

AoFrio Annual Shareholder Meeting May 29, 2024 Meeting Address

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Kia Ora and welcome to the Annual Shareholders Meeting of AoFrio Limited.

My name is **John Scott**, and I am the chair of AoFrio.

May I first introduce your directors and senior management.

Two of my fellow directors are in the room - **John McMahon** and **Keith Oliver**.

The other directors – **Melissa Clark-Reynolds** has given her apology, **Roz Buick** and **Greg Allen** were also not able to be present but have joined the meeting online.

We also have here today our **CEO – Greg Balla** and **Paul Seller** from **Deloitte**

Today's meeting is being held both in-person and online via the Computershare Online Meetings platform.

This allows Shareholders, Proxies and Guests who were not able to travel and attend the meeting in person the ability to attend the meeting virtually. All online attendees can watch a live webcast of the meeting and read the company documents associated with the meeting.



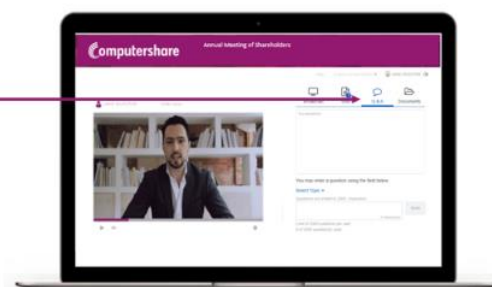
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How to Participate in Virtual/Hybrid Meetings (Q&A)

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



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For those of you attending the meeting online, if you would like to submit a question, the Q&A is always open so please feel free to submit questions throughout the meeting, these will be addressed at the relevant time.

Questions may be moderated or if we receive multiple questions on one topic, amalgamated together. Any questions not answered in time will receive an email response after the meeting.

Voting today will be conducted by way of a poll on all items of business. I will shortly open the online voting for all resolutions.



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How to Participate in Virtual/Hybrid Meetings (Voting)

Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



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If you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab.

Once the voting has opened, the resolutions will allow votes to be submitted. You can change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. I will give you a warning before I move to close voting.

To vote, simply select your voting direction from the options shown on screen.

You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears.

I am pleased to confirm that we have a quorum and therefore declare the 2024 Annual Shareholders' Meeting of AoFrio open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on May 13th.



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<p>Safe Harbour</p> <p>We will be making some forward-looking statements today and as these are predictive in nature, they are subject to a number of risks and uncertainties relating to the Company, its operations and the markets in which it competes. Some things are beyond control of the Company and actual results and conditions may differ materially from those expressed or implied by such forward-looking statements.</p>	Agenda
	FY23 Business Commentary and FY24 Trading Update
	New Product and Market Development
	Questions
	Formal Business of Meeting

Welcome to our new facility at Apollo Drive in Albany, Auckland. We moved here in April last year and have benefited from having more collaboration spaces and all Auckland staff on one level. Our warehouse is now around the corner in Dallan Place.

For our agenda today, I will provide commentary on the full year 2023 performance, our Q1 2024 performance and the outlook for the balance of the 2024 year. Greg, our CEO, will talk about our strategic focus.

We will then take your questions.

After questions, we will proceed with the formal business of the meeting.

Please note the Safe Harbour statement on the screen.



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FY23 Business Commentary

Revenue

- Revenue for FY23 was \$66.6m
- 10.5% below FY22

Operating Expenses

- Operating expenses for FY23 were \$19.8m
- 3.6% higher than FY22

EBITDA

- EBITDA was \$1.0m in FY23
- Down from \$1.6m in FY22

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Metric (NZ\$m)	FY 23	FY 22	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.

In FY23 AoFrio shipped 519,000 IoT devices and 834,000 motors. This resulted in lower revenue of 4.0% for IoT and 16.7% for motors compared to FY22.

IoT and motor sales volumes declined as customer inventory overstocking from FY22 took longer to work down than initially estimated.

IoT and motor volumes were also negatively impacted by macroeconomic conditions.

On the positive side we believe we increased our IoT share of market in the cold drink equipment or branded bottle cooler segment winning FEMSA Brazil, Coke Embenor and new Coke Arca regions.

We invoiced \$4.4m for cloud data connection and software development charges in FY23 compared to \$5.1m in FY22. At 31 December 2023, \$12.3m of revenue was deferred for recognition in subsequent periods (2022: \$10.2m).

Operating expenses for FY23 were \$19.8m, 3.6% higher than the prior year.

Staff costs (including contractors) of \$18.0m represented 91% of total operating expenses (\$15.1m – 79% in FY22).

The increase in staff costs can be attributed to:

- new roles added in FY22 and FY23 and
- necessary salary increases in a challenging labour market.



From 31 December 2022, staff numbers increased by six to a total of 116. The increase is less than initially planned. We will continue to prudently manage resource levels and balance implementing product and new market growth initiatives against trading conditions.

Capitalised development time increased from \$1.4m in FY22 to \$3.2m in FY23. In the first six months of FY23, we focused on non-capitalisable component swap work (selecting and validating alternative components to the current design due to ongoing component shortages) to support the base business.

In the second half of FY23, the engineering and product teams resumed their focus on new product development to progress our strategies of protecting and growing the Cold Drinks Equipment market and diversification into new markets.

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.

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FY23 General Comments

Regional performance

- North America revenue 15.1% lower than 2022
- South America recorded 49.4% year-on-year revenue growth
- EMEA motor volumes performed well despite macroeconomic issues
- APAC and North American revenue fell

Joined Beverage Industry Environmental Roundtable (BIER) Coalition

Environmental, Social and Governance (ESG)

- Commenced implementation of ESG framework
- EcoVadis bronze certification
- Employee engagement score 72% (average)
- Diversity, Equity, Inclusion score 80%
- New Board appointments

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Regional Performance

- North American revenue was 15.1% lower than in FY22 as customers took longer to work through stock in hand before placing new orders.
- South America was the stand-out regional performer, recording 49.4% year-on-year revenue growth. This was driven by customer wins for AoFrio's IoT solutions, including volume won from a local competitor. AoFrio sold 166,000 IoT devices in South America in FY23 compared to 87,000 in FY22.
- EMEA motor volumes held up reasonably well despite the macroeconomic issues in Europe and Turkey, mainly caused by geopolitical uncertainty and natural disasters. AoFrio sold 190,000 motors in FY23 compared to 256,000 in FY22.
- In APAC, revenue was lower due to reduced motor volumes. IoT devices supplied increased by 17.0% compared to FY22.

During the year the Company joined the BIER Coalition – a global collaboration with the Beverage Industry Environmental Roundtable (BIER). This group includes the world's biggest beverage and commercial refrigeration brands and is focused on reducing the environmental impact of the industry.

In early FY23, we completed a review of our ESG framework and updated our plan as a result of the review. Implementation is ongoing and includes:

- Updating Board and Committee charters to clarify roles and responsibilities.
- Current policies have been updated and new policies implemented including a Sustainability Policy and a Modern Slavery Statement.
- Starting measurement framework to establish baselines for reporting and target setting.
- Integrating product circularity into the product development process.

AoFrio undertook recertification of its ESG systems and processes through an independent global body, EcoVadis and was awarded a bronze medal. This places AoFrio in the top 35% of companies evaluated by EcoVadis reflecting our comprehensive approach to sustainability management.

Additionally, there has been a focus on evolving organisational culture and enhancing global collaboration, inclusivity, and innovation. Team engagement focus areas were highlighted in the employee engagement (72% average score) and diversity, equity, and inclusion surveys (80% inclusion score).

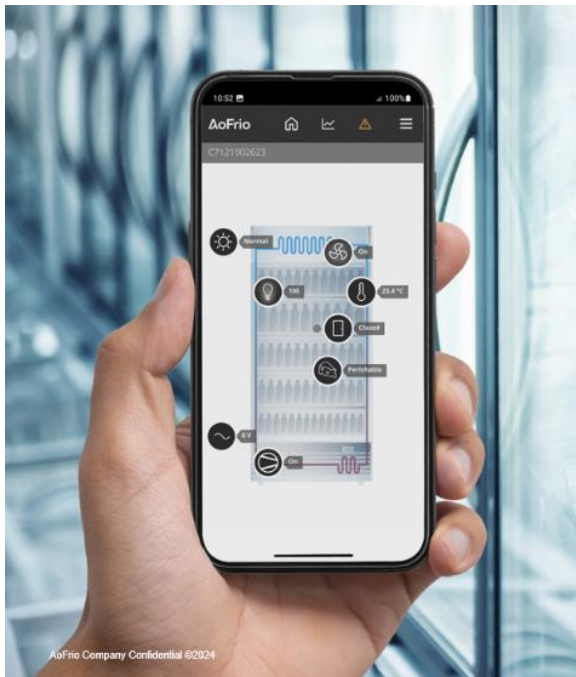
Ensuring we have the right environment to attract and retain talent is vital in a very competitive labour market and a flexible working policy and career planning programmes are examples of key initiatives to support this.

Governance changes

- As part of our Board succession planning process, the Board announced my appointment as Chair following the resignation of Gottfried Pausch in September 2023 and we again thank Gottfried for his 10 years of Board contribution to AoFrio.
- Pleasingly during the year, we appointed two new Board Members - Melissa Clark-Reynolds and Roz Buick. Both as per the NZX Listing Rules will be standing for election at this meeting.



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Q1 FY24 Trading Updates

- Revenue for Q1-2024 was \$16.6m, a 13% increase compared to \$14.7m for Q1-2023
- Gross Margin was 31.3% (32.3% in Q1-2023), reflecting an increase in sales of motor products
- Operating costs for Q1 were \$5.1m compared to \$5.4m in 2023
- EBITDA improved by \$0.6m to a surplus \$0.2m (loss of \$0.4m in Q1-2023)
- Q2-2024 is expected to also show robust growth over Q2-2023



On Tuesday 23rd April, the business provided an update on trading performance for the three months ended 31 March 2024 (Q1-2024) The update is summarized on the screen.

It's been an encouraging start to the 2024 year. Q2-2024 is expected to also show robust growth over Q2-2023 including our first million dollar win in the US IoT market enabled by our Network Pro ONE.

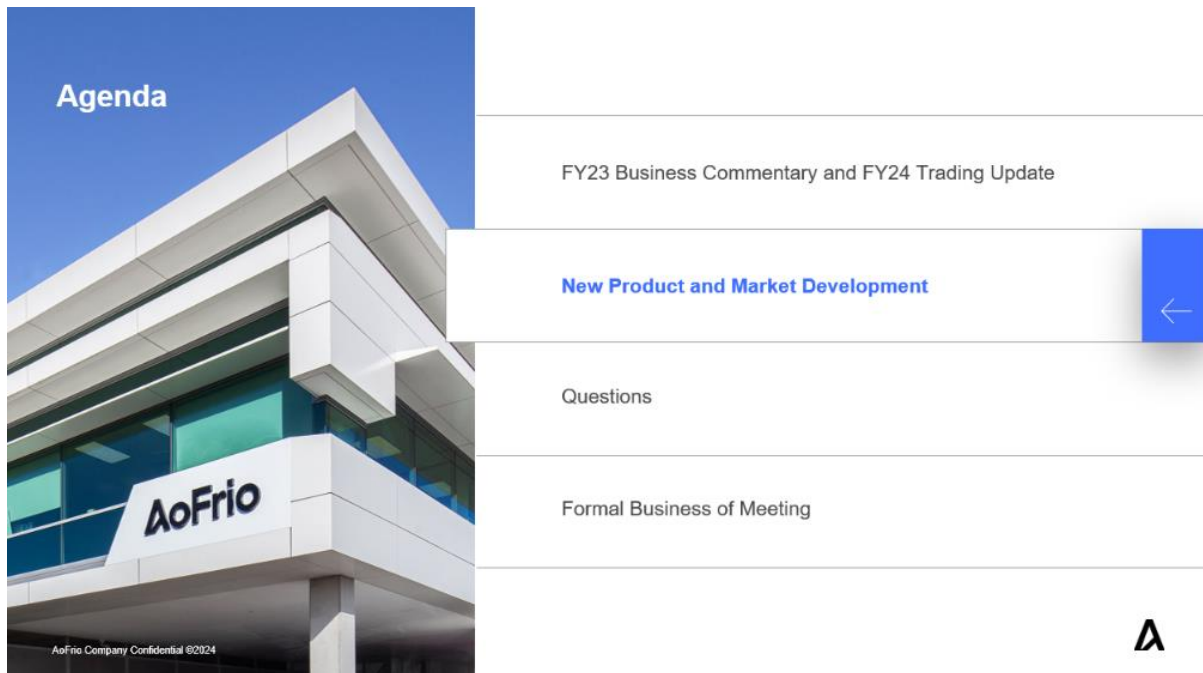
We are maintaining our 2024 guidance. Revenue is expected in the range of \$70m to \$80m, a 13% increase over FY23 at the midpoint of the range. We are continuing to use the same forecasting process as previous years which indicates that our guidance should remain unchanged. It is worth noting that we are currently seeing an unseasonably low Q4 forecast. If Q4 normalises to historical averages, we will likely approach the higher end of revenue guidance.

AoFrio's EBITDA guidance for FY24 targets around \$2.5m. Macroeconomic conditions may impact this guidance.

We're continuing to manage our investment in growth to align with trading conditions and expect to be able to continue expanding through internally generated cashflows.



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Agenda

- FY23 Business Commentary and FY24 Trading Update
- New Product and Market Development**
- Questions
- Formal Business of Meeting

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Before I hand over to Greg, I would like to thank the staff for all their contributions over the last 12 months and also customers and shareholders for their ongoing support. I feel we are building something at AoFrio that will accelerate customer delight and drive AoFrio's valuation.

Thanks John. I will now provide commentary on AoFrio's New Product and Market Development.



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New Solutions & Market Development

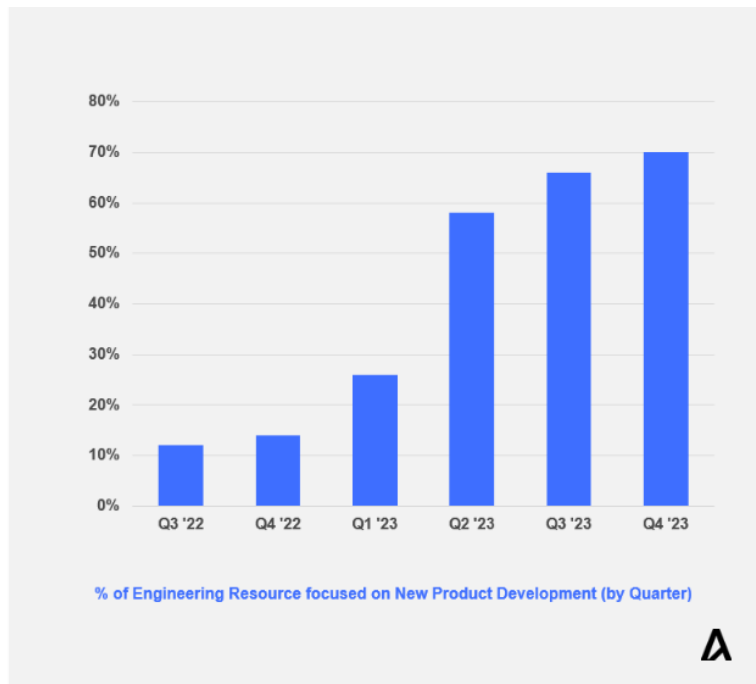
New Solutions

- US and Europe connectivity solution enabled by Network Pro One
- Refrigeration Energy efficiency solution: [AoFrio Inside](#)
- Remote asset management
- Larger cooler motor applications: ECR 2 26W

Market Development

- Cold Drinks Equipment
- Food service and retail market

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One of the key success factors for AoFrio in the IoT market is to bring new solutions to market. Unfortunately during FY22 and the early part of FY23 we needed to focus on support activities as we have explained, the positive news as shown by this chart is that we are back focused on new solution development, and we are starting to see the impact of this.

I will now discuss briefly some of the major new solution initiatives.



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New Solutions

US and Europe cellular connectivity solution enabled by Network Pro One

- Launched October 2023
- single-cooler cellular connected gateway
- two-way data communication and remote management
- Installed as part of the cooler manufacturing process.

Refrigeration energy efficiency solution: AoFrio INSIDE

- Launching in Q2 2024
- Meets customer need to rapidly reduce cooler energy consumption as a pathway towards Net Zero
- Energy savings of up to 54%
- Leverages our complete product offering with new features

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US & Europe Cellular Connectivity Solution enabled by Network Pro One

As part of the US and Europe Cold Drink Equipment IoT market entry strategy, we launched Network™ Pro ONE in October 2023. This is a new variant of the Network™ Pro and is a cost-effective, single-cooler new build cooler cellular connected gateway.

This solution allows customers to make decision about the performance of their coolers without visiting the cooler, they can tell if the cooler is being effectively utilized, the temperature is right, that the cooler is working correctly and if not what the problem is with the cooler, allowing targeted maintenance. It is also a key part of the solution for optimizing energy usage. See AoFrio Inside below for commentary. Bringing all these elements together in one solution is a unique offering, leveraging both our hardware and software solution. It provides us opportunity to grow our hardware revenue and our annual recurring revenue.

This solution allows us to target new customers in the US cold drink equipment market. Target customer are Coca-Cola (Note Coca-Cola are requiring all 58 US bottlers to implement a connectivity solution for new build coolers) and Pepsi, that don't currently have a connectivity solution. It also allows us to compete in Europe and Middle East for Coca-Cola business and target customers without a connectivity solution Pepsi, Heineken and other beer brands. We estimate that the SAM (Serviceable Available Market) for this type of solution is \$75m annually.



Refrigeration Energy efficiency solution: AoFrio Inside

We are launching our AoFrio INSIDE energy efficiency solution in Q2 of this year. AoFrio INSIDE is a response to the chilled beverage industry's focus on rapidly reducing the energy consumption of commercial refrigeration. We have tested this solution with OEM partners and have seen cooler energy consumption reduced by up to 54%. The solution allows our customers to understand energy consumption for a fleet and or an individual cooler and make changes remotely to manage performance and reduce energy.

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New Products

Remote asset management

- Managing your cooler fleet from your desk or the beach
- First feature released: temperature profile adjustment
- Plan to extend capability in 2024.

Energy efficient motors for larger applications: ECR 2 26W

- Nearing launch
- Finalising compliance and certification requirements

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Remote asset management

Cooler fleet managers are able to check if a cooler is on or off, change the temperature profile or even initiate a maintenance cleaning cycle for one or all their fleet from their desk. This is a significant cooler fleet management benefit that has not previously existed.

The first feature we have released is to adjust temperature profiles to align to seasons or predicted demand changes, saving effort and energy. It eliminates the need for a technician to visit a cooler, which costs between US\$80 and US\$350 per visit.

We plan to extend this capability in 2024 to further manage, adjust, and report on energy initiatives and carbon reduction.



ECR 2 26W

The new higher-power ECR 2 26W motor is near-launch, we received our first order, with production ramp-up expected by the end of Q2 2024. This product has been developed in response to a clear opportunity to serve the supermarket and large cooler markets with a more powerful motor. We have several customer trials underway, and we are finalising compliance and certification requirements.

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Market Development

Cold Drinks Equipment market development

- The value of AoFrio's insights platform was boosted in Q2 with the launch of the capability to extract data from third party controllers.
- Additional customers won in 2023 including
 - FEMSA Brazil
 - Arca
 - Coca Cola Embenor in Chile

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Cold Drink Equipment market development

We have been collaborating with customers who manage mixed fleets of both AoFrio and third-party controllers. Our team has developed a method to extract data from non-AoFrio hardware, integrating it into our insights platform. This capability was launched in Q2 and represents a significant enhancement to the value our insights platform provides to our customers.

Other notable market developments include the successful conversion of a number of initial proof-of-concept bottlers into customers, including:

- FEMSA Brazil, the largest bottler of Coca-Cola products globally.
- The expansion of an existing customer, Arca, into new territories.
- Winning Coca-Cola Embenor in Chile.



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Market Development

Food Service and Retail market:

- Addressable market much larger than the cold drink equipment market
- Market research indicates the need for a solution
- Working with two development partners to define and test the solution
- New Zealand: Major quick-service restaurant brand
- Argentina: [AoFrio](#) working with a major global supermarket chain
- [AoFrio](#) plans to launch the first of its Food Service solutions in Q4 FY24

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Within the Food Service market there are two main proof-of-concept initiatives well underway. These initiatives help to refine the solution we are developing for this market.

- In New Zealand, a major quick-service restaurant brand is undertaking a proof-of-concept trial for cold and hot space monitoring. Early trial results identified opportunities for efficiency, resulting in a fast return on investment for the brand. The proof-of-concept expanded to a second site in February 2024, and the proof-of-concept trial runs until end of June 2024. We have learnt a lot and are adjusting our solution and business model accordingly.
- In Argentina, we are working with a major global supermarket chain to automate their refrigeration monitoring. Within these large supermarket formats, we often see more than 100 cold spaces requiring food safety compliance monitoring. The proof-of-concept has been completed, during which we developed interactive dashboards delivering actionable insights and alarms for each cold space's temperature performance.

Subject to successfully progressing the proof-of-concept trials, AoFrio plans to launch its first Food Service solutions in Q4 FY24.



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Agenda

FY23 Business Commentary and FY24 Trading Update

New Product and Market Development

Questions

Formal Business of Meeting



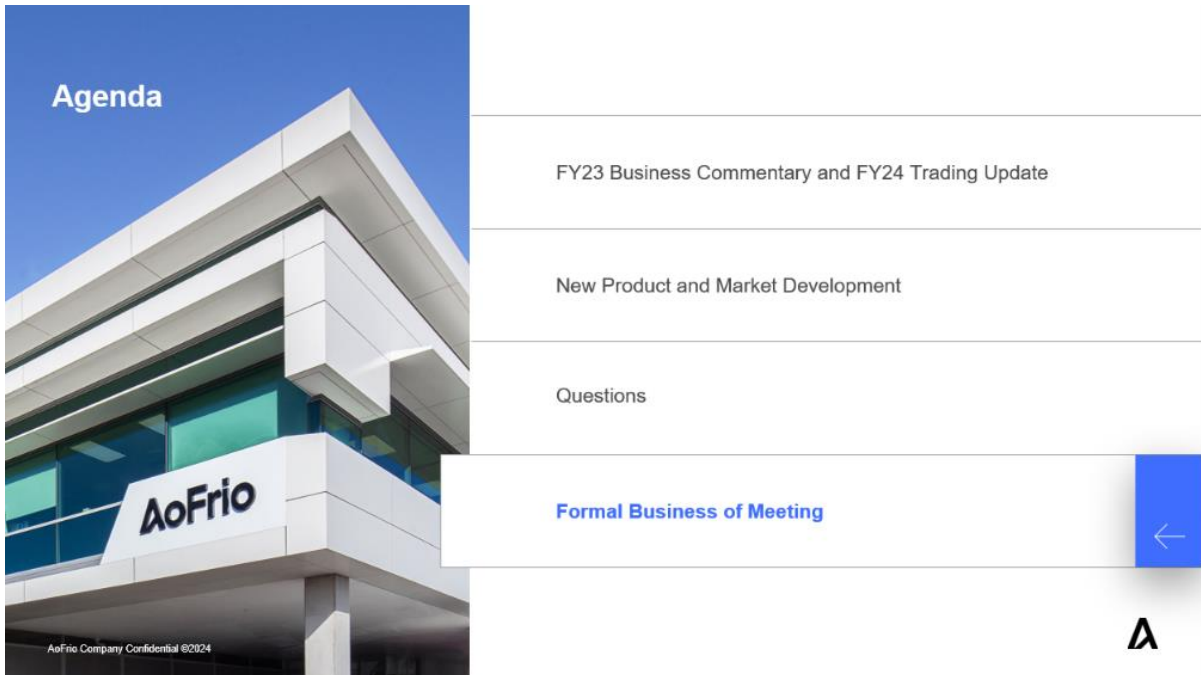
John and I will now take questions.

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A reminder for those of you attending the meeting virtually. You can submit a question by selecting the Q&A tab on the right half of your screen anytime. Type your question into the field and press send.


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Agenda

- FY23 Business Commentary and FY24 Trading Update
- New Product and Market Development
- Questions
- Formal Business of Meeting**

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We will now move to the formal business of the meeting. Voting will be by way of poll and through proxy submission. Once all the votes have been cast, they will be counted by the Company's share registrar, Computershare.

The results of today's meeting will be released on the NZX on the completion of verification of voting.



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How to Participate in Virtual/Hybrid Meetings (Voting)

Shareholder & Proxyholder Voting

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To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



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As a reminder, if you are attending online, you have been able to vote since the meeting opened. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution. Your vote has been cast when the tick appears. To change your vote, simply select 'Change Your Vote'. You can change your vote, up until the time I declare voting closed.

I would also ask you to start asking your questions on these resolutions now, and I will address those questions as we discuss each resolution.

All the resolutions are ordinary resolutions and are required to be passed by a simple majority of votes.

Once all the votes have been cast, they will be counted by the Company's share registrar, Computershare.

The results of today's meeting will be released on the NZX on the completion of verification of voting.



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Notices of Motion

Resolution 1 – Election of Director

“To elect Melissa Clark-Reynolds as a director of the company.”



NZX Listing Rule 2.7.1 requires that Directors of the Company appointed by the Board must not hold office without shareholder election past the next Annual Meeting of shareholders following their appointment as director.

Melissa Clark-Reynolds was appointed by the Board on 21 August 2023 and, being eligible, offers herself for election as a Director of the Company

Melissa has unfortunately given her apology today. Her biography is included in the Notice of Meeting and the Directors support her election today.

Are there any questions?

I move, as an ordinary resolution, “To elect Melissa Clark-Reynolds as a director of the Company.”

If you haven’t registered your vote online or completed the voting form here today, please do so now.



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Notices of Motion

Resolution 2 – Election of Director

"To elect Roz Buick as a director of the company."



NZX Listing Rule 2.7.1 requires that Directors of the Company appointed by the Board must not hold office without shareholder election past the next Annual Meeting of shareholders following their appointment as director.

Roz was appointed by the Board on 31 January 2024 and, being eligible, offers herself for election as a Director of the Company

Roz to be asked to speak to the resolution.

Are there any questions?

I move, as an ordinary resolution, "To re-elect Roz Buick as a director of the Company."

If you haven't registered your vote online or completed the voting form here today, please do so now.



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Notices of Motion

Resolution 3 – Re-election of Director

“To re-elect John McMahon as a director of the company.”

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NZX Listing Rule 2.7.1 requires that the Company’s Directors must not hold office without re-election past the third Annual Meeting of shareholders following their appointment or three years, whichever is longer. Having been last elected in 2021, John McMahon will retire from office at this year’s Annual Meeting. Being eligible, he offers himself for re-election as a Director of the Company.

John to be asked to speak to the resolution.

Are there any questions?

I move, as an ordinary resolution, “To re-elect John McMahon as a director of the Company.”

If you haven’t registered your vote online or completed the voting form here today, please do so now.

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Notices of Motion

Resolution 4 – Re-election of Director

"To re-elect Greg Allen as a director of the company."



NZX Listing Rule 2.7.1 requires that the Company's Directors must not hold office without re-election past the third Annual Meeting of shareholders following their appointment or three years, whichever is longer. Having been last elected in 2021, Greg Allen will retire from office at this year's Annual Meeting. Being eligible, he offers himself for re-election as a Director of the Company.

Greg to be asked to speak to the resolution.

Are there any questions?

I move, as an ordinary resolution, "To re-elect Greg Allen as a director of the Company."

If you haven't registered your vote online or completed the voting form here today, please do so now.



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The Deloitte logo is displayed in a large, bold, black font. The word "Deloitte" is followed by a small green dot.

Notices of Motion

Resolution 5 – Auditor’s fees

“To authorise the directors of the Company to fix the remuneration of the auditor for the ensuing year.”

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Deloitte is the existing auditor of the Company and is automatically re-appointed by virtue of section 207T of the New Zealand Companies Act 1993.

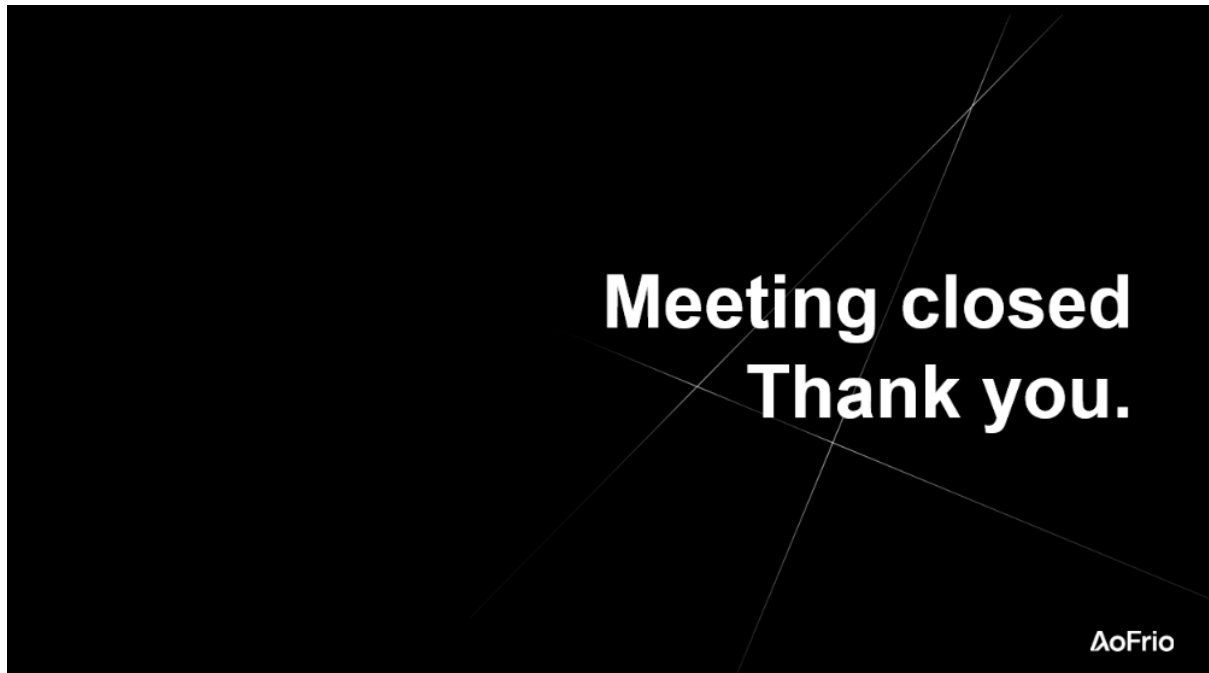
The proposed ordinary resolution is required to authorise the Directors of the Company to fix the auditor’s remuneration for the purposes of section 207S of the New Zealand Companies Act 1993.

I now move, as an ordinary resolution “To authorise the directors of the Company to fix the remuneration of the auditor for the ensuing year”.

If you haven’t registered your vote online or completed the voting form here today, please do so now.



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If there are any other questions on the matters discussed today this is your final opportunity to ask questions in the meeting. The results of today's meetings will be published on the NZX once Computershare have collated the voting. Please hand your voting form to the Computershare representative as you leave the room.

Thank you for your questions, your votes and for attending our meeting today.

We are looking forward to seeing you next year.

I now declare the meeting closed.

[END OF MEETING]