



19 January 2023

Market Announcement

For immediate release

AoFrio FY22 Record Revenue up 16% and 2023 Guidance

AoFrio provides unaudited FY22 results and an update on FY23 budgets in the interests of keeping the market informed following the conclusion of the financial year ending 31 December 2022 (FY22).

Invoicing in December 2022 was a record high for the Company at \$10.7 million. After adjusting for the deferral of revenue to be recognised in future periods, revenue for the three months to 31 December 2022 (Q4) was NZ\$24.3 million and NZ\$74.3 million for the 2022 year. This is a 16% increase compared to the 2021 year and a record annual revenue for the business.

NZ\$000s	2022	2021	% Change
Q1	18.4	14.6	+26.0%
Q2	13.5	15.9	-15.1%
Q3	18.1	15.3	+18.3%
Q4	24.3	18.3	+32.8%
Full Year	74.3	64.2	+15.7%

Greg Balla, CEO of AoFrio, says: “Revenue was constrained by supply chain challenges for most of the year. Component shortages meant we could not manufacture product for 6 weeks mid-year. The performance in Q4 demonstrates how we reengineered our products and invested to navigate these supply chain issues. We are now positioned to leverage market opportunities in 2023 and beyond.

“By the end of the financial year, the business achieved its largest December ever in terms of invoicing and a record annual revenue in NZ\$, assisted by US\$ appreciation.

“IoT products grew by 47% to make up 50% of 2022 revenue, compared to 39% in 2021. December saw the first significant sales of our new Network Pro always-on connected device to a major brand bottler, and of our Connect Monitor battery operated device to a major consumer brand for an ice cream freezer application.

“Revenue from motors declined 4% compared to FY21. This shift in balance between motors and IoT revenue is reflective of the AoFrio’s strategy to grow IoT revenue, but it has also been impacted by supply chain challenges within manufacturing,” says Balla.

EBITDA Impact of December Revenue

Although the performance in December was very strong, and factory production was at near capacity, revenue was lower than previously forecast.

This was because of delays in customers signing off product specifications which impacted production for the month, and the Company not being able to secure shipping space until early January for some orders. This revenue will now be recognised in Q1 FY23.

There are also signs that some customers have higher inventory positions than usual due to over ordering as a way to navigate global supply constraints. This extra inventory is expected to be consumed in Q1.



The 2022 financial results are currently being finalised for audit. But lower than forecast revenue in December is expected to deliver an EBITDA* result around \$1.5 million.

FY23 Outlook

Operating plans and financial budget for 2023 has been approved by the directors. The business is forecasting revenue growth exceeding 30% in FY23, trending AoFrio towards becoming a NZ\$100 million revenue company. EBITDA is expected to be around \$3.5 million. The forecasts assume a US\$ / NZ\$ rate of 0.6445.

“Our 2023 business plan leverages our current product range (Connect SCS, ECR motors) to new customers, as well as recently developed products (Network Pro and Connect Monitor) and new products under development for existing and adjacent markets (bottle coolers, ice cream, food service, beer, medical).

“To achieve this revenue growth, we are investing in new product development and the addition of specialist skilled people. Operating costs as a result increase by \$6 million. The 2023 budget also includes capital expenditure of \$2.5 million. All investments will be funded out of operating cash flows,” says Balla.

The Company however remains cautious about its base demand, given elevated global macroeconomic risks from rising interest rates that could slow global growth and impact future revenue, so will take a measured approach to this investment until demand is confirmed by customers.

More detail on AoFrio’s strategies for growth and audited results will be provided in the Company’s Annual Report to be released at the end of February 2023.

Authorised by:
Board of Directors of AoFrio Limited

Ends

**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. Contact*

Greg Balla
Chief Executive Officer
Phone + 64 21 938 601

Howard Milliner
Chief Financial Officer
+64 27 587 0455

WT9727