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## Market Announcement

*For immediate release*

### **AoFrio announces record annual revenue and establishes foundation for expansion**

AoFrio, a leading global refrigeration technology business, is today releasing its audited results for the year ending 31 December 2022.

FY22 results:

- Revenue up 16% year-on-year to \$74.3 million, a record annual revenue
- Gross margin was stable year-on-year at 27.7%, compared to 27.8% in FY21
- EBITDA down 39% year-on-year to \$1.6 million in FY21
- NPAT \$3.3 million, down \$2.2 million from FY21

Gottfried Pausch, Chairman of AoFrio, says after achieving a record annual revenue, AoFrio is trending towards becoming a \$100 million revenue company and expects to achieve an EBITDA of around \$3.5 million in 2023.

“In 2022 we made significant progress against our company strategy, and we’re pleased with the results, particularly in light of the challenging conditions. Supply chain disruptions had a significant effect on FY22, particularly in the first half of the year.

“Without these challenges revenue would have been higher. As we navigated these challenges, we continually made decisions to advance our business strategy for long-term growth, including investing in our people,” says Pausch.

Operating expenses in FY22 were in line with AoFrio’s business plan at \$19 million, 27% higher than FY21.

This increase in cost is predominately due to staffing costs to expand headcount to fuel growth, as well as adjusting some existing salaries to navigate global labour market pressures.

Operating cash flow for the year was a \$4.4 million outflow, largely due to inventory build to support the high revenue in Q4 2022 and agreed customer payment terms. Cash on hand was \$2.8 million, compared to \$6.0 million at December 2021. Over that period, net cash reduced from \$4.0 million to net debt of \$1.1 million.

AoFrio’s forecasts for 2023 show the company is sufficiently funded to execute its current business plans and intends to fund growth internally.

### **Growth Strategies**

Greg Balla, CEO of AoFrio, says in 2022 the business built its new brand platform, established foundations for new verticals, while consolidating AoFrio as a technology business for the future.

“We started January 2022 as Wellington Drive and ended the year as AoFrio. More than a new visual brand, this change demonstrates our new outlook.

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“Our heritage is hardware, and in recent years we have made strides in IoT software in the bottle cooler market, but we are now diversifying beyond this to underpin our bold growth plans. We are initially focusing on the ice cream, food service, beer, and medical markets.

“Our business plan focuses on broadening sales of our current product range to new customers, plus selling recently developed and new products to existing and adjacent markets,” says Balla.

During FY22 AoFrio launched, via a channel partner, its first food services offering and in December received its first order from a global ice cream company.

“During December we made our first significant sale of the new Network Pro ‘always-on’ connected device and the Connect Monitor battery-operated device, targeted at the large retrofit market.

“By the end of the year, we also had 12 large retrofit trials underway with customers in North and South America, as well as Europe and Asia,” says Balla.

To support growth plans, AoFrio plans to increase operating costs by \$6m and capital expenditure by \$2.5m in 2023.

However, AoFrio remains cautious about its base demand, given the elevated global macroeconomic risks from rising interest rates that could slow global growth and the team continues to take a measured approach to all additional investment until customers confirm demand.

“In FY22 we made significant progress against our company strategy and look forward to growing further in 2023. Thank you to the whole AoFrio team who made this year possible and thank you our shareholders for their ongoing commitment to the future of the company,” says Balla.

**Authorised by:**  
Board of Directors of AoFrio Limited

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*\*EBITDA (i.e., Earnings before interest, taxation, depreciation, amortisation, and impairment) is a non-GAAP earnings figure that equity analysts tend to focus on for comparable company performance analysis. AoFrio considers it a valuable financial indicator because it avoids the distortions caused by differences in amortisation and impairment policies. Contacts*

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