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Market Announcement

For immediate release

AoFrio achieves 18% revenue growth in Q3-2022.

AoFrio Limited, a leading hardware-enabled, Software as a Service (SaaS) company, also supplying energy-efficient motors to the global retail food and beverage industry, is pleased to report its trading results for the three months ending 30 September 2022 (Q3-2022).

- Revenue was NZ\$18.1m compared to \$15.3m for the same period in 2021 (Q3-2021), an 18.1% increase.
- Gross Margin was 28.7% (27.8% in Q3-2021).
- EBITDA* was a breakeven result (\$0.8m profit in Q3-2021). As expected, this is lower than Q3-2021 due to the increase in headcount to support strong recurring IoT revenue growth.
- The pre-tax result was a loss of \$0.8m.
- Cash on 30 September 2022 was \$2.7m, and the Company also had \$1.0m available under its trade finance facility.

The Company is maintaining its current guidance. The Company expects annual EBITDA to fall within \$3.5 – \$4.5 million, albeit at the lower end of this range due to some customers pushing orders out of Q4-2022 into Q1-2023.

AoFrio continues to expect three very large revenue months in the last quarter. Revenue is expected to be around \$83m for the year, a 30% increase compared to the 2021 year.

The BNZ is increasing the Company's trade finance facility from \$2.5m to \$5.0m. This increase was requested to provide additional working capital headroom to support revenue growth. We are pleased with the increasing banking support.

The Board and Senior Management recently completed a strategic review of the business and agreed on plans to grow revenue within existing and adjacent markets. The early progress on these initiatives is exciting, and we are mindful that exchange rates and component availability may still impact trading performance.

AoFrio remains on track to becoming a NZ\$100 million revenue company in 2023 which indicates revenue growth in the 20-30% range. The Company has significant opportunities with its new product range and new customer targets and expects strong demand in these areas. However, the Company remains cautious about its base demand, given elevated global macroeconomic risks from rising interest rates that could slow global growth and affect future revenue.

Greg Balla, AoFrio's CEO, said, "We continue to make good progress against our growth strategy. For example, last week we launched our communications platform, which incorporates the launch of our cellular-enabled product category. The AoFrio Network Pro Communications Hub is a real differentiator in commercial refrigeration and strongly supports our move to a recurring revenue commercial model.



“In addition, our new brand identity, AoFrio, has been very well received by the marketplace, and the first phase of the AoFrio website is now live. Our team has also accelerated new product development as component swap work has reduced. Proudly, the AoFrio Team has performed outstanding work supporting the product redesign, as reflected in our third quarter results.”

**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.*

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