

29 February 2024

Market Announcement

For immediate release

AoFrio releases FY23 audited results and FY24 guidance

AoFrio (AOF) has today released its audited results for the year ending 31 December 2023. The report includes financial statements for the period and comprehensive commentary on the FY23 summary and financial performance; Environmental, Social and Governance (ESG); and FY24 outlook and guidance.

The FY23 result was significantly impacted by challenging macroeconomic conditions, as well as customers holding excess inventory purchased in FY22 to protect against supply chain disruption that took longer to work down than forecast and saw H2 results show a significant improvement over H1.

With revenue running below expectations, AOF constrained its FY23 growth plans by tightly managing costs and cash.

This cost control limited progress on the development of new products, which slowed entry into new markets and verticals. However, clear progress was made developing new products, including ECR 2 26W, Network Pro ONE and *AoFrio Inside*, which enables further cooler energy savings.

Significant effort by the AOF team to reduce working capital throughout FY23 enabled the Company to maintain its cash position, while internally funding operating activities and progressing selected growth initiatives.

Despite lower volumes shipped, AOF maintained its IoT market share and secured significant recent market share wins.

| Metric (NZ\$m) | FY23 | FY22 | Variance |
|--------------------------|-------|-------|----------|
| Revenue | 66.6 | 74.3 | -10.5% |
| IoT | 35.1 | 36.5 | -4.0% |
| Motors | 31.5 | 37.8 | -16.7% |
| Gross Margin % | 30.0% | 27.7% | +2.3pp |
| EBITDA | 1.0 | 1.6 | -37.6% |
| Loss before tax | (3.3) | (1.2) | -2.1m |
| (Loss) / profit for year | (3.5) | 3.3 | -\$6.8m |
| Net operating cash flow | 3.9 | (4.4) | +\$8.3m |

Revenue for FY23 was \$66.6m, 10.5% below FY22. The gross margin improved from 27.7% to 30.0% through reduced costs and pricing increases implemented late in FY22. Earnings before interest, tax, depreciation, and amortisation (EBITDA) was \$1.0m in FY23 compared to \$1.6m in FY22. The pre-tax result was a loss of \$3.3m compared to a pre-tax loss of \$1.2m in FY22. The increased loss was the result of lower EBITDA earnings, higher depreciation and amortisation charges, and increased finance costs. The net operating cash flow was \$3.8m, an \$8.3m improvement compared to FY22.

AOF expects FY24 to show positive momentum with new solutions coming to market. AOF expects a modest recovery in its base business as the customer inventory overstocking that impacted FY23 appears to have worked off, resulting in a return to more normal order patterns.

Revenue in FY24 is expected in the range \$70m to \$80m, a 13% increase over FY23 at the midpoint of the range. AOF's EBITDA guidance for FY24 is targeting around \$2.5m. Macroeconomic conditions may impact this guidance, including the NZ\$ / US\$ cross rate which averaged 0.613 in FY23. AOF continues to manage its investment in growth (mainly additional staff) to align with trading conditions and expects to be able to continue expanding through internally generated cash.

AOF is holding an Investor briefing on Monday 4th March 2024 at 10.30am to update investors on the new initiatives expected to contribute to revenue growth in 2024 and beyond. To attend, please follow this link at 10.30am on 4th March [Join Event Here](#) or alternatively email investor-relations@aofrio.com and a meeting invite will be sent to you.

Thank you to the AoFrio team and our shareholders as we continue our commitment to delivering the AoFrio strategy.

**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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