

AoFrio FY23 Results Presentation

March 2024

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AoFrio

Greg:

Hello everyone. Thank you for making time today to join AoFrio's FY23 results presentation.

My name is Greg Balla, I am the CEO of AoFrio, and I am looking forward to presenting today.



Safe harbour

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 the control of the company and actual results and conditions may differ materially from those expressed or implied by such forward-looking-statements.



Greg: Please note the safe harbour statement on the screen. I will give you a minute to read the statement.



John Scott
Chairman AoFrio



Greg Balla
CEO AoFrio



Howard Milliner
CFO AoFrio



Greg:

I also have presenting with me today, Howard Milliner, CFO of AoFrio and John Scott our Board Chairman will say a few words as a summary.

Agenda

01



Year in review

02



Business update

03



FY24 outlook

04



Q&A



Greg:

The agenda for the today is on the screen. We are going to provide some context for the FY23 year, a business update highlighting the progress we've made against our business strategy and then discuss our FY24 outlook.

At the end of the session, we'll have time for questions. So, if you have any questions, please type them into the Q&A tab at the top of your screen at anytime

Now I'll hand you over to Howard to provide some context to the FY23 results.

Year in Review: Revenue Trend

Growth	NZ\$000's	Influenced by
2019	61,72	Pre-Covid Levels
2020	36,88	Covid
2021	64,22	Recovery
2022	74,32	Component shortages
2023	66,55	Overstocking and macroeconomic issues



Howard:
Thanks Greg.

Our Annual Report was released last Thursday and that includes a commentary on the 2023 year. Today, I will provide context to the result and recent performance and highlight the more significant trends.

The last four years have certainly been interesting and challenging.

- 2020 was the year impacted by Covid.
- 2021 saw a big lift in volumes as end customers restarted their cooler investment programme.
- In 2022 there was a global electronic component supply shortage impacting our ability (and other suppliers) to meet customer demand.
- We entered the 2023 year with the component supply issue largely resolved, only then to find that many customers had excess inventory to consume first. As an example, our biggest motor customer advised us in

January that they would be purchasing 5 fewer containers in 2023. Other customers said their demand would also be less. Demand began to increase in the 2nd half.

Our view is COVID has delayed our Growth by three years.

Year in Review – Financials

Revenue

Revenue down 10.5%

\$66.6million

Gross margin

Gross margin up 2.3pp

30.0%

EBITDA

EBITDA down \$0.6m

1.0million

Operating Cash

Operating Cash up \$8.3m

\$3.9million



Howard:

2023 ended as we have reported. Revenue for the year at \$66.6m, EBITDA within guidance at \$1.0m.

Year in Review- H1 vs H2

	NZ\$000's		
	H1-23	H2-23	Increase
Revenue NZ\$000's	30,108	36,444	+6,336
Gross margin	30.5%	29.8%	
EBITDA	-703	+1,712	+2,415
Operating cash inflow	-2,823	+6,771	



Howard:

Performance in the 2nd half was a big improvement on the 1st half.

This improved 2nd half the result of increased volumes supplied and an increase in our product development effort. Operating cash flows improved significantly to a \$3.9 cash inflow by end of year.

Year in Review- IoT Growth

	NZ\$000's	
	Motors	IoT
Revenue NZ\$000's	31,498	35,054
Gross margin	17.1%	41.7%



Howard:

The other trend I would like to highlight is the growth in our IoT business.

In 2015 we had no IoT revenue at all. Our first IoT product was launched in 2016 and today IoT revenue represents 52.7% of total revenue. IoT revenue growth over the last 6 years from 2017 is an impressive CAGR of 22.5%, even with the challenges of the last four years.

Over to you Greg to provide a business update and comment on the outlook.

Business update

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Greg

We are now going spend time discussing what AoFrio is focussed on in FY24 and as part of that I would like to re-present the slide we discussed at the Analyst Briefing and the ASM in May last year.

Growth aspirations to deliver shareholder returns

Growth funded from internally generated cash flow



Greg:

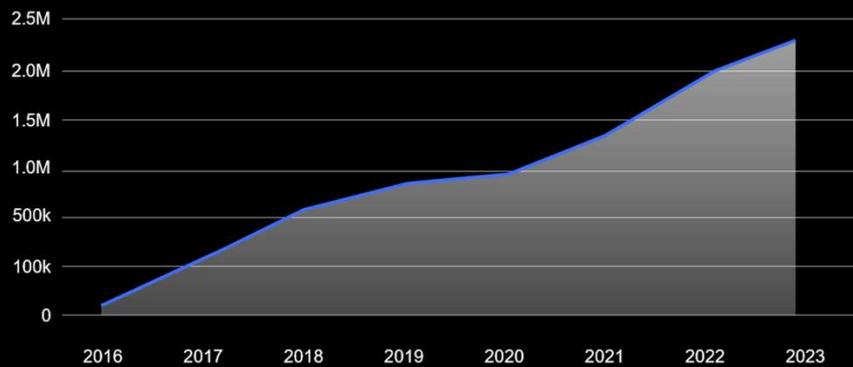
This slide shows some of the growth aspirations we presented in May 23 and our aspirations haven't change.

Our plans and aspirations see us continuing to grow in the Cold Drink Equipment (CDE) market, but also entering adjacent new markets with our IoT and motor solutions expanding our Serviceable Available Market from \$300 million today to over \$6B.

We believe we can leverage our global footprint, current channel relationships and our leading technology position to accelerate our business over time. While it will be challenging, we believe we have the capability and have staged plans to assess and if validated enter these new verticals and take share in this \$6B market. I will update you on our positive progress shortly.

We are not looking for additional capital from shareholders to support this strategy as we are investing the internally generated cash flow to do this.

Connected Devices



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Greg:

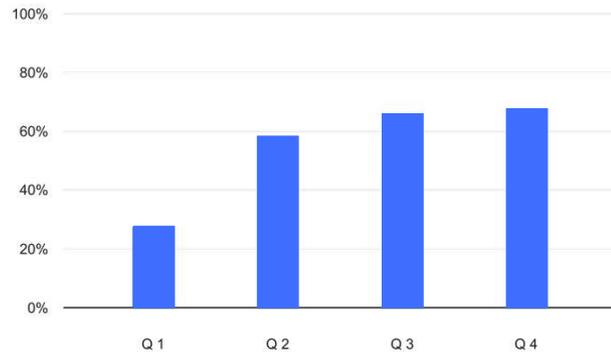
On the previous slide we talked about a target of 10m connected devices, this slide show the progress we are making as we increase the number of assets connected to our platform. The growth strategies I will discuss soon will further accelerate connections.

Our IoT GAGR since 2017 is 22.5% we believe with the plans we have in place the aspirational target is achievable.

Growth plans

- For the Cold Drink Equipment (CDE) market we are focused on:
 - Entering new geographies for IoT
 - Increasing value for customers by leveraging the data and algorithms in our platform
 - Energy management
 - Other asset types that can be connected
- Entering adjacent markets: Food Service and Retail
- Accelerating and investing in new product development as revenue allows.

% of Engineering Resource focused on New Product Development (by Quarter)



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Greg:

No I am going to talk to you about our growth plans and approach.

Looking forward we are focused on protecting and growing our core business the cold drink equipment business (CDE).

The new geographies we are focused on are the US and Europe and our new gateway, network pro one, has allowed us to enter these markets. I will talk more about this on the next slide.

Our current solution offering allows us to address certain asset types and we are investigating the value of expanding the range of assets we can connect. This would add significant value to customers as it would allow them to go to one place to gain insights into their complete fleet.

In May 23 we discussed that we were evaluating the Food Service & Retail markets as potential adjacent markets. We have since commenced developing a solution for that market and I will give update on our progress in a few slides.

The graph on the right-hand side shows the change in focus of the product & engineering team. The team had spent 18 months focused on support existing products due to the electronic component shortages as we have previously discussed but are now focused on New Product development supporting growth initiatives.



New Product and Market Development

- ECR 2 26W
 - New higher-power ECR 2 26W motor is near-launch.
 - Several customer trials underway.
- Network Pro
 - Network Pro ONE launched Oct 2023
 - Network Pro TWO estimated launch H2 2024
- Remote Asset Management
 - Launched capability to change cooler parameter settings remotely via the web.
- Energy efficiency
 - Award-winning solution enables bottlers to reduce energy consumption by up to 54% compared to their shaded pole cooler configuration.
 - Plan is to commercialise the AoFrio Inside solution in 2024.



Greg:

I am now going to highlight some of the new product and market development activities that will impact FY24.

Firstly, **ECR 2 26W**.

The ECR 2 26W, a new higher-powered motor, has been designed for use in larger supermarket and larger bottle cooler applications. We have several customer trials underway and are currently finalising compliance and certification requirements production ramp-up is expected by the end of Q1 2024.

Then **Network Pro ONE** is part of the US and Europe market entry strategy, AoFrio launched Network™ Pro ONE in October 2023. This is a new variant of the Network™ Pro family and is a, single-cooler cellular connected gateway. It's installed as a part of the cooler manufacturing process.

While the original Network Pro has proven effective at activating stores with

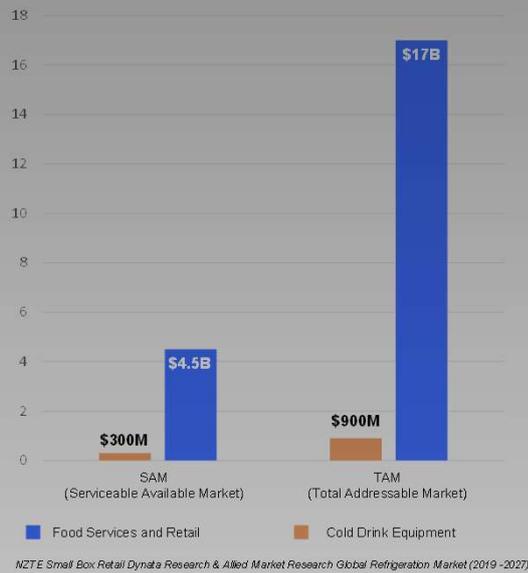
multiple coolers, the Network Pro ONE is targeted as a cost-effective new build and retrofit cellular connected solution for single coolers. This new option has been well-received by customers, with trials underway across 13 different OEMs/Bottlers, primarily in North America. We received our first order in December 2023.

As part of the Network Pro ONE launch, AoFrio introduced the capability to change cooler parameter settings remotely via the web. This **remote asset management** offers significant benefits to customers looking to optimise their fleet energy consumption by allowing the remote change of seasonal energy parameters across a fleet. AoFrio plans to extend this capability in 2024 to further manage, adjust parameters, and report on energy savings and carbon reduction.

Energy efficiency has rapidly increased in importance for our customers with most now having large energy reduction targets in place for their cooler fleets.

We presented a proposed solution to the Bier Coolition in October 23. The solution we presented combined our complete technology stack including a SCS controller, high efficiency motors ECR2, Network Pro and our Platform to deliver an estimated 54% energy reduction. This solution will require us to deliver to new functionality which we had in pilot at the time of the presentation. There has been significant interest in our solution.

This year we will formally launch this integrated solution as AoFrio Inside.



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Spotlight on Food Service and Retail

- Solution definition: working with two potential customers as development partners
- Onboarding next 3 potential customers for solution validation starting March.
- Subscription revenue.
- Plan to launch the first Food Services solution in H2 to target customers.

Greg:

We are continuing to make progress on developing and validating our food service and food retail market entry strategy.

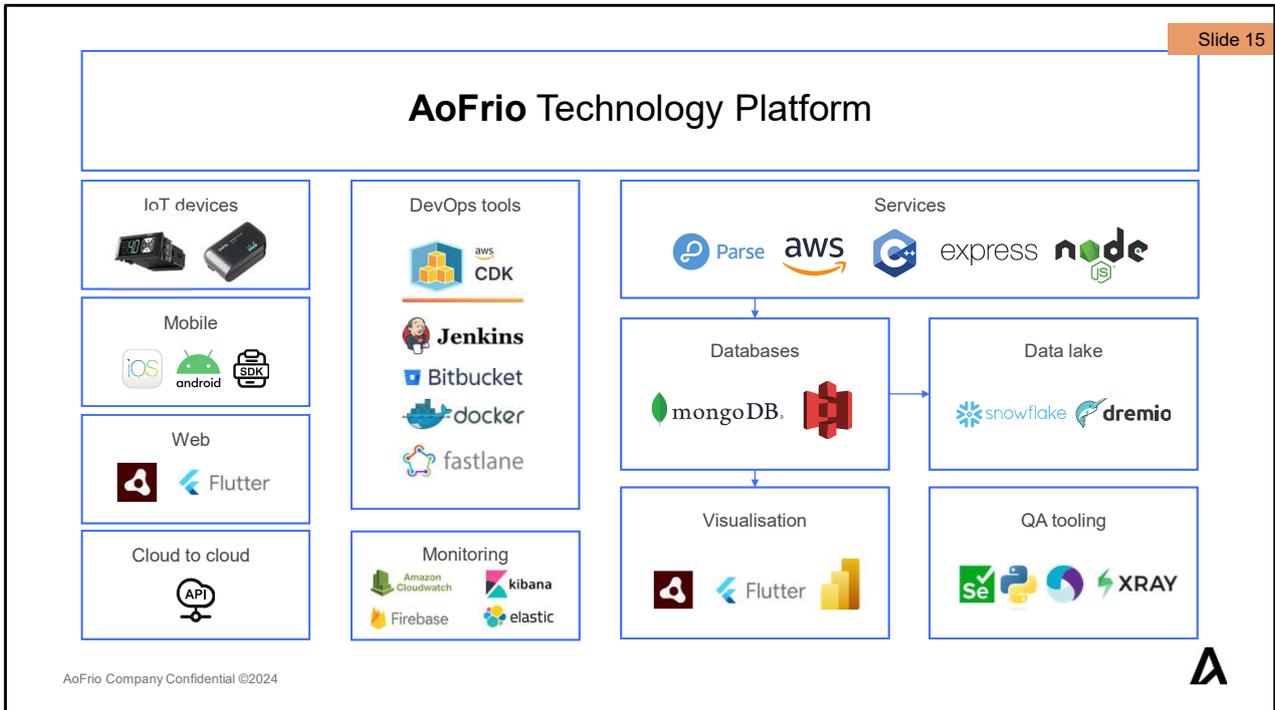
We are doing this because we believe we can leverage the capability of the organisation to generate significant profitable growth in this adjacent market. The market is estimated to be at least 10 times the size of our current market, (shown by the graph) the market is at the early stage of development in terms of IoT solutions, and customers have problems that are similar to the types of problems we understand making it a good fit for AoFrio.

We have been working with two potential customers as development partners one in the food service market and one in the food retail market and this is progressing well.

- With the first partner an early proof of concept identified opportunities for efficiency, resulting in a fast return on investment for the brand. The proof-of-concept has progressed to a five-site trial running from October 2023 through

to March 2024.

- The second development partner is a major global supermarket chain in South America aiming to automate their refrigeration monitoring and alerting system. This has now moved from a proof of concept to a multi site trial which will run until the end of July24.
- We have commenced working with the next 3 potential retail customers on solution validation trials.
- Working with NZTE we completed a second round of research in the US market. The aim of the research was to further understand the need for a solution and validate the commercial model. This provided great insight into this market.
- AoFrio plans to launch its first Food Services solutions in H2 FY24 to targeted customers



Greg:

In these presentations we spend a lot of time talking about the hardware part of our solution, i.e the top left-hand box of this slide labelled 'Services', but it is only one part of our technology platform. While our hardware is high quality, rich in functionality and a key part of our solution it is the software solution that brings it to life and what our customers use and value to manage their fleets of coolers. The technology used as part of delivering this software solution is represented by the other parts of this diagram.

- We are modernising the platform to reduce costs, increase speed to market, improve interoperability and resilience
- Building with reusable components and building blocks to provide a connected ecosystem across all applications.
- Modernising also allows for easier adoption of new technology

like machine learning and AI.

This diagram looked very different 2 years ago we have invested in modernising the platform and with rapid technology change it will continue to evolve.

ESG progress

- In FY23 we completed a review of ESG framework, achievements include:
 - Updated Board and Committee charters.
 - Sustainability Policy and a Modern Slavery Statement launched.
 - EcoVadis Bronze Medal.
- Next steps include:
 - Establishing baselines for reporting and target setting.
 - Integrating product circularity into the product development process
 - Advancing organisational culture and enhancing global collaboration, inclusivity, and innovation.

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Greg:

ESG is an important driver for us at AoFrio and for our customers as we deliver solutions for energy savings and energy monitoring to support their carbon reduction objectives.

In early FY23, AoFrio completed a review of its ESG framework and created a plan to continue to improve performance and effectiveness. As noted on the slide we completed the updating the 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.

In FY24 we will establish baselines for reporting and target setting. Commence integrating product circularity into the product development process.

During the year we undertook recertification of our ESG systems and processes through an independent global body, EcoVadis, and we were awarded a bronze medal which puts us in the top 35% of companies assessed. There are 130,000 companies assessed across four categories. (Environment, Ethics, labour & Human Rights, Sustainable Procurement)

We have been evolving our organizational culture focusing on global collaboration, inclusivity, and innovation. Areas highlighted in the employee engagement (72% average score) and diversity, equity, and inclusion surveys (80% inclusion score).

As part of the Board succession planning process, the Board announced the appointment of John Scott as Board Chairman, following the resignation of Gottfried Pausch who had been on the AoFrio Board for almost ten year. During the year, AoFrio also appointed two new Board Members. Melissa Clark-Reynolds and Roz Buick.

Melissa became a Futurist after 25 plus years' experience as an entrepreneur and CEO of a number of Technology companies. She was awarded the ONZM for Services to Technology in 2015. Melissa is a director of Atkins Ranch Lamb Inc, Alpine Energy and Wētā workshop. Melissa works with food companies to execute transformational strategies.

Roz has 27 years' experience leading businesses that digitally transform industries via innovative workflow re-engineering & automation across hardware, SaaS, and software platforms. A catalyst for change, she has consistently scaled growth via synergistic product and go-to-market strategies across agriculture, architecture, engineering & construction, geospatial, property and land management. Previously Roz was Senior Vice President at Oracle and Trimble Inc leading global businesses, she is now an independent consultant and Board Director on technology, research and construction companies in ANZ, the Americas.

FY24 outlook

- AoFrio expects FY24 to show positive momentum, initial revenue from new solutions and geographies, including:
 - The launch of a new solution for energy reduction in the CDE market.
 - Commence entering the US & EMEA regions for CDE
 - The first targeted solution release for the Food Service and Retail markets.
- AoFrio expects a modest recovery in its base business.
- Continuing to align investment in new product development and launch activity to revenue and gross margin generation, as well as managing operational expenditure.
- Guidance for FY24
 - Revenue between \$70m and \$80m
 - EBITDA around \$2.5m



Greg:

The FY24 outlook.

We made clear progress on product development in the last financial year and as a result we expect FY24 to show positive momentum with new solutions coming to market, including:

- The launch of our new solution, *AoFrio Inside*, for energy reduction in the Cold Drinks Equipment (CDE) market.
- Entry into the US & EMEA regions with the Always on Network Pro One for CDE IoT
- The first targeted solution release for the Food Service and Retail markets.

AoFrio expects a modest recovery in its base business as the customer inventory overstocking that impacted FY23 appear to have normalised.

We are continuing to align our investment in new product development and

launch activity to revenue and gross margin generation and we are tightly managing operational expenditure. This should ensure that both ongoing operations and growth activities can be funded through internally generated cash flows.

AoFrio's FY24 revenue guidance is **\$70m to \$80m**, 13% at the midpoint of the range, with a target EBITDA of **\$2.5m**. Guidance is subject to the usual risk caveats around market and macroeconomic conditions.

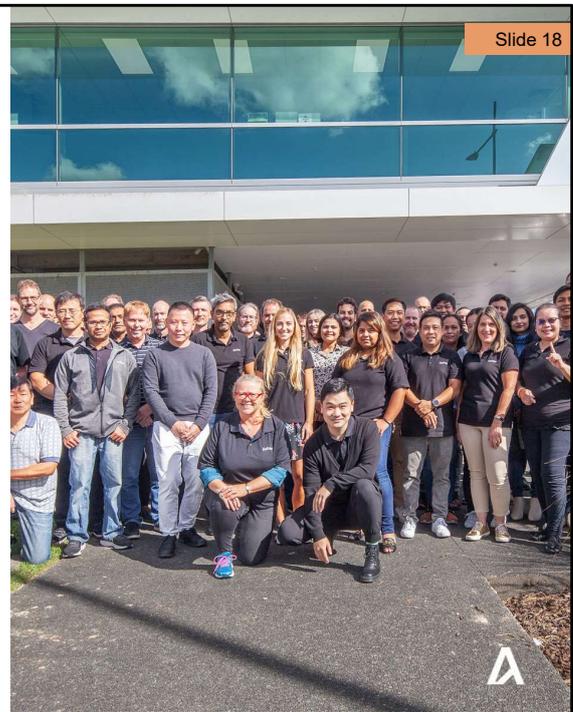
The year has started positively, and we look forward to updating you on our initiative progress and our results as the year progresses.

I will now hand over to John Scott Chairman of the AoFrio Board to provide some closing comments.

Summary

- FY23 Revenue \$66.6m EBITDA \$1m
- Guidance FY24 \$70-80m EBITDA \$2.5m
- Focus on execution
- Growth plans funded from internally generated cash flow.

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John Scott

Thank you, Greg,

This feels like it could be shaping up to be the most normal year, whatever that is, since 2019 although there is still macroeconomic uncertainty and geopolitical factors at play, we are optimistic about the year.

Our focus is on delivering what we say with the belief that the market will value us as a technology company with revenue multiples like our peers if we consistently deliver the type of results we believe are possible

Technology companies' biggest assets are its people, and we have a talented group of people whom we will see benefit from over the next 24 months now that we are not chasing our tail. I have enough experience and line of sight to know we have a well-run company, and we will demonstrate that to the market.

Thank you.

Q&A

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Greg:

Now I'll open up to questions

Thank you

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