,190	202,552
Franchisee fees	920,211	1,031,344
	1,166,616	1,262,915

Note 7. Depreciation

	Consolidated	
	2026	2025
	$	$
Depreciation expense on property, plant and equipment	2,745,761	2,517,536
Depreciation expense on right-of-use assets	4,752,603	4,669,962
	7,498,364	7,187,498

Note 8. Other expenses

	Consolidated	
	2026	2025
	$	$
Advertising expenses	1,351,206	1,479,442
ASX related expenses	193,056	156,617
Labour hire costs	1,923,612	1,447,061
Foreign exchange loss	71,408	548,317
Freight and packaging expenses	6,469,316	6,973,284
Insurance expenses	1,734,846	1,784,803
IT & communications expense	1,606,400	1,687,671
Impairment loss on fixed asset	-	1,059,597
Motor vehicle expenses	408,371	402,159
Occupancy expenses	2,725,816	2,015,154
Professional fees	680,270	971,957
Travel, training, entertainment and staff related expenses	1,554,999	1,610,123
Repairs and maintenance to assets	690,302	625,471
Miscellaneous expenses	2,586,519	2,043,871
	21,996,121	22,805,527

Note 9. Finance costs

	Consolidated	
	2026	2025
	$	$
Interest and finance charges paid/payable	24,990	35,704
Interest and finance charges paid/payable on lease liabilities	1,228,827	1,225,861
	1,253,817	1,261,565

Note 10. Income tax

	Consolidated	
	2026	2025
	$	$
Income tax expense		
Current tax	3,283,429	1,570,418
Deferred tax	(656,280)	614,782
Aggregate income tax expense	2,627,149	2,185,200
Income tax expense is attributable to:		
Profit from continuing operations	2,627,149	2,185,104
Loss from discontinued operations	-	96
Aggregate income tax expense	2,627,149	2,185,200
Numerical reconciliation of income tax expense and tax at the statutory rate for the relevant jurisdictions.		
Profit before income tax expense from continuing operations	9,314,327	8,407,917
Loss before income tax expense from discontinued operations	(164,984)	(568,784)
	9,149,343	7,839,133
Tax at the statutory tax rate of 30%	2,744,803	2,351,740
Non-assessable / non-deductible items	8,547	(57,059)
Share based payment non-deductible	101,698	3,306
Differences in overseas tax rates	(185,105)	(130,601)
Tax effect of losses not recognised – discontinued operations	49,495	-
Foreign tax credits	(54,171)	-
Adjustments in respect of prior periods and historical tax balances	(38,118)	17,814
Income tax expense	2,627,149	2,185,200

Note 10. Income tax (continued)

	Consolidated	
	2026	2025
	$	$
Deferred tax assets recognised		
Deferred tax assets recognised comprises temporary differences attributable to:		
Provisions and accruals	3,351,695	2,913,253
Prepayments	-	(15,051)
Unrealised intercompany profit in inventory	250,000	-
Leases	1,592,512	1,337,080
Unrealised foreign currency (gains)/losses	9,556	(7,894)
Deferred revenue	-	78,728
Plant and equipment	(447,595)	(416,844)
Blackhole S40 880 expenses	116,558	327,174
Total deferred tax assets recognised	4,872,726	4,216,446

	Consolidated	
	2026	2025
	$	$
Deferred tax asset		
Movements:		
Opening balance	4,216,446	4,831,228
Credited/(charged) to profit or loss	656,280	(614,782)
Closing balance	4,872,726	4,216,446

	Consolidated	
	2026	2025
	$	$
Current tax assets		
Current tax assets	-	1,162,632

	Consolidated	
	2026	2025
	$	$
Current tax liabilities		
Current tax liabilities	(890,608)	-

Note 11. Discontinued operations

Description

On 11th June 2025, the consolidated entity made the decision to exit New Zealand, with the closure of National Radiators Ltd (NRL).

Assets of NRL were classified as non-current assets held for sale in the prior financial period with a carrying value of $604,964, comprising mainly inventory and minor plant and equipment. These assets were disposed of and derecognised during the current year, with proceeds received during the period. No material gain or loss arose on disposal.

Financial performance information

	Consolidated	
	2026	2025
	$	$
Revenue	14,143	1,898,843
Other revenue	42,287	12,009
Total revenue	56,430	1,910,852
Expenses	(221,414)	(2,479,636)
Total expenses	(221,414)	(2,479,636)
Loss before income tax expense	(164,984)	(568,784)
Income tax expense	-	(96)
Loss after income tax expense from discontinued operations	(164,984)	(568,880)

Cash flow information

	Consolidated	
	2026	2025
	$	$
Net cash from/(used in) operating activities	(421,187)	616,610
Net cash from investing activities	622,022	44,271
Net cash used in financing activities	(139)	(107,297)
Net increase in cash and cash equivalents from discontinued operations	200,696	553,584

Note 12. Cash and cash equivalents

	Consolidated	
	2026	2025
	$	$
Cash at bank	12,642,183	13,222,297
Term deposit	11,840,332	5,000,000
	24,482,515	18,222,297

Term deposit at 5.03% p.a. (2025: 4.95% p.a).

Note 13. Trade, other receivables and prepayments

	Consolidated	
	2026	2025
	$	$
Current		
Trade debtors	19,184,412	19,036,095
Less: Allowance for expected credit losses	(91,876)	(143,767)
	19,092,536	18,892,328
Other receivables	762,583	1,154,375
Prepayments	1,287,539	1,284,359
	2,050,122	2,438,734
Security deposit	750,000	750,000
	21,892,658	22,081,062

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2026	2025
	$	$
Opening balance	143,767	18,265
Additional provisions recognised	29,593	180,370
Receivables written off during the year as uncollectable	(7,000)	(40,755)
Unused amounts reversed	(74,484)	(14,113)
Closing balance	91,876	143,767

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026	2025	2026	2025	2026	2025
Consolidated	%	%	$	$	$	$
Not overdue	-	0.01%	12,961,729	13,118,255	-	1,179
0 to 3 months overdue	0.32%	1.19%	5,421,578	5,675,010	17,336	67,284
3 to 6 months overdue	12.53%	31.08%	410,178	242,830	51,383	75,304
Over 6 months overdue	5.92%	-	390,927	-	23,157	-
			19,184,412	19,036,095	91,876	143,767

Note 14. Contract assets

	Consolidated	
	2026	2025
	$	$
Current assets		
Contract assets	718,747	4,652,409
Reconciliation		
Opening balance	4,652,409	2,752,606
Additions	28,951,443	29,994,256
Transfer to trade debtor	(32,885,105)	(28,094,453)
Closing balance	718,747	4,652,409

Note 15. Inventories

	Consolidated	
	2026	2025
	$	$
Current		
Raw materials	16,796,242	16,892,956
Finished goods	21,995,174	21,050,321
Work in progress	3,631,590	3,914,821
Stock in transit - at cost	5,929,128	5,058,562
	48,352,134	46,916,660

Note 16. Derivative financial instruments

	Consolidated	
	2026	2025
	$	$
Current assets		
Forward foreign exchange contracts - cash flow hedges	57,494	-
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	-	(212,980)

Note 17. Right-of-use assets

	Consolidated	
	2026	2025
	$	$
Non-current assets		
Land and buildings - right-of-use	56,225,607	52,942,524
Less: Accumulated depreciation	(19,633,618)	(16,855,794)
	36,591,989	36,086,730
Plant and equipment - right-of-use	617,285	402,758
Less: Accumulated depreciation	(277,879)	(165,159)
	339,406	237,599
	36,931,395	36,324,329

The Consolidated Entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 15 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Consolidated Entity also leases plant and equipment under agreements of between 1 to 5 years.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & Equipment $	Buildings $	Total $
Balance at 1 July 2024	230,638	43,241,714	43,472,352
Additions	90,960	936,994	1,027,954
Reduction in lease term options	-	(3,398,653)	(3,398,653)
Depreciation expense	(83,999)	(4,693,325)	(4,777,324)
Balance at 30 June 2025	237,599	36,086,730	36,324,329
Additions	222,465	5,383,342	5,605,807
Reduction in lease term options	-	(246,138)	(246,138)
Depreciation expense	(120,658)	(4,631,945)	(4,752,603)
Balance at 30 June 2026	339,406	36,591,989	36,931,395

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 18. Property, plant and equipment

	Consolidated	
	2026	2025
	$	$
Non-current		
Land and buildings - at cost	6,179,489	5,974,951
Less: Accumulated depreciation	(1,830,197)	(1,604,271)
	4,349,292	4,370,680
Leasehold improvements - at cost	3,048,345	2,010,354
Less: Accumulated depreciation	(1,489,432)	(1,306,428)
	1,558,913	703,926
Plant and equipment - at cost	29,212,418	28,778,607
Less: Accumulated depreciation	(22,456,640)	(21,018,624)
	6,755,778	7,759,983
Fixtures and fittings - at cost	2,956,681	2,823,596
Less: Accumulated depreciation	(2,033,417)	(1,897,147)
	923,264	926,449
Motor vehicles - at cost	2,779,357	2,533,846
Less: Accumulated depreciation	(1,721,169)	(1,400,337)
	1,058,188	1,133,509
Office equipment - at cost	6,876,390	6,094,545
Less: Accumulated depreciation	(5,468,100)	(5,067,341)
	1,408,290	1,027,204
Product Development - Cost	3,167,806	2,441,401
Less: Accumulated depreciation	(667,832)	(626,877)
	2,499,974	1,814,524
Capital work-in-progress	1,990,036	1,285,607
	20,543,735	19,021,882

Note 18. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land & Buildings $	Leasehold improvements $	Plant & Equipment $	Office Equipment $	Furniture & Fittings $	Motor Vehicles $	Product Development $	Capital Work In Progress $	Total $
Balance at 1 July 2024	2,976,439	538,136	6,897,493	903,352	764,608	1,294,128	1,034,518	3,254,104	17,662,778
Additions	-	330,550	1,060,873	477,045	123,607	200,981	726,187	1,248,393	4,167,636
Disposals	-	(18,113)	(183,767)	(54,231)	3,011	(74,326)	-	-	(327,426)
Exchange differences	428,131	256	338,596	16,849	3,384	14,582	85,186	234,306	1,121,290
Impairment loss	-	-	(1,059,597)	-	-	-	-	-	(1,059,597)
Transfers in/(out)	1,234,816	-	2,066,697	-	149,683	-	-	(3,451,196)	-
Depreciation expense	(268,706)	(146,903)	(1,360,312)	(315,811)	(117,844)	(301,856)	(31,367)	-	(2,542,799)
Balance at 30 June 2025	4,370,680	703,926	7,759,983	1,027,204	926,449	1,133,509	1,814,524	1,285,607	19,021,882
Additions	4,985	1,037,991	419,835	789,305	149,167	246,937	725,904	2,121,495	5,495,619
Disposals	(21,363)	-	(167,410)	(22,564)	(12,452)	-	-	-	(223,789)
Exchange differences	(183,566)	-	(123,920)	(1,679)	(5,834)	(1,426)	(69,929)	(617,862)	(1,004,216)
Transfers in/(out)	404,481	-	305,306	16,783	2,204	-	70,430	(799,204)	-
Depreciation expense	(225,925)	(183,004)	(1,438,016)	(400,759)	(136,270)	(320,832)	(40,955)	-	(2,745,761)
Balance at 30 June 2026	4,349,292	1,558,913	6,755,778	1,408,290	923,264	1,058,188	2,499,974	1,990,036	20,543,735

Note 18. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. In accordance with AASB136 Impairment of Assets, the Company during FY25 elected to impair an internally developed R&D asset related to the development of a new product and manufacturing technique that in its present form is not economically viable. The impairment loss is included in other expenses refer note 8.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives.

Asset Categories	**Straight Line Depreciation Rates**
Land & Buildings	2.5%-5.0%
Fixtures & Fittings	7.5%-33.3%
Leasehold Improvements	7.0%-33.0%
Plant & Equipment	5.0%-33.3%
Motor Vehicle	5.0%-25.0%
Office Equipment	33.3%-50.0%
Office Furniture	7.5%-12.0%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 19. Intangible assets

	Consolidated	
	2026	2025
	$	$
Non-current assets		
Goodwill	36,965,654	36,965,654

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	2026	2025
	$	$
Heat Transfer Solutions	20,705,927	20,705,927
Distribution	16,259,727	16,259,727
	36,965,654	36,965,654

Note 19. Intangible assets (continued)

The recoverable amount of the Consolidated Entity's goodwill has been determined using value-in-use calculations based on discounted cash flow forecasts. The cash flow forecasts cover the five-year period from 1 July 2026 to 30 June 2031 and are based on management's latest forecasts. Cash flows beyond the detailed forecast period are extrapolated using a terminal growth rate.

Key assumptions are those to which the recoverable amount of each cash-generating unit is most sensitive. The forecasts are based on management's expectations having regard to past experience, recent operating performance, current and expected market conditions and forecast micro- and macro-economic factors supported by external market data and internal analysis.

The following key assumptions were used in the discounted cash flow model for the HTS division:

- Pre-tax discount rate of 12.44%
- Forecast capital expenditure reflects management's expectations having regard to the operational requirements of the business over the forecast period.
- Forecast revenue growth based on management's expectations of future customer demand, market conditions and trading performance.
- 2.5% terminal growth rate

The pre-tax discount rate reflects management's estimate of the time value of money and the risks specific to the HTS division that have not otherwise been reflected in the forecast cash flows.

Based on the above, the recoverable amount of the HTS division exceeded the carrying amount.

The following key assumptions were used in the discounted cash flow model for the Distribution division:

- Pre-tax discount rate of 12.44%
- Forecast capital expenditure consistent with maintaining the existing productive capacity of the business
- Forecast revenue growth and operating profitability based on management's expectations of future trading performance, market conditions and operational improvements.
- 2.5% terminal growth rate

The pre-tax discount rate reflects management's estimate of the time value of money and the risks specific to the Distribution division that have not otherwise been reflected in the forecast cash flows.

Based on the above, the recoverable amount of the Distribution division exceeded the carrying amount.

Sensitivity

As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should actual outcomes differ adversely from these judgements and estimates, the recoverable amount of the relevant cash-generating unit may decrease. The sensitivities are as follows:

- A decrease of 10% in the profit before tax for the Distribution division would not result in goodwill needing to be impaired, with all other assumptions remaining constant.
- An increase of 1.0 percentage point in the pre-tax discount rate for the Distribution division would not result in goodwill needing to be impaired, with all other assumptions remaining constant
- A decrease of 10% in the profit before tax for the HTS division would not result in goodwill needing to be impaired, with all other assumptions remaining constant
- An increase of 1.0 percentage point in the pre-tax discount rate for the HTS division would not result in goodwill needing to be impaired, with all other assumptions remaining constant.

Note 19. Intangible assets (continued)

Management believes that no reasonably possible change in the key assumptions used in determining the recoverable amount of the HTS and Distribution cash-generating units would cause their carrying amounts to exceed their recoverable amounts.

ACCOUNTING POLICY FOR INTANGIBLE ASSETS

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Impairment testing is conducted annually to ascertain whether the carrying value of intangibles exceeds the recoverable amount.

Note 20. Trade and other payables

	Consolidated	
	2026	2025
	$	$
Current		
Trade creditors and accruals	10,492,902	10,003,417
Other creditors	2,260,942	1,632,457
Employee entitlements payable	3,521,742	4,587,943
	16,275,586	16,223,817

Trade creditors and accruals include amounts payable to the Managing Director and Chief Executive Officer and the Chief Financial Officer in relation to remuneration incentives of $345,465 and $20,000, respectively.

Payables to external parties are unsecured and are usually paid within 30-60 days of recognition.

Payables to related entities are unsecured, non-interest bearing, with no fixed terms for repayment.

Note 21. Borrowings and interest-bearing liabilities

	Consolidated	
	2026	2025
	$	$
Current liabilities		
Equipment finance liability - secured	183,393	166,434
Non-current liabilities		
Equipment Finance Liability - Secured	222,519	394,215
	405,912	560,649

Note 21. Borrowings and interest-bearing liabilities (continued)

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

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).

* At the direction of the Company, the Multi-Option Facilities (aggregate limit of $4.3 million) and the Equipment Finance Facility (limit of $1.5 million) were cancelled on 30 June 2026. Existing equipment finance loans remain in place until their contractual maturity.

Following the closure of the Multi-Option and Equipment Finance Facilities, the remaining facilities available under the Facility Agreement comprise the Letter of Credit Facility, Visa Facility, Currency Facility and Direct Debit Facility, with aggregate committed limits of $4.435 million.

Facility	Limit	Note
LC Facility	$1,500,000	
Visa Facility	$50,000	
Currency Facility	$2,500,000	Or its equivalent in any foreign currency.
Debit Facility	$385,000	
Total	$4,435,000	

Facility	Repayment date
LC Facility	Subject to annual review or such earlier time as notified by the Financier.
Visa Facility	On demand.
Currency Facility	Subject to annual review or such earlier time as notified by the Financier.
Debit Facility	Subject to annual review or such earlier time as notified by the Financier.

Permitted use of funds

LC Facility – to support bank guarantees and performance bonds issued in the ordinary course of business.

Visa Facility – to fund day-to-day operating expenditure.

Currency Facility – to settle and hedge foreign currency exposures.

Debit Facility – to facilitate the collection of monthly franchise fees.

Securities

The Company has entered general security deeds for each Group entity in favour of the Financier. Each Group company has also provided a guarantee and indemnity in favour of each other Group entity under the Facility Agreement.

Where applicable, specific security interests have been granted over plant, equipment and motor vehicles financed under the Equipment Finance Facility.

The Company has also entered a flawed asset arrangement in respect of a $750,000 term deposit held with the Financier.

Note 22. Lease liabilities

	Consolidated	
	2026	2025
	$	$
Current liabilities		
Lease liability	4,306,560	3,475,945
Non-current liabilities		
Lease liability	37,918,401	37,312,829
	42,224,961	40,788,774

The following leases were entered into during the year:

Lease	Commencement Date	Lease Term
1/50 Neumann Rd, Capalaba, QLD	1 October 2025	3 years
Unit 1/6 Craftsman Close, Beresfield, NSW	1 June 2026	3 years
252 Hammond Road, Dandenong, VIC	1 June 2026	5 years

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Provisions

	Consolidated	
	2026	2025
	$	$
Current		
Employee benefits	3,966,514	3,995,226
Warranty provision	1,752,281	1,839,462
Other	-	4,643
	5,718,795	5,839,331
Non-current		
Employee benefits	784,990	508,175
	6,503,785	6,347,506

Note 23. Provisions (continued)

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in warranty provision during the current financial year is set out below:

	2026	2025
	$	$
Carrying amount at the start of the year	1,839,462	1,936,946
Additional provisions recognised	1,581,519	2,163,851
Amounts used	(1,668,700)	(2,261,335)
Carrying amount at the end of the year	1,752,281	1,839,462

Note 24. Contributed equity

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	$	$
Ordinary shares - fully paid	81,321,356	81,303,113	43,718,349	43,704,760

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	81,287,358		43,693,739
Issued shares from employee share plan	17 October 2024	15,755	$0.6995	11,021
Balance	30 June 2025	81,303,113		43,704,760
Shares issued under performance rights plan, immediately vested	14 October 2025	18,243	$0.7449	13,589
Balance	30 June 2026	81,321,356		43,718,349

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.

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.

Note 24. Contributed equity (continued)

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.

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 25. Reserves

	Consolidated	
	2026	2025
	$	$
Foreign currency translation reserve	(1,511,335)	266,961
Hedging reserve	57,494	(212,980)
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	325,406	37,504
	(1,650,621)	(430,701)

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of financial statements into the presentation currency. The relevant amounts included in the foreign currency translation reserve will be recognised in the consolidated statement of profit or loss and other comprehensive income when each relevant investment in the entity is disposed.

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.

The 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 share-based payment reserve is used to recognise the cumulative expense associated with equity-settled share-based payment arrangements granted to employees and directors as part of the Group's remuneration framework. Amounts are recognised over the applicable vesting period with reference to the grant-date fair value of the equity instruments awarded.

Note 26. Dividends

Financial year	Type	Declaration date	Record date	Payment date	Cents per share	Total distribution $'million
FY25	Interim	25 February 2025	5 March 2025	3 April 2025	1.40	1.1
	Final	18 August 2025	8 September 2025	29 September 2025	2.08	1.7
Total FY25					3.48	2.8
FY26	Interim	18 February 2026	19 March 2026	9 April 2026	1.45	1.2
	Final (1)	17 August 2026	21 September 2026	21 October 2026	2.56	2.1
Total FY26					4.01	3.3

(1) The FY26 final dividend was declared after the reporting date and, accordingly, has not been recognised as a liability at 30 June 2026.

Note 26. Dividends (continued)

Franking credits

	Consolidated	
	2026	2025
	$'000	$'000
Franking credits available at the reporting date based on a tax rate of 30%	40,251	39,152
Franking credits available for subsequent financial years based on a tax rate of 30%	40,251	39,152

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date; and
- franking debits that will arise from the payment of declared dividends recognised at the reporting date.

Note 27. Financial instruments

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

MARKET RISK

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. The Company has updated its risk management policy to hedge up to 100% of known foreign currency purchase transactions up to a maximum of 12 months.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2026	2025	2026	2025
AUD *	-	-	10,926	668
CAD	547	570	18,290	176,053
EUR	-	-	310,450	131,060
GBP	-	-	56,907	56,907
MYR	-	-	-	18,217
NZD	-	-	-	1,568
THB	-	-	6,038	79,944
USD	211	1,343,459	788,637	2,622,951
JPY	-	-	393	-

* Foreign entities' exposure to AUD

Note 27. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the Consolidated Entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	2026	2025	2026	2025
	$	$		
Buy USD with maturity dates July 2026 to September 2026	2,806,112	9,019,913	0.70	0.64
Buy EUR with maturity dates July 2026	165,453	731,348	0.60	0.55
Buy CAD with maturity dates September 2026	287,622	159,645	0.97	0.88
Buy THB with maturity dates July 2026 to August 2026	1,181,600	2,399,011	22.99	20.84
Buy NZD with maturity dates July 2026	335	-	1.21	-

The table below details the Company's sensitivity to a 10% increase or decrease in the Australian Dollar against respective forward foreign exchange contracts entered into at the reporting date:

	Consolidated	
	2026	2025
	$	$
Change in cash flow hedge reserves (in accordance with hedge accounting application)		
- Increase in AUD against foreign currencies hedged by 10%	355,785	(1,318,895)
- Decrease in AUD against foreign currencies hedged by 10%	(502,137)	989,220
Change in derivative financial assets		
- Increase in AUD against foreign currencies hedged by 10%	(355,785)	-
- Decrease in AUD against foreign currencies by 10%	502,137	-
Change in derivative financial liabilities		
- Increase in AUD against foreign currencies hedged by 10%	-	(1,318,895)
- Decrease in AUD against foreign currencies by 10%	-	989,220

SENSITIVITY ANALYSIS – FOREIGN CURRENCY RISK

As at 30 June 2026, exchange rates used to translate the above were 0.9778 to the CAD, 0.6034 to the EUR, 1.2166 to the NZD, 22.87 to the THB and 0.6869 to the USD (2025: 0.8947 to the CAD, 0.5586 to the EUR, 2.7602 to the MYR, 1.0768 to the NZD, 21.29 to the THB and 0.6550 to the USD). A strengthening (weakening) of the CAD, EUR, NZD, THB or USD against the AUD at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and increased or (decreased) equity and profit or loss by the amounts shown in the table below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. Assumptions made in the analysis are that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Note 27. Financial instruments (continued)

	AUD strengthened			AUD weakened		
Consolidated - 2026	% change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)	% change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)
CAD	10%	(27,297)	(27,297)	(10%)	27,371	27,371
EUR	10%	(14,792)	(14,792)	(10%)	16,847	16,847
GBP	10%	-	-	(10%)	-	-
JPY	10%	-	-	(10%)	-	-
MYR	10%	-	-	(10%)	-	-
NZD	10%	(32)	(32)	(10%)	32	32
THB	10%	(101,551)	(101,551)	(10%)	125,260	125,260
USD	10%	(212,113)	(212,113)	(10%)	332,627	332,627
		(355,785)	(355,785)		502,137	502,137

	AUD strengthened			AUD weakened		
Consolidated - 2025	% change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)	% change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)
CAD	10%	(13,649)	(13,649)	(10%)	11,167	11,167
EUR	10%	(10,194)	(10,194)	(10%)	8,340	8,340
GBP	10%	(4,426)	(4,426)	(10%)	3,621	3,621
JPY	10%	-	-	(10%)	-	-
MYR	10%	(1,417)	(1,417)	(10%)	1,159	1,159
NZD	10%	(122)	(122)	(10%)	100	100
THB	10%	(6,218)	(6,218)	(10%)	5,087	5,087
USD	10%	(99,516)	(99,516)	(10%)	81,422	81,422
		(135,542)	(135,542)		110,896	110,896

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's exposure to interest risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and financial liabilities, arises from working capital facilities including overdraft and trade finance which are subject to variable interest rates. The amounts subject to cash flow interest rate risk are in the statement of financial position at carrying amounts of these items. Long term borrowings are at fixed interest rate. The consolidated entity does not hedge against its interest risks.

Note 27. Financial instruments (continued)

	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
	$	$	$	$
2026				
Financial Assets				
Cash and cash equivalents	12,642,183	11,840,332	-	24,482,515
Trade and other receivables	-	-	19,855,119	19,855,119
Derivative financial instruments – cash flow hedges	-	-	57,494	57,494
Total financial assets	12,642,183	11,840,332	19,912,613	44,395,128
Financial Liabilities				
Trade and other payables	-	-	16,275,586	16,275,586
Borrowings and interest-bearing loans	-	405,912	-	405,912
Lease liabilities	-	42,224,961	-	42,224,961
Total financial liabilities	-	42,630,873	16,275,586	58,906,459

	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
	$	$	$	$
2025				
Financial assets				
Cash and cash equivalents	13,222,297	5,000,000	-	18,222,297
Trade and other receivables	-	-	20,046,703	20,046,703
Total financial assets	13,222,297	5,000,000	20,046,703	38,269,000
Financial liabilities				
Trade and other payables	-	-	16,223,817	16,223,817
Borrowings and interest-bearing liabilities	-	560,649	-	560,649
Derivative financial instruments – cash flow hedges	-	-	212,980	212,980
Lease liabilities	-	40,788,774	-	40,788,774
Total financial liabilities	-	41,349,423	16,436,797	57,786,220

SENSITIVITY ANALYSIS – INTEREST RATE RISK

A change in 100 basis points in interest rates at the beginning of the reporting period would have increased or (decreased) equity and profit or loss by the amounts shown in the following table. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Note 27. Financial instruments (continued)

	Basis points increase			Basis points decrease		
Consolidated - 2026	Basis points change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)	Basis points change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)
Net cash flow sensitivity	100	(124,197)	(124,197)	(100)	124,197	124,197

	Basis points increase			Basis points decrease		
Consolidated - 2025	Basis points change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)	Basis points change	Effect on profit or loss (net of tax)	Effect on equity (net of tax)
Net cash flow sensitivity	100	(161,890)	(161,890)	(100)	161,890	161,890

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Note 27. Financial instruments (continued)

Consolidated - 2026	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Undiscounted contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	16,275,586	-	-	-	16,275,586
Interest-bearing						
Equipment finance	5.26%	183,393	222,519	-	-	405,912
Lease liability	3.04%	4,391,770	4,470,769	12,298,381	21,064,041	42,224,961
Total financial liabilities		20,850,749	4,693,288	12,298,381	21,064,041	58,906,459

Consolidated - 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Undiscounted contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	12,873,676	-	-	-	12,873,676
Interest-bearing						
Trade finance	5.26%	211,768	202,088	215,696	-	629,552
Lease liability	3.30%	5,316,676	5,177,220	13,560,723	23,863,008	47,917,627
Derivatives						
Forward foreign exchange contracts – cash flow hedges	-	212,980	-	-	-	212,980
Total financial liabilities		18,615,100	5,379,308	13,776,419	23,863,008	61,633,835

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 27. Financial instruments (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

The carrying amount is fair value due to the liquid nature of these assets.

Receivables

The carrying amounts of current receivables are assumed to approximate their fair values due to their short-term nature.

Trade and Other Payables

Due to the nature of these financial liabilities, their carrying amounts are a reasonable approximation of their fair values.

Lease Liabilities

Fair value is calculated based on the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the consolidated entity's estimated incremental borrowing rate.

Derivative financial instruments

The fair value of derivative financial instruments designated as cash flow hedges are obtained from third party valuations.

The fair value is determined using valuation techniques which maximise the use of observable market data. The consolidate entity uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

The fair values of financial instruments measured at fair value, being derivative financial instruments designated as cash flow hedges, were determined using Level 2 valuation techniques.

Note 28. Key management personnel disclosures

Directors

The following persons were Directors of Adrad Holdings Limited during the financial year:

Mr. Donald McGurk	Independent Non-Executive Chairman
Mr. Paul Proctor	Chief Executive Officer and Managing Director
Mr. Gary Washington	Non-Executive Director
Mr. Howard Coombs	Independent Non-Executive Director (appointed 10 March 2026)
Mr Glenn Davis	Independent Non-Executive Chairman (resigned 9 September 2025)
Mr Darryl Abotomey	Independent Non-Executive Director (resigned 22 September 2025)

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Mr. Roderick Hyslop	Chief Financial Officer and Company Secretary (resigned on 15 July 2026)
Mr Kevin Boyle	Chief Executive Officer (Resigned 28 July 2025)

Note 28. Key management personnel disclosures (continued)

Compensation

Detailed remuneration disclosures are provided in the Remuneration Report on pages **25-38**. The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2026	2025
	$	$
Short-term employee benefits	1,593,758	1,291,480
Post-employment benefits	100,525	93,742
Long-term benefits	1,577	2,250
Share-based payment	477,343	
	2,173,202	1,387,472

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the Consolidated Entity.

	Consolidated	
	2026	2025
	$	$
Audit services - William Buck (SA)		
Audit or review of the financial statements	182,000	150,000
	-	-
Other services - William Buck (SA)		
Tax compliance	74,848	56,700
Other consultancy advice	-	43,565
	74,848	100,265
Audit services - William Buck (NZ)		
Audit or review of the financial statements	-	10,000
Other services - William Buck (NZ)		
Tax compliance	12,114	-
Other consultancy advice	2,129	-
	14,243	-
Audit services – Forvis Mazars		
Audit or review of the financial statements & BOI - Thailand	24,305	24,048
		-
Other services – Forvis Mazars		
Tax compliance	39,897	-
	335,293	284,313

Note 30. 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 30 June 2026 of $889,987 (2025: $950,792) to various landlords and $149,900 (2025: $477,896) to various Customers for Defects Liability. The Company has provided a $750,000 (2025: $750,000) cash backed security deposit in relation to these guarantees which have been recorded and reported as receivables; refer to note 13 Trade and other receivables for details.

Note 31. Related party transactions

Parent entity

Adrad Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the Remuneration Report included in the Directors' Report.

Other related parties

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

- 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. During FY26, rental payments under the Harlaxton Leases and the Arlyngton Lease were made to CBRE (V) Pty Ltd Trust Account, acting solely as property manager and collection agent on behalf of the respective property trusts. This administrative change did not alter the related party nature of the underlying lease arrangements.

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.

DMAW Lawyers was a related party of the consolidated entity until 9 September 2025 due to Mr Glenn Davis, Non-Executive Chairman, being a principal of the firm. During the period to the date of Mr Davis' resignation, legal fees of $3,312 were paid to DMAW Lawyers for general legal services, including contract drafting. Fees were charged on normal commercial terms and market rates.

Note 31. Related party transactions (continued)

No ongoing retainer arrangement exists between the Company and DMAW Lawyers. In the comparative period, no legal fees or other transactions were incurred with DMAW Lawyers (excluding Mr Davis' Director fees).

During the financial year, Mrs Karen Washington, the wife of Mr Gary Washington (a Non-Executive Director), was employed by the Group on a part-time basis as Co-Founder Relationship Manager. The total value of her remuneration during the financial year was $100,800 (2025: $100,350), including superannuation.

Loans to/from and transactions with related parties

The following balances are outstanding at the reporting date in relation to loans and transactions that occurred during the year with related parties:

	Consolidated	
	2026	2025
	$	$
Trade debtor:		
Harrop Engineering Pty Ltd	28,426	291,653
Right-of use assets (Net of depreciation):		
Arlyngton ATF The Beverley Property Unit Trust	4,034,169	4,419,590
Harlaxton Pty Ltd ATF The Washington Family Trust	13,467,456	20,380,813
Trade creditor:		
Harrop Engineering Pty Ltd	17,022	1,264
Harrop Casting Technologies Pty Ltd	-	-
Harlaxton Pty Ltd ATF The Washington Family Trust	358	5,781
Current borrowings:		
Current lease liabilities:		
Arlyngton ATF The Beverley Property Unit Trust	344,087	308,564
Harlaxton Pty Ltd ATF The Washington Family Trust	1,484,278	1,578,094
Non-current lease liabilities:		
Arlyngton ATF The Beverley Property Unit Trust	4,382,426	4,711,011
Harlaxton Pty Ltd ATF The Washington Family Trust	18,904,318	21,566,976
Sales Revenue:		
Harrop Engineering Pty Ltd	594,380	751,454
Occupancy Expenses:		
Arlyngton ATF The Beverley Property Unit Trust	-	413,506
Harlaxton Pty Ltd ATF The Washington Family Trust	114,344	2,081,896
Payments made via CBRE (V) Pty Ltd Trust Account on behalf of the above related party property trusts	1,015,929	-
Raw materials and consumables expenses:		
Harrop Engineering Pty Ltd	1,400	47,916
Harrop Casting Technologies Pty Ltd	-	100,780

Terms and conditions

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

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2026	2025
	$	$
(Loss)/profit after income tax	(3,431,458)	1,137,386
Total comprehensive income	(2,881,450)	924,406

Statement of financial position

	Parent	
	2026	2025
	$	$
Total current assets	8,514,806	4,419,514
Total assets	111,512,796	106,616,934
Total current liabilities	1,646,728	670,732
Total liabilities	13,442,635	2,798,527
Equity		
Contributed equity	43,718,349	43,704,760
Hedging reserves – cash flow hedges	57,494	(212,980)
Share-based payments reserve	269,413	37,504
Retained profits	54,024,905	60,289,123
Total equity	98,070,161	103,818,407

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity executed deed of cross guarantee on 22 June 2023 with its Australian domicile subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
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%
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%

* As announced on 11 June 2025, the Company took the decision to sell the assets of the distribution operations in New Zealand, cease trading and wind up the National Radiators Ltd foreign (NZ) subsidiary. The agreement entered into with the counterparty was agreed in FY25 with the operation wound up during Q1FY26.

Note 34. Deed of cross guarantee

The Company and its wholly-owned subsidiaries, forming the consolidated entity, have entered into a deed of cross guarantee pursuant to ASIC Corporations Instrument 2016/785. The deed of cross guarantee was executed on 22 June 2023 and Adrad Holdings Limited is the Holding Entity pursuant to this deed. The subsidiaries are relieved from the requirement to prepare and lodge an audited financial report.

The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed. The total liabilities of the group entities party to the deed of cross guarantee as at 30 June 2026 were $63,307,487 (2025: $53,305,503).

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2026	2025
	$	$
Profit after income tax expense for the year	6,522,194	5,653,933
Adjustments for:		
Depreciation and amortisation	7,498,364	7,187,498
Net (gain)/loss on disposal of non-current assets	(58,215)	227,049
Impairment loss expense	-	1,059,598
Share-based payments recognised directly in equity	338,994	11,021
Foreign exchange differences	(652,768)	1,357,297
Net fair value loss/(gain) on derivative liabilities	-	212,980
Change in operating assets and liabilities:		
Decrease in trade and other receivables	188,404	1,621,255
Decrease/(increase) in contract assets	3,933,662	(3,156,563)
Increase in other assets	(1,506)	-
Increase in inventories	(1,435,474)	(1,151,661)
(Increase)/decrease in deferred tax assets	(656,280)	614,782
Increase in trade and other payables	51,769	870,819
Increase/(decrease) in provision for income tax	2,053,240	(432,659)
Increase/(decrease) in other provisions	156,278	(128,571)
Net cash from operating activities	17,938,662	13,946,778

Note 36. Changes in liabilities arising from financing activities

	Bank Financing	Lease Liability	Total
Consolidated	$	$	$
Balance at 1 July 2024	1,392,578	47,378,155	48,770,733
Net cash used in financing activities	(831,929)	(5,142,776)	(5,974,705)
Options not to be exercised on leases	-	(2,474,559)	(2,474,559)
Acquisition of leases	-	1,027,954	1,027,954
Balance at 30 June 2025	560,649	40,788,774	41,349,423
Net cash used in financing activities	(154,737)	(3,919,554)	(4,074,291)
Options not to be exercised on leases	-	(148,665)	(148,665)
Acquisition of leases	-	5,504,406	5,504,406
Balance at 30 June 2026	405,912	42,224,961	42,630,873

Note 37. Earnings per share

	Consolidated	
	2026	2025
	$	$
Profit after income tax attributable to the owners of Adrad Holdings Limited used to calculate earnings per ordinary share		
Continuing operations	6,687,178	6,222,813
Discontinued operations	(164,984)	(568,880)
Total operations	6,522,194	5,653,933

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,299,903	81,298,451
Adjustments for calculation of diluted earnings per share:		
Performance share rights over ordinary shares	167,659	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,467,562	81,298,451

	Cents	Cents
Basic earnings per share	8.23	7.65
Diluted earnings per share	8.21	7.65

	Cents	Cents
Basic earnings per share	(0.20)	(0.70)
Diluted earnings per share	(0.20)	(0.70)

	Cents	Cents
Basic earnings per share	8.02	6.95
Diluted earnings per share	8.01	6.95

Note 38. Share-based payments

Accounting policy

The Group provides equity-settled and cash-settled share-based payment arrangements to selected employees and directors as part of its remuneration framework.

Equity-settled awards are measured at the fair value of the equity instruments at grant date. The grant-date fair value is recognised as an employee benefit expense over the applicable vesting period, with a corresponding increase in the share-based payment reserve. Service conditions and non-market performance conditions are not reflected in grant-date fair value; instead, the cumulative expense is adjusted for the number of awards expected to vest. No cumulative expense is recognised for awards that fail to vest because a service condition or non-market performance condition is not satisfied.

Cash-settled awards are measured at fair value at each reporting date and at settlement. Changes in the fair value of the liability are recognised in employee benefits expense until the liability is settled.

Where an equity-settled award is subject to shareholder approval and grant date has not occurred, the Group estimates the grant-date fair value for the purpose of recognising employee services received before grant date. The cumulative expense is updated when grant date occurs to reflect the actual grant-date fair value.

The share-based payment expense recognised in this note includes awards granted to employees who are not Key Management Personnel. Accordingly, the expense recognised in these financial statements will not reconcile directly to the share-based payment amounts disclosed in the Remuneration Report.

Share-based payment arrangements

Arrangement	Classification	Participants	Performance / service conditions	Settlement	FY26 status
Executive Performance Rights Plan (LTI)	Equity-settled	Selected members of management	EPS growth and continued employment	One ordinary share per vested right	Rights granted during FY26; vesting outcomes assessed at 30 June 2026
FY26 STI equity component	Equity-settled, Managing director subject to shareholder approval	Eligible executives and selected management	Board determination of FY26 performance outcome; any post-award service/deferral condition per invitation	One ordinary share per right	Equity award value of $140,551, estimated 103,650 performance rights to be granted.
Executive incentive arrangement - cash component	Cash-settled	Managing Director	Absolute TSR and continued service to 31 August 2027	Cash	Liability remeasured at 30 June 2026
Executive incentive arrangement - equity component	Equity-settled, subject to shareholder approval	Managing Director	Absolute TSR and continued service to 30 September 2028	One ordinary share per vested right	1,015,000 rights proposed; grant date had not occurred at 30 June 2026

Note 38. Share-based payments (continued)

EXECUTIVE PERFORMANCE RIGHTS PLAN (LTI)

Key Term	Description
Exercise price	Nil
Settlement	One fully paid ordinary share for each vested performance right
Performance measure	Compound annual growth in earnings per share over the relevant three-year performance period
Performance condition	Tranche-specific EPS growth hurdles approved by the Board
Service condition	Continued employment through the applicable testing or vesting date, subject to the Plan Rules and Board discretion

The aggregate LTI grants during the year were as follows. The grant-date fair value of the zero-exercise-price performance rights was based on the closing market price of the Company's ordinary shares on the respective grant dates. As the performance rights were granted for nil consideration and were not subject to market-based vesting conditions, no valuation model was required.

Tranche	Grant date	Performance testing date	Rights granted	Fair value per right	Total grant date fair value	FY26 vesting assessment
				$	$	
FY24	3 April 2026	30 June 2026	153,381	$1.10	168,719	Did not satisfy the performance condition
FY25	3 April 2026	30 June 2027	193,641	$1.10	213,005	Not yet tested. Management assessed the probability of achieving the performance and service conditions at 30 June 2026.
FY26	3 April 2026	30 June 2028	194,245	$1.10	213,670	Not yet tested. Management assessed the probability of achieving the performance and service conditions at 30 June 2026.
FY26	21 April 2026	30 June 2028	183,419	$1.33	243,947	Not yet tested. Management assessed the probability of achieving the performance and service conditions at 30 June 2026.
			724,686		839,341	

Movement of LTI performance rights

	2026 Number
Outstanding at 1 July 2025	-
Granted during the year	724,686
Forfeited during the year	-
Vested / exercised during the year	-
Expired / lapsed during the year	-
Outstanding at 30 June 2026	724,686
Exercisable at 30 June 2026	-

Note 38. Share-based payments (continued)

Performance rights vest only upon satisfaction of the applicable earnings per share performance hurdle together with the continued employment condition. The FY24 tranche did not satisfy the relevant performance hurdle and will lapse in accordance with plan rules. Following the resignation of the former Chief Financial Officer after year end, 101,408 FY25 performance rights and 100,291 FY26 performance rights relating to that participant are expected to lapse as the continued employment condition will not be satisfied.

At each reporting date, the Group reassesses the number of performance rights expected to vest based on the continued employment and non-market performance conditions. Changes in the estimated number of awards expected to vest are recognised prospectively in profit or loss with a corresponding adjustment to the share-based payment reserve. During FY2026, an expense of $60,977 (2025: nil) was recognised in respect of the Executive Performance Rights Plan.

FY26 Short-Term Incentive equity component

The FY2026 Short-Term Incentive ("STI") arrangement provided eligible executives and selected members of management with annual incentive awards comprising both cash and equity components. The cash component is accounted for as an employee benefit and is not included in this note. The equity component is intended to be satisfied through the issue of performance rights for nil consideration, with each performance right converting into one fully paid ordinary share upon vesting.

The number of rights is determined by dividing the approved dollar value of the equity component by the 30-day volume weighted average price (VWAP) of the Company's ordinary shares up to 30 June 2026. The same VWAP methodology is used for the Managing Director and other eligible management participants.

Key Term	Description
Participants	Executives and selected members of management
Equity award value	$140,551
VWAP used	$1.356
Estimated performance rights expected to be granted	103,650
Exercise price	Nil
Grant Status	Performance rights relating to the Managing Director are subject to shareholder approval.
Vesting / issue timing	Following grant, performance rights provided to the Managing Director will vest only after completion of a six-month continued-employment period from the date of issue.
Settlement	One fully paid ordinary share per right

Note 38. Share-based payments (continued)

For participants other than the Managing Director, the performance rights are expected to vest immediately upon grant. Under the Managing Director's STI arrangement, the performance rights are subject to a six-month continued employment condition following grant before vesting occurs.

During FY2026, the Group recognised a share-based payment expense of $140,551 (2025: nil) in respect of the equity component of the FY2026 STI arrangement. The expense has been recognised using management's estimate of the awards expected to be granted based on the Board's determination at reporting date.

Executive incentive agreement

Key term	Cash-settled component	Equity-settled component
Maximum award	$2,000,000	1,015,000 performance rights
Performance condition	Absolute TSR	Absolute TSR
Reference share price	$0.742	$0.742
Performance measurement	30-day VWAP following release of FY27 results	Same performance measurement
Performance period	1 September 2025 to 31 August 2027	1 September 2025 to 30 September 2027
Service / vesting date	Continuous employment to 31 August 2027	Continuous employment to 30 September 2028
Settlement	Cash within 30 days after performance period	One ordinary share per vested right
Shareholder approval	Not required	Required before grant

Cash-settled component - liability reconciliation

The cash-settled component is valued using the closing share price at month end, net of known dividend payments applicable from 1 September 2025.

The liability is remeasured at each reporting date until settlement, with changes recognised as a share based payments expense.

	2026
	$
Opening liability at 1 July 2025	-
Expense recognised during the period	268,465
Closing liability at 30 June 2026	268,465

Equity-settled component - estimated grant-date fair value

At 30 June 2026, shareholder approval had not been obtained and grant date had not occurred. The Group therefore recognised employee services using an estimated grant-date fair value determined by an independent valuation. The proposed rights contain a market-based TSR condition and were valued using a Monte Carlo simulation. The actual grant-date fair value will be determined when shareholder approval is obtained and the cumulative expense will be adjusted accordingly.

Note 38. Share-based payments (continued)

Proposed rights	1,015,000
Estimated fair value per right	$0.89
Estimated total fair value	$903,350
Service period used for FY26 expense	20 February 2026 to 30 September 2028
FY26 expense recognised	$123,878

Fair value is based on an independent valuation report using a Monte Carlo valuation of an absolute TSR condition, The principal inputs used are:

- Underlying share price $1.450
- Exercise price $nil
- Risk-free rate 4.401%
- Volatility 45%
- Dividend yield 3.50%

Employee Share Plan

On 14 October 2025, the Company issued 18,243 Fully Paid Ordinary Shares (Shares) for Nil consideration to eligible employees under the Company's short term incentive (STI) Performance Rights Plan. The issue price of $0.7449 per share was based on a 5-day VWAP leading up to issue date. The performance rights granted under the Plan immediately vested and the shares were immediately issued and have been recognised directly in equity.

During FY2025 the Company issued 15,755 performance rights under the FY25 STI Plan. The rights vested immediately and were converted into ordinary shares during FY2025. The issue price of $0.6995 per share was based on a 5-day VWAP leading up to issue date. The performance rights granted under the Plan immediately vested and the shares were immediately issued.

Prior year options arrangements

No options were granted during FY2026. The final outstanding options expired on 29 September 2025 and no options remained outstanding at 30 June 2026 (2025: 403,268 options)

2026							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance and exercisable at the end of the year
30/09/2022	29/09/2025	$2.1000	403,268	-	-	(403,268)	-
			403,268	-	-	(403,268)	-

Note 38. Share-based payments (continued)

Share-based payment expense

	2026		
	Equity-settled	Cash-settled	Total
	$	$	$
Arrangement			
Long Term Executive Performance Rights Plan	60,977	-	60,977
FY26 STI equity component	140,551	-	140,551
Managing Director long-term incentive	123,878	268,465	392,343
Employee share plan-other	13,589	-	13,589
Total share-based payment expense	338,995	268,465	607,460

The cash component of the FY26 STI is excluded from the table above because it is not a share-based payment. It is recognised as an employee benefit expense and accrual.

Note 39. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 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.

Consolidated entity disclosure statement

		Body corporates	Body corporates	Tax residency	
Entity name	Entity type	Place formed or incorporated	% of share capital held	Australian or foreign	Foreign Jurisdiction
Adrad Holdings Limited	Body corporate	Australia	-	Australia *	N/A
Adrad Investments Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Adrad Group Limited	Body corporate	Australia	100.00%	Australia *	N/A
Adrad Management Services Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Adrad IT Services Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Adrad Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Air-Radiators Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Air Radiators Beverley Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Air Radiators-Industrial Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Air Radiators (Thailand) Limited	Body corporate	Thailand	100.00%	Foreign	Thailand
Air Radiators (WA) Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Breakaway Industrial Radiators Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A
Wingfan Pty Ltd	Body corporate	Australia	100.00%	Australia *	N/A

* This entity is part of a tax-consolidated group under Australian taxation law, for which Adrad Holdings Limited is the head entity.

DIRECTORS' DECLARATION

Directors' declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- the attached consolidated entity disclosure statement is true and correct; 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Donald McGurk
Non-Executive Chairman

17 August 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ADRAD HOLDINGS LIMITED

William Buck
ACCOUNTANTS & ADVISORS

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

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of Adrad Holdings Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2026,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information,

— the consolidated entity disclosure statement, and

— the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit 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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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William Buck
ACCOUNTANTS & ADVISORS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	Area of focus (refer also to notes 2, 3 & 5)	How our audit addressed the key audit matter
	The Group derives revenue from the sale of products and services to customers. Revenue from the sale of aftermarket automotive and heat transfer solution parts is recognised at a point in time, upon delivery of product. Revenue from the design and manufacture of industrial heat transfer solutions is recognised over time on a percentage of completion basis. The application of *AASB 15 Revenue from Contracts with Customers* can require judgement, thus we considered this to be a key audit matter.	Our audit procedures included: — determining whether revenue recognised is in accordance with *AASB 15 Revenue from Contracts with Customers* and the Group's accounting policies, including 　— reviewing relevant contracts with customers; 　— assessing management's determination of performance obligations within the contract; 　— recalculating the percentage of completion, forecast cost to complete and revenue take-up. — examining the existence of product revenue by testing the delivery of products and sighting the subsequent cash receipt from the customer; — substantively testing revenue cut-off to ensure revenue has been recognised in the correct period. — We also assessed the appropriateness of disclosures attached to revenues as required by Accounting Standard *AASB 15 Revenue from Contracts with Customers*.

William Buck
ACCOUNTANTS & ADVISORS

Carrying value of intangible assets	Area of focus (refer also to notes 2, 3 & 19)	How our audit addressed the key audit matter
	The Group's intangible assets consist of goodwill of $36.97 million. Management have allocated goodwill to two separate cash generating units (CGU's). The Group is required to, at least annually, perform impairment assessments of goodwill. The goodwill balance is significant, and judgement is used in determining its recoverable amount. Management has used a value-in-use model to measure the recoverable amount of each of the CGU's. This is a key audit matter given significant judgement required in estimating each CGU's recoverable amount.	Our audit procedures included: — Assessing management's determination of the Group's CGUs. — Examined management's value-in-use models and determined that they are mathematically accurate including appropriately discounting cash flows by the discount rate, appropriately calculating a terminal value and appropriately comparing the net carrying value of assets, including goodwill, to the recoverable amount. — Analysed the key assumptions used in the value-in-use model. — Performed a sensitivity analysis by changing key assumptions used in the model, including revenue growth, cost of goods sold, discount rate and terminal growth rate. — Consulted William Buck Corporate Finance to review key components of the model and assess the reasonableness of the discount rate used in the value-in-use model. — We also assessed the appropriateness of disclosures as required by Accounting Standard *AASB 136 Impairment of Assets*.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

— the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

— the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor’s report.

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

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Adrad Holdings Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in pages 25 to 37 of the directors' report for the year ended 30 June 2026

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck (SA)

ABN 38 280 203 274

M.D. King

Partner

Adelaide, 17th August 2026

SHAREHOLDER INFORMATION

Shareholder information

The shareholder information set out below was applicable as at 14 July 2026

Range	Total Holders	Units	% Units
1 - 1,000	95	50,449	0.1%
1,001 - 5,000	157	402,388	0.5%
5,001 - 10,000	87	674,100	0.8%
10,001 - 100,000	132	3,831,955	4.7%
100,001 Over	24	76,362,464	93.9%
Total	**495**	**81,321,356**	**100.0%**

Unmarketable Parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $1.38 per unit	363	29	2,070

Name	Units	% Units
ADCORE HOLDINGS PTY LTD	49,320,114	60.65%
ANACACIA PTY LTD <WATTLE FUND A/C>	7,344,547	9.03%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,682,921	8.22%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,919,669	3.59%
CITICORP NOMINEES PTY LIMITED	2,882,327	3.54%
GOTTERDAMERUNG PTY LIMITED <GOTTERDAMERUNG S/F A/C>	2,321,253	2.85%
CERTANE CT PTY LTD <BC1>	516,243	0.63%
RUNBULLRUN PTY LTD <YCM A/C>	493,807	0.61%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	445,155	0.55%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	429,423	0.53%
CERTANE CT PTY LTD <BC2>	424,753	0.52%
MR MARTIN JOHN WATSON + MRS KARIN CAROLINE WATSON <TREADWELL A/C>	358,767	0.44%
KIRKPAT PTY LTD	350,000	0.43%
MR ROBERT BRYDON RUDD	275,000	0.34%
MR NICHOLAS JOHN RUSHTON	229,755	0.28%
MR GARY WASHINGTON + MRS KAREN WASHINGTON <ADRAD EXECUTIVE S/F A/C>	224,039	0.28%
MONTROSE SUPER PTY LTD <MARK & ANGELA PITTMAN SF A/C>	185,000	0.23%
ARENA SECURITIES PTY LTD	157,778	0.19%
BNP PARIBAS NOMS PTY LTD	150,000	0.18%
ASB NOMINEES LIMITED <193658 A/C>	145,000	0.18%
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**75,855,551**	**93.28%**
Total Remaining Holders Balance	**5,465,805**	**6.72%**

Holder	Number	%
Adcore Holdings Pty Ltd as trustee for the Gary Washington Family Trust	49,320,114	60.65%
Ellerston Capital Limited	6,823,091	8.39%
Anacacia Pty Ltd	7,344,547	9.03%

CORPORATE
DIRECTORY

CORPORATE DIRECTORY

Directors

Mr. Donald McGurk (Independent Non-Executive Chairman)

Mr. Paul Proctor (Chief Executive Officer and Managing Director)

Mr. Gary Washington (Executive Director)

Mr. Howard Coombs (Independent Non-Executive Director)

Company Secretaries

Ms. Kaitlin Smith

Registered office and principal place of business

26 Howards Road
Beverley, SA, 5009

Auditor

William Buck (SA)
Level 6, 211 Victoria Square
Adelaide SA 5000

Share register

Computershare Investor Services Pty Limited

Banker

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)


ADRAD

www.adrad.com.au