FORSYTH BARR

MST Access

NEW ZEALAND EQUITY RESEARCH | TECHNOLOGY | COMMERCIAL REFRIGERATION IOT AND CONTROLS

28 APRIL 2026

AoFrio Limited

Motors to SaaS—A Tale of Two Futures

JAMES LINDSAY
james.lindsay@forsythbarr.co.nz
+64 9 368 0145

GEORGIO TOULIS
georgio.toulis@forsythbarr.co.nz
+64 9 918 9293

WILL TWISS
will.twiss@forsythbarr.co.nz
+64 9 368 0129

AoFrio Limited (AOF) supplies connected refrigeration controllers, fleet management software, and energy-efficient motors to global beverage brands, bottlers, and OEMs. AOF's controllers and connectivity sit in ~3.2m connected cold drink equipment (CDE) assets globally—a ~76% share of the global connected fleet. AOF is transitioning from hardware-led economics towards recurring software revenue via AoFrio iQ, the new SCS800 cellular controller, and camera-enabled analytics. Management has outlined two strategic pathways—Future One (self-funded) and Future Two (contingent on raising ~NZ$15m)—that differ in pace and capital intensity. Execution risk spans SaaS adoption, geographic expansion, and new verticals, but bottler relationships and the large installed base anchor the LATAM core that funds expansion. On our base case (Future One) estimates, AOF trades at 12.8x 12-month forward EV/EBITDA, a ~35% discount to IoT peers. We initiate coverage with a blended spot valuation of NZ$0.131, reflecting our risk-weighted view of the two futures.

NZX code	AOF
Share price	NZ$0.079
Spot Valuation	NZ$0.131
Risk rating	High
Issued shares	434.2m
Market cap	NZ$34.3m
Avg daily turnover	92.1k (NZ$8k)

Financials: Dec/	25A	26E	27E	28E
Rev (NZ$m)	83.9	82.3	91.4	103.4
NPAT* (NZ$m)	-2.1	-3.1	-3.3	-2.9
EPS* (NZc)	-0.5	-0.7	-0.8	-0.7
DPS (NZc)	0.0	0.0	0.0	0.0
Imputation (%)	0	0	0	0

*Based on normalised profits

Valuation (x)	25A	26E	27E	28E
PE	n/a	n/a	n/a	n/a
EV/EBIT	n/a	n/a	n/a	n/a
EV/EBITDA	12.5	13.4	11.5	9.6
Price / NTA	n/a	n/a	n/a	n/a
Cash div yld (%)	0.0	0.0	0.0	0.0
Gross div yld (%)	0.0	0.0	0.0	0.0

Laying the foundations for SaaS

AOF's transition from IoT hardware to a hardware-enabled SaaS model is in its early stages, with SaaS accounting for just ~4% of group revenue in FY25. AoFrio iQ, AOF's modernised SaaS platform, enters broader commercial rollout from 3Q26, supporting higher per-device subscription pricing and accelerating the mix shift towards recurring revenue.

Scaling into adjacent verticals under Future Two

Food retail and chilled and frozen foods are adjacent to AOF's core CDE business, using much of the same hardware and software stack but with different customer economics. Early proof-of-concept work has secured initial customer references, but commercial rollout pace differs materially between the two pathways.

Execution risk and scaling pathways

AOF's strategy depends on execution across four areas: (1) expansion beyond Latin America (where it holds ~70% share); (2) on-time product delivery; (3) go-to-market capability in new regions; and (4) customer willingness to pay higher SaaS and hardware prices. Future Two materially expands the opportunity, but it also raises execution risk as AOF pushes into new regions and segments.

AoFrio Limited (AOF)

Market Data (NZ$)	
Priced as at 27 Apr 2026	**0.079**
52 week high / low	0.108 / 0.064
Market capitalisation (NZ$m)	34.3

Spot valuation (NZ$)	**0.131**
Future One blended valuation (80% weight)	0.108
Future Two valuation (20% weight)	0.223

Key WACC assumptions	
Risk free rate	5.00%
Equity beta	1.10
WACC	13.2%
Terminal growth	1.5%

DCF valuation summary (NZ$m)	
Total firm value	59
(Net debt)/cash	(8)
Less: Capitalised operating leases	(4)
Value of equity	47

Profit and Loss Account (NZ$m)	2024A	2025A	2026E	2027E	2028E
Revenue	80.3	83.9	82.3	91.4	103.4
Normalised EBITDA	**2.5**	**3.5**	**3.7**	**4.5**	**5.3**
Depreciation and amortisation	2.8	3.6	4.4	4.8	5.1
Normalised EBIT	**(0.3)**	**(0.1)**	**(0.7)**	**(0.4)**	**0.2**
Net interest	(1.6)	(1.9)	(2.4)	(2.9)	(3.1)
Associate income	-	-	-	-	-
Tax	(0.0)	0.1	-	-	-
Minority interests	-	-	-	-	-
Normalised NPAT	**(1.9)**	**(2.1)**	**(3.1)**	**(3.3)**	**(2.9)**
Abnormals/other	-	-	-	-	-
Reported NPAT	**(1.9)**	**(2.1)**	**(3.1)**	**(3.3)**	**(2.9)**
Normalised EPS (cps)	(0.4)	(0.5)	(0.7)	(0.8)	(0.7)
DPS (cps)	-	-	-	-	-

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	19.1	4.5	-1.9	11.1	13.1
EBITDA (%)	>100	39.3	4.4	22.4	19.3
EBIT (%)	n/a	n/a	n/a	n/a	n/a
Normalised NPAT (%)	n/a	n/a	n/a	n/a	n/a
Normalised EPS (%)	n/a	n/a	n/a	n/a	n/a
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

Cash Flow (NZ$m)	2024A	2025A	2026E	2027E	2028E
EBITDA	**2.5**	**3.5**	**3.7**	**4.5**	**5.3**
Working capital change	6.5	1.6	1.9	4.2	6.7
Interest & tax paid	(1.7)	(0.7)	-	-	-
Other	(1.5)	(0.5)	(2.4)	(2.9)	(3.1)
Operating cash flow	**5.8**	**3.8**	**3.1**	**5.8**	**9.0**
Capital expenditure	(5.9)	(9.1)	(7.6)	(7.1)	(7.0)
(Acquisitions)/divestments	-	-	-	-	-
Other	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Funding available/(required)	**(0.3)**	**(5.6)**	**(4.8)**	**(1.6)**	**1.7**
Dividends paid	-	-	-	-	-
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	**(0.3)**	**(5.6)**	**(4.8)**	**(1.6)**	**1.7**

Balance Sheet (NZ$m)	2024A	2025A	2026E	2027E	2028E
Working capital	5.8	5.6	5.1	4.7	4.2
Fixed assets	5.8	6.1	6.6	7.2	8.0
Intangibles	19.0	24.1	27.2	29.3	30.8
Right of use asset	-	-	-	-	-
Other assets	10.4	10.6	10.6	10.6	10.6
Total funds employed	**41.0**	**46.4**	**49.5**	**51.7**	**53.5**
Net debt/(cash)	2.5	8.2	13.0	14.6	12.9
Lease liability	4.0	4.0	4.1	4.2	4.3
Other liabilities	17.2	18.3	19.7	23.5	29.7
Shareholder's funds	17.3	15.9	12.8	9.5	6.6
Minority interests	-	-	-	-	-
Total funding sources	**41.0**	**46.4**	**49.5**	**51.7**	**53.5**

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	0.5	0.5	0.6	0.6	0.5
EV/EBITDA (x)	16.1	12.5	13.4	11.5	9.6
EV/EBIT (x)	n/a	n/a	n/a	n/a	>100x
PE (x)	n/a	n/a	n/a	n/a	n/a
Price/NTA (x)	11.7	n/a	n/a	n/a	n/a
Free cash flow yield (%)	-1.0	-16.2	-14.0	-4.6	4.8
Adj. free cash flow yield (%)	-1.0	-16.2	-14.0	-4.6	4.8
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	n/a	n/a	n/a	n/a	0.1
Interest cover EBITDA (x)	1.5	1.8	1.5	1.5	1.7
Net debt/ND+E (%)	10.2	29.0	43.4	51.5	54.5
Net debt/EBITDA (x)	1.0	2.3	3.6	3.3	2.4

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-0.4	-0.2	-1.0	-0.5	0.2
Return on equity (%)	-8.6	-10.4	-18.4	-23.8	-27.1
Return on funds employed (%)	-5.9	-5.9	-8.6	-9.1	-8.6
EBITDA margin (%)	3.1	4.2	4.4	4.9	5.2
EBIT margin (%)	-0.3	-0.1	-0.9	-0.4	0.2
Capex to sales (%)	7.4	10.8	9.2	7.7	6.8
Capex to depreciation (%)	-724	-957	-752	-698	-676
Imputation (%)	0	0	0	0	0
Pay-out ratio (%)	0	0	0	0	0

Operating Performance	2024A	2025A	2026E	2027E	2028E
Motors revenue	36.4	36.1	32.0	34.3	36.7
IoT revenue	43.3	47.1	49.4	56.3	65.9
Total segment revenue	**79.7**	**83.2**	**81.4**	**90.6**	**102.5**
Motors gross profit	5.6	6.4	5.7	6.3	6.9
Segment gross margin (%)	15%	18%	18%	18%	19%
IoT gross profit	17.6	20.0	20.3	22.0	24.4
Segment gross margin (%)	41%	43%	41%	39%	37%
Total segment gross profit	**23.2**	**26.4**	**26.0**	**28.3**	**31.3**
Gross margin (%)	29%	32%	32%	31%	31%
Motors EBITDA	1.5	2.4	2.1	2.6	3.2
IoT EBITDA	10.3	11.3	11.2	12.2	13.5
Unallocated (corporate) EBITDA	-9.2	-10.2	-9.6	-10.4	-11.3
Total EBITDA	**2.5**	**3.5**	**3.7**	**4.5**	**5.3**
EBITDA margin (%)	3%	4%	4%	5%	5%

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Executive summary

AOF operates across two reporting segments: (1) CDE (IoT), comprising connected refrigeration controllers and fleet management software; and (2) Motors, comprising electronically commutated motors and fans. Total segment revenue of NZ$83.2m in FY25 was split roughly 57%/43% in favour of CDE (IoT). The CDE (IoT) segment generates structurally higher gross margins (~43% versus ~18% for Motors), making software-led monetisation the obvious strategic priority. Upside is contingent on module attachment across the installed base, not on unit growth alone.

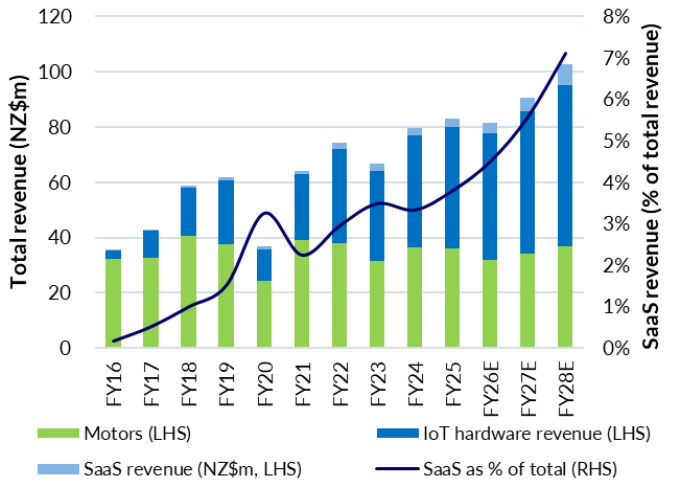
At its 4 December 2025 Investor Day, management outlined two strategic pathways that differ in execution pace rather than direction. Future One is the self-funded case, with management targeting a ~+10% FY24–FY30 revenue CAGR (or ~+11% from FY25 total segment revenue) driven by incremental AoFrio iQ adoption and SCS800 rollout within existing capital constraints. Future Two is contingent on raising ~NZ$15m and would bring forward cellular migration, retrofit deployment, and entry into food retail and chilled and frozen foods—lifting management's target to a ~+25% revenue CAGR over the same period (~+30% from FY25). Future Two accelerates the same roadmap—the distinction is timing and capital intensity, not strategic direction.

Beyond CDE, AOF is pursuing food retail and chilled and frozen foods, where spoilage risk and compliance pressure sharpen the case for software adoption. Early proof-of-concept work across Latin America, the US and NZ has secured initial customer references, but commercial rollout depends on customer deployment cycles and AOF's own execution capacity.

Execution capacity has improved through scaled manufacturing via East West Industries (EWI), second-sourcing of key components and continued platform investment. The investment case rests on six variables: access to capital to fund the growth strategy; AoFrio iQ adoption; SCS800 penetration in the US and Europe; camera module acceptance; customer willingness to pay for higher-tier SaaS; and commercial traction in food retail and chilled and frozen foods.

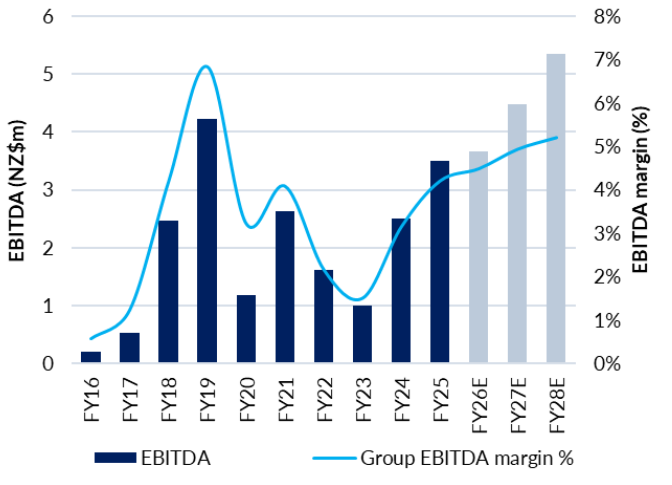
We initiate coverage on AOF with a blended spot valuation of NZ$0.131, reflecting a risk-weighted self-funded case and an upside case contingent on Future Two funding.

Figure 1. AOF—Revenue stack*



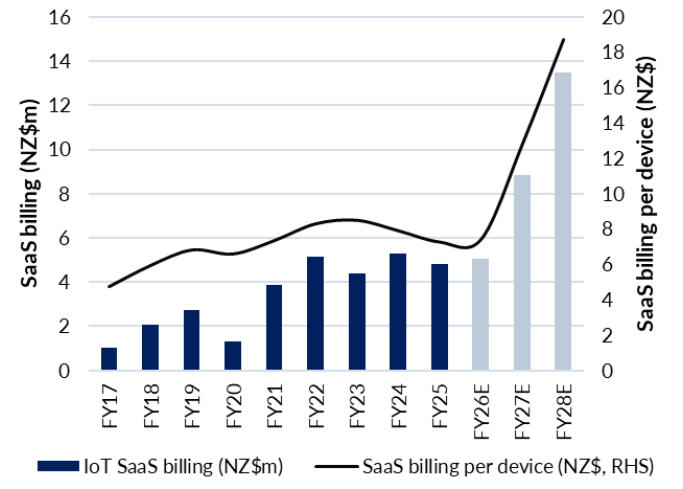
Source: Company, Forsyth Barr analysis, *Forecasts under our Future One scenario

Figure 2. AOF — EBITDA and EBITDA margin*



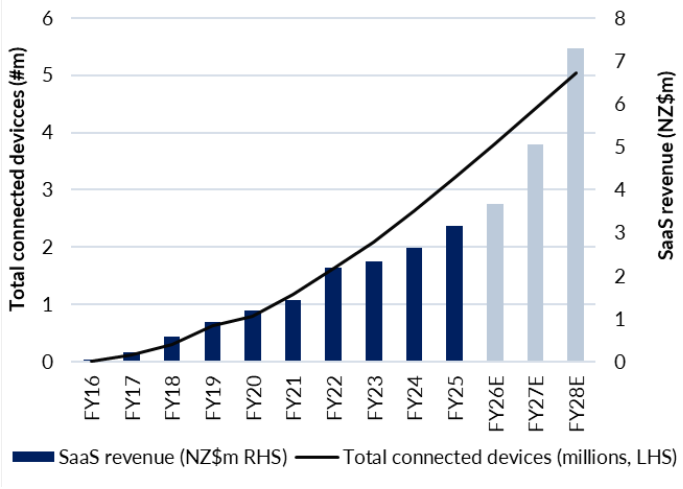
Source: Company, Forsyth Barr analysis, *Forecasts under our Future One scenario

Figure 3. AOF—CDE (IoT) SaaS billing*



Source: Company, Forsyth Barr analysis, *Forecasts under our Future One scenario

Figure 4. AOF—CDE (IoT) connected devices and SaaS revenue*



Source: Company, Forsyth Barr analysis, *Forecasts under our Future One scenario

Strategies for growth

1. **Accelerate SaaS monetisation of the installed base:** Under the self-funded Future One pathway, AOF broadens AoFrio iQ adoption across its ~3.2m connected cooler base at a measured pace, lifting revenue per connected unit as software-led workflows attach (Figures 3 and 4). Under Future Two, a successful capital raise would pull forward cellular migration and retrofit deployment, lifting ARR per connected unit as higher-value modules attach earlier.
2. **Scale food retail and chilled and frozen foods adjacencies:** These reuse the hardware and software stack but offer clearer compliance and spoilage-driven ROI. Under a self-funded approach, expansion remains selective and pilot-led. Under Future Two, external capital would enable faster commercial rollout and earlier ARR contribution.

Investment thesis in brief

- **Hardware earnings fund the SaaS transition**—CDE (IoT) hardware and motors provide the cash flow that underwrites AoFrio iQ, SCS800, and investment in adjacent verticals.
- **Data advantage**—The installed base matters because telemetry from 3.2m connected assets should improve diagnostics, benchmarking, and workflow relevance across maintenance, energy optimisation, and commercial analytics. Because that data is generated through AOF's own installed base rather than licensed from third parties, it should become more valuable as software adoption rises and may provide some protection against software commoditisation from AI.
- **Future Two unlocks a step-change**—a ~NZ$15m raise accelerates SCS800 rollout, camera-enabled analytics, and entry into food retail and chilled and frozen foods, driving our ~+18% Future Two revenue CAGR to FY30E versus ~+10% under Future One.
- **Execution platform strengthening**—Second sourcing, go-to-market investment and SaaS platform modernisation should improve scalability and reduce some delivery risk across both pathways.

Key risks

1. **Funding risk:** Failure to raise ~NZ$15m delays geographic expansion, new market vertical entry, and an accelerated SaaS rollout, capping AOF's growth trajectory at Future One's ~+10% CAGR rather than Future Two's ~+18%.
2. **Adoption risk:** Slower uptake of AoFrio iQ, cellular controllers, or camera-led solutions delays ARR growth and margin expansion.
3. **Commercial execution:** Long enterprise sales cycles and complex procurement slow penetration in the United States and Europe.
4. **Customer concentration:** Exposure to a small number of bottlers increases sensitivity to contract renewal and procurement.
5. **Competition:** Incumbent hardware suppliers, emerging SaaS competitors, and in-house solutions at beverage and food brands could compress pricing and slow adoption.
6. **Operational risk:** Manufacturing delays, supplier concentration, or cost inflation could disrupt delivery.
7. **Technology delivery:** Software scalability, integration, and rollout of remote, camera, and AI features may underperform.
8. **Data and platform trust:** Cybersecurity incidents, outages, or data failures may impair customer confidence and slow deployment.
9. **Macroeconomic and FX:** Bottler capex cycles, retailer pressure, and NZDUSD volatility affect demand, margins, and earnings—a stronger NZD compresses reported revenue given predominantly USD-denominated sales.

Section #1: Valuation and investment thesis

Our risk-weighted blended spot price for AOF is NZ$0.131 per share, based on 80%/20% weightings applied to our Future One and Future Two (assuming full NZ$15m funding) scenario valuations respectively.

Figure 5. Valuation and target price methodology

NZ$	
Future One blended spot valuation (80% weight)	0.108
Future Two (fully funded) DCF (20% weight)	0.223
Equity value per share (NZ$)	**0.131**

Source: Forsyth Barr analysis

Figure 6. WACC inputs

Risk free rate (Rf)	5.0%
Asset Beta	1.10
Equity Beta	1.10
Cost of equity (Ke)	13.2%
Debt premium	2.0%
Cost of debt (Kd)	7.0%
Terminal growth rate	1.5%
Weighted average cost of capital (WACC)	**13.2%**

Source: Forsyth Barr analysis

Figure 7. Risk-weighted valuation methodology

Base case (Future One) scenario

Method	Value (NZ$)	Weight (%)	Weighted value (NZ$)
DCF	0.108	50%	0.054
SOTP	0.108	50%	0.054
	Base case blended valuation:		0.108

Fully funded (Future Two) scenario

Method	Value (NZ$)	Weight (%)	Weighted value (NZ$)
DCF	0.223	100%	0.223
	Future Two valuation:		0.223

Blended spot valuation

Scenario	Value (NZ$)	Weight (%)	Weighted value (NZ$)
Base case (Future One)	0.108	80%	0.086
Fully funded (Future Two)	0.223	20%	0.045
	Risk weighted blended spot valuation (NZ$):		0.131

Source: Forsyth Barr analysis

1.1 Scenario DCF valuations (NZ$0.108 and NZ$0.223, respectively)

We forecast AOF's earnings under two scenarios: (1) a Future One case where growth is driven by AOF's existing CDE (IoT) and Motors segments; and (2) an accelerated-growth Future Two case contingent on capital. Under our Future Two scenario, we assume AOF raises the full targeted NZ$15m outlined at the company's December 2025 Investor Day, enabling both entry into new markets and accelerated growth in traditional segments. Within Future Two, we assume a slower execution ramp than management's FY30 targets (NZ$304m revenue, NZ$50m EBITDA) imply, pending evidence of successful new-market entry and delivery across multiple growth initiatives. Our DCFs under both scenarios use a WACC of 13.2% and terminal growth rate of 1.5%. A summary of key WACC inputs can be found in Figure 6. Our DCF valuations are NZ$0.108 and NZ$0.223 under Future One (self-funded) and Future Two (fully funded) respectively.

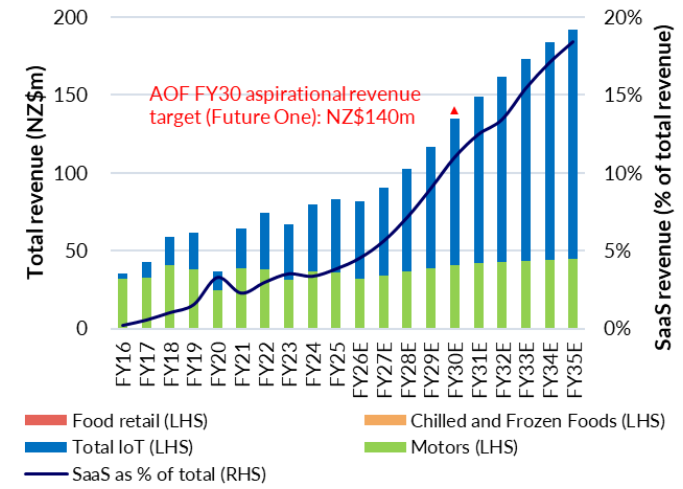
Scenario #1 (Future One): CDE (IoT) segment remains the primary growth driver

We expect CDE (IoT) to remain the primary growth driver under Future One, with segment revenue growing at a ~+15% CAGR over FY25–FY30 versus +35% between FY16 and FY25. We expect Motors to grow modestly at ~+2% annually (versus -1% historically). At the group level, we forecast a revenue CAGR of ~+10% over FY25–FY30 (versus management's implied +11% target), driven by:

- **Mix-driven uplift in CDE (IoT) hardware revenue:** The SCS800 cellular controller (release targeted May 2026) and camera module (expected FY27) will lift hardware revenue per device, with both products expected to carry unit revenues more than double those of AOF's legacy controllers. We forecast average hardware revenue per device of ~NZ$94 by FY30 (FY25: NZ$67).
- **SCS800 cellular controller to underpin modest volume growth:** Expansion into the US and Europe (where cellular is standard) supports a ~+5% IoT volume CAGR to ~850k devices by FY30E (~661k in FY25).
- **SaaS expansion via AoFrio iQ:** Following its initial release in 1H25, AoFrio iQ enters broader commercial rollout in 3Q26, with pricing of ~US$5 per device per annum at launch (US$2 service fee plus an assumed ~US$3 connectivity charge). We model full upfront billing assuming a 5-year average contract term, with revenue recognised on a straight-line basis. The shift to AoFrio iQ will drive a material uplift in SaaS billing as mix shifts away from traditional solutions (FY25 SaaS billing per device: ~US$4.20). While this supports gross profit dollar growth, we expect some margin dilution, with connectivity charges carrying lower margins than AOF's legacy offering. Overall, we forecast SaaS billing of ~NZ$25m by FY30 (vs ~NZ$5m in FY25).

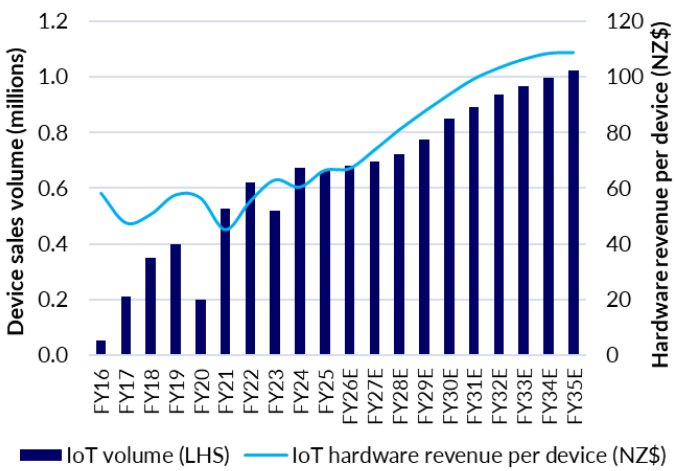
We expect operating leverage to improve over the medium-term, driven by: (1) prior investment ahead of US/Europe launch; and (2) revenue growth from product transition in LATAM, where AOF is well established. However, our gross margin trajectory remains below AOF targets as we await further proof points. We forecast FY30 EBITDA of NZ$9.5m versus NZ$3.5m in FY25, with AOF becoming free-cash-flow positive by FY28 and NPAT-positive by FY30.

Figure 8. We expect CDE (IoT) to remain the key driver ...



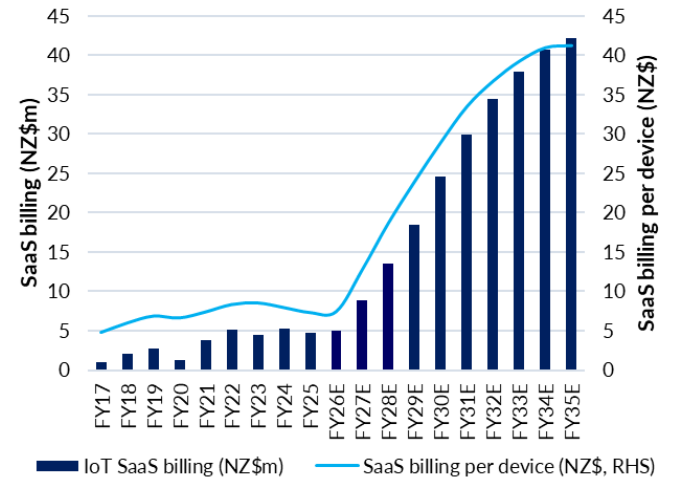
Source: Company, Forsyth Barr analysis

Figure 9. ... underpinned by hardware volume and price growth



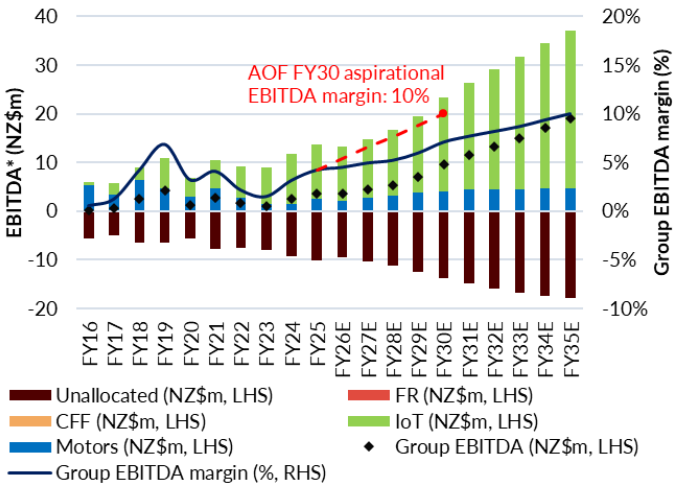
Source: Company, Forsyth Barr analysis

Figure 10. AoFrio iQ underpins SaaS billings growth



Source: Company, Forsyth Barr analysis

Figure 11. We expect operating leverage to improve with mix



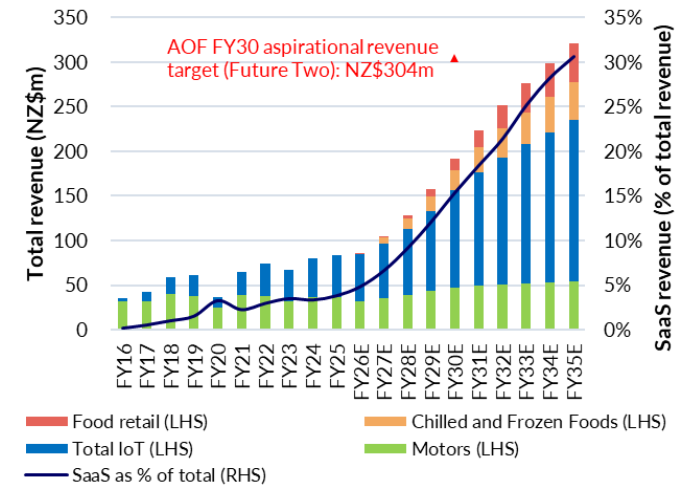
Source: Company, Forsyth Barr analysis

Scenario #2 (fully funded Future Two): NZ$15m capital raise enables step change in growth profile

Future Two assumes a capital raise of up to NZ$15m to fund new-vertical expansion and faster execution in the core business, lifting revenue growth to a ~+18% FY25–FY30 CAGR. We forecast FY30 revenue of ~NZ$191m and EBITDA of ~NZ$12m (+28% FY25–FY30 CAGR)—materially below management's FY30 targets of NZ$304m revenue and NZ$50m EBITDA, reflecting our view that execution will take longer to ramp. We do not reach management's FY30 EBITDA aspiration until FY35, underpinned by:

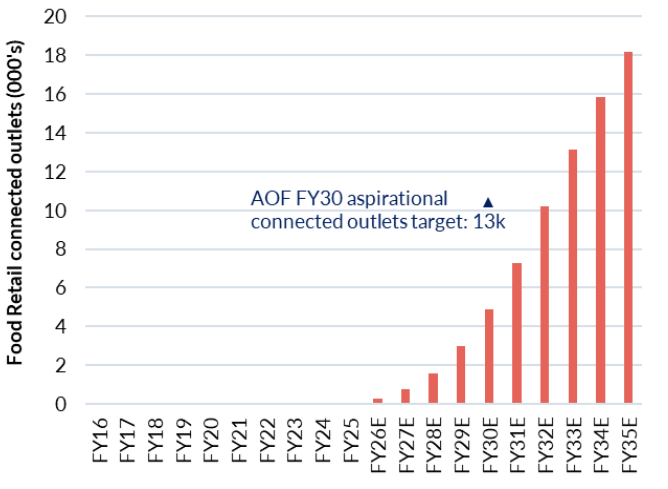
- **Expansion into new verticals:** We assume commercial entry into food retail (FR) in FY26 and Chilled and Frozen Foods (CFF) in FY27. We forecast FR revenue of ~NZ$13m by FY30 (from ~NZ$0.8m in FY26) across ~5k connected outlets, and CFF revenue of ~NZ$22m by FY30 (from ~NZ$7.0m in FY27) across ~233k connected freezers.
- **Capital injection accelerates growth in traditional segments:** Increased resourcing drives volume growth via: (1) Europe and US CDE (IoT) penetration on the SCS800 launch; and (2) expansion into new motor applications, particularly US heat pump water heaters (HPWH). We forecast FY25–FY30 revenue CAGRs of +6% (to NZ$47m) for Motors and +18% (to NZ$109m) for CDE (IoT).
- **SaaS scales faster:** Under Future Two, SaaS reaches ~15% of total revenue by FY30, below management's ~19% forecast. This primarily reflects more conservative CDE and FR volumes across our forecast horizon. We forecast SaaS contributing ~31% of revenue by FY35, versus management's ~50% long-term aspiration. Faster new-market growth or accelerated AoFrio iQ rollout could drive upside to our forecasts. We forecast SaaS billing increasing to ~NZ$47m by FY30 (from ~NZ$5m in FY25), supported by: (1) increased CDE (IoT) device sales volumes relative to Future One; and (2) the contribution of FR and CFF SaaS billings.
- **Capital raise dilution:** We assume a NZ$15m raise at a ~10% discount to last close (NZ$0.079), lifting AOF's share count +49% to ~645m.

Figure 12. Future Two represents a material opportunity ...



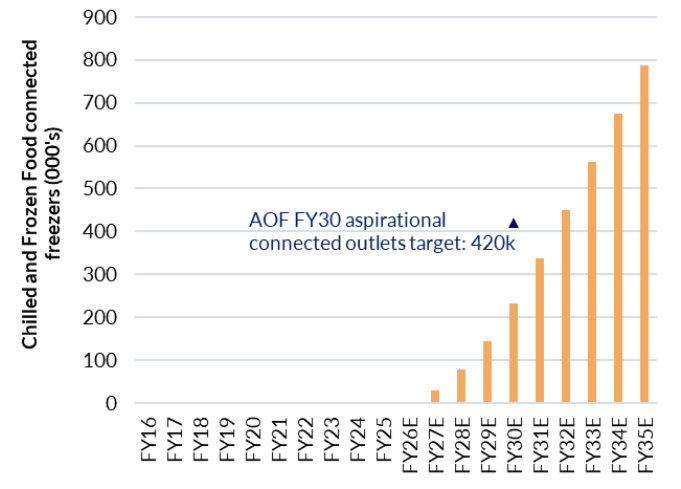
Source: Company, Forsyth Barr analysis

Figure 13. ... underpinned by both the food retail ...



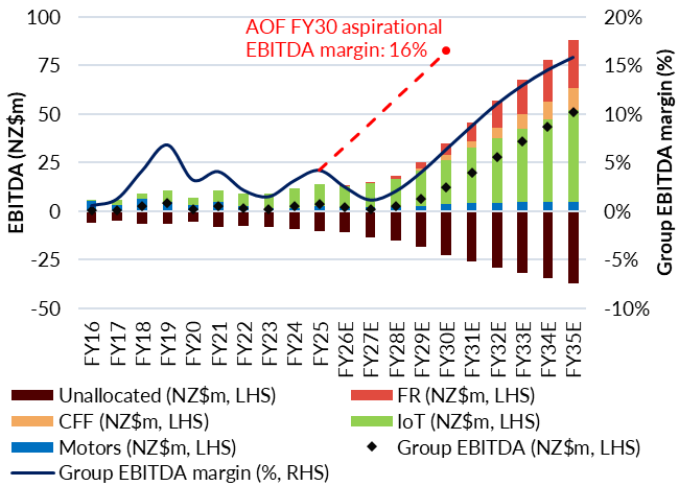
Source: Company, Forsyth Barr analysis

Figure 14. ... and chilled & frozen foods segments ...



Source: Company, Forsyth Barr analysis

Figure 15. ... with both delivering material EBITDA uplift



Source: Company, Forsyth Barr analysis

Figure 16. We view a fully funded Future Two scenario as providing material upside to AOF's growth trajectory

	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E	Implied management FY30 targets*
Future One							
Motors revenue (NZ$m)	36.1	32.0	34.3	36.7	38.7	40.5	~41.0
CDE (IoT) revenue (NZ$m)	47.1	49.4	56.3	65.9	78.2	94.5	~97.0
Food Retail revenue (NZ$m)	-	-	-	-	-	-	-
Chilled and Frozen Food revenue (NZ$m)	-	-	-	-	-	-	-
Total revenue (NZ$m)	**83.2**	**81.4**	**90.6**	**102.5**	**116.9**	**134.9**	**140.0**
Motors EBITDA (NZ$m)	2.4	2.1	2.6	3.2	3.7	4.1	-
CDE (IoT) EBITDA (NZ$m)	11.3	11.2	12.2	13.5	15.7	19.3	-
Food Retail EBITDA (NZ$m)	-	-	-	-	-	-	-
Chilled and Frozen Food EBITDA (NZ$m)	-	-	-	-	-	-	-
Unallocated EBITDA (NZ$m)	(10.2)	(9.6)	(10.4)	(11.3)	(12.5)	(13.8)	-
Total EBITDA (NZ$m)	**3.5**	**3.7**	**4.5**	**5.3**	**7.0**	**9.5**	**14.0**
EBITDA margin (%)	4.2%	4.5%	4.9%	5.2%	5.9%	7.1%	10.0%
Fully funded Future Two							
Motors revenue (NZ$m)	36.1	32.0	34.9	38.7	43.1	47.2	~66.0
CDE (IoT) revenue (NZ$m)	47.1	53.3	61.1	73.7	89.4	108.8	~150.0
Food Retail revenue (NZ$m)	0.0	0.8	2.1	4.4	7.9	12.7	~32.0
Chilled and Frozen Food revenue (NZ$m)	0.0	0.0	7.1	11.7	16.8	22.4	~54.0
Total revenue (NZ$m)	**83.2**	**86.1**	**105.3**	**128.5**	**157.3**	**191.1**	**304.0**
Motors EBITDA (NZ$m)	2.4	2.1	2.3	2.2	2.8	3.4	-
CDE (IoT) EBITDA (NZ$m)	11.3	10.7	12.0	14.1	17.8	23.0	-
Food Retail EBITDA (NZ$m)	0.0	0.0	0.5	1.4	3.2	6.0	-
Chilled and Frozen Food EBITDA (NZ$m)	0.0	0.0	(0.6)	0.2	1.2	2.2	-
Unallocated EBITDA (NZ$m)	(10.2)	(10.8)	(12.9)	(15.3)	(18.6)	(22.4)	-
Total EBITDA (NZ$m)	**3.5**	**2.1**	**1.2**	**2.6**	**6.3**	**12.2**	**50.0**
EBITDA margin (%)	4.2%	2.5%	1.2%	2.1%	4.0%	6.4%	16.4%

Source: Company, Forsyth Barr analysis. Segment revenue is shown. Group revenue differs from segment revenue due to non-segment items, primarily other income and FX-related items; in FY25A, segment revenue of NZ$83.2m compares with total income of NZ$83.9m. Estimates implied from management aspirational targets provided at the 2025 Investor Day (December 2025).

Risk-weighted framework assigns a 20% probability to a fully NZ$15m funded Future Two scenario

Our risk-weighted valuation assigns a ~20% probability to the fully-funded Future Two scenario. Our 20% weighting primarily reflects uncertainty around the scale of any raise relative to AOF's NZ$15m target. We see a reasonable likelihood that proceeds from a completed raise fall below the NZ$15m target, constraining AOF's ability to both fund vertical expansion and resource accelerated growth in core segments, capping the Future Two upside. AOF has provided limited updates on raise progress since the December 2025 Investor Day, and capital markets have tightened materially over that period. Management noted at its FY25 result that 'several of the Company's shareholders have indicated support for the higher growth strategy [Future Two],' with the board 'continuing to investigate options for capital to support the strategy'.

Figure 17. Risk-weighted valuation sensitivity analysis

Fully NZ$15m funded Future Two raise probability	Future Two (fully funded) valuation	Probability of no raise	Future One blended spot valuation	Risk-weighted blended spot valuation	Upside versus base	Upside versus current price
%	NZ$ per share	%	NZ$ per share	NZ$ per share	%	%
0%	0.223	100%	0.108	0.108	-18%	37%
10%	0.223	90%	0.108	0.119	-9%	51%
20%	**0.223**	**80%**	**0.108**	**0.131**	**0%**	**66%**
30%	0.223	70%	0.108	0.142	9%	80%
40%	0.223	60%	0.108	0.154	18%	95%
50%	0.223	50%	0.108	0.166	26%	110%
60%	0.223	40%	0.108	0.177	35%	124%

Source: Forsyth Barr analysis

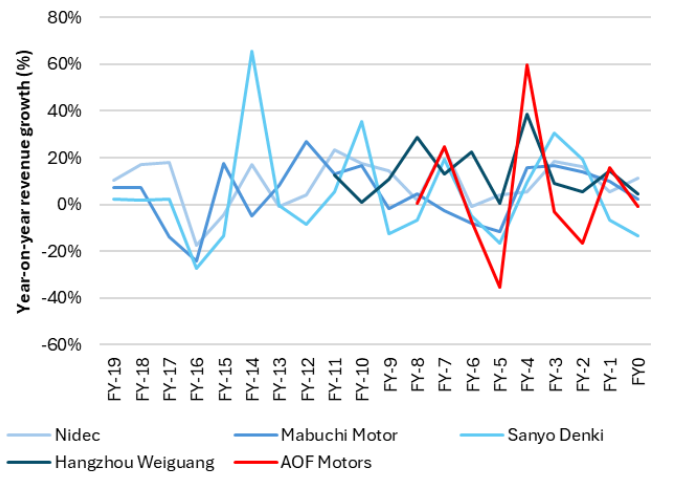
1.2 Peer group analysis for our peers-based sum-of-the-parts (SOTP) valuation

AOF's niche business model and small scale limit the availability of directly comparable listed peers. As such, we adopt a sum-of-the-parts valuation methodology, using two peer groups selected to broadly reflect the business models of AOF's Motors and CDE (IoT) segments respectively. Further details on peer selection are outlined below.

Peer group #1—Global electric motor & motion component peers

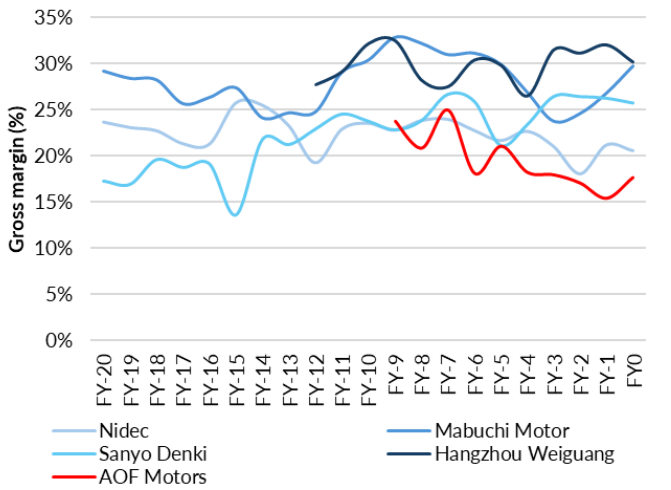
We use a peer group of globally listed electric motor and motion component comparables to value AOF's Motors segment within our peers-based SOTP framework. The group focuses on businesses with exposure to somewhat commoditised electric motors and fan components, to broadly reflect the underlying economics underpinning AOF's Motors segment, while recognising some variation driven by end-market exposure. These include both diversified and specialised motor manufacturers, which collectively provide a relevant reference set across industrial, appliance, and cooling applications. Explicit exclusions from our peer set include large electronic component conglomerates and businesses with material exposure to data centres/AI, automation, and/or higher-value industrial end markets, which typically trade at higher multiples. On balance, our peer group exhibits relatively low gross margins and volatile revenues, reflecting exposure to lumpy, volume-driven end-markets. While pure-play comparables are limited, we view the peer set as broadly representative of AOF's commoditised, low-margin Motors business. We apply a -10% discount to the peer group median multiple within our SOTP framework for AOF's Motors segment, reflecting its smaller scale, relatively concentrated end-markets, and lower margin profile relative to peers.

Figure 18. Revenue growth across our peer group has been volatile, reflecting lumpy, volume-driven demand ...



Source: Refinitiv, Forsyth Barr analysis

Figure 19. AOF's Motors segment gross margins have fallen away from peers ...

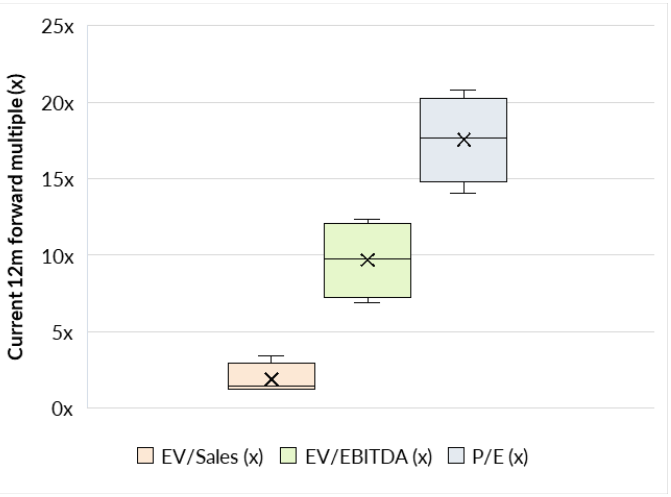


Source: Company, Refinitiv, Forsyth Barr analysis

Figure 20. The group's trading has historically sat between ~7x–9x 12-month forward EV/EBITDA ...

Source: Refinitiv, Forsyth Barr analysis

Figure 21. ... with the individual names exhibiting a moderate level of variation

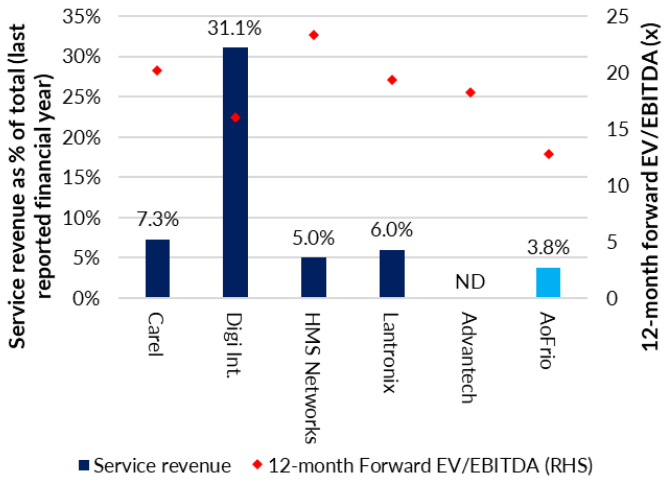


Source: Refinitiv, Forsyth Barr analysis

Peer group #2—Global IoT and controls peers

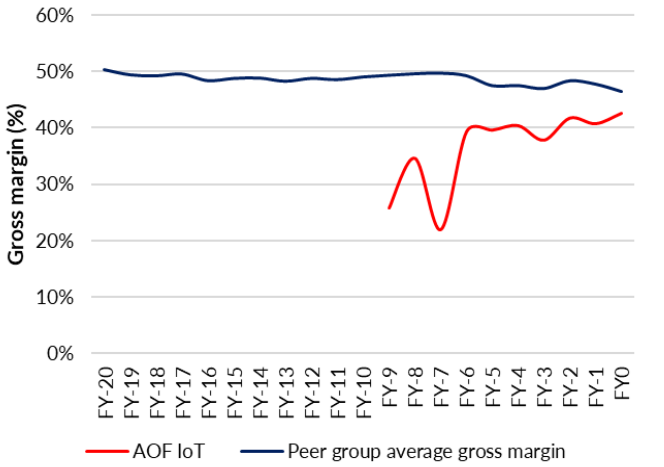
We use a peer group of globally listed IoT and controls comparables to value AOF's CDE (IoT) segment within our peers-based SOTP framework. The group focuses on IoT/edge hardware companies with emerging hardware-enabled SaaS revenues, which best capture the business model dynamics of AOF's CDE (IoT) division. We exclude large technology conglomerates, building automation/controls players, and businesses with predominantly SaaS-based revenue models. Our selected peer group has historically traded between ~15x–19x 12-month forward EV/EBITDA, with average gross margins of ~50%—modestly above AOF's CDE (IoT) segment (FY25: 43%). We view Carel Industries (CRLI) as the closest listed comparable. CRLI provides control systems to air conditioning and industrial refrigeration markets, with refrigeration IoT solutions (including controllers) accounting for ~28% of group revenue (FY25). CRLI currently trades at 19.9x 12-month forward EV/EBITDA—a ~55% premium to AOF (12.8x). We view a discount to peers as warranted, reflecting: (1) AOF's smaller scale (NZ$34m market cap); (2) peer diversification and maturity; (3) higher peer margins; and (4) AOF's modestly earlier stage in the hardware-to-SaaS transition. Accordingly, we apply a -10% discount to peer multiples in our SOTP valuation of AOF's CDE (IoT) segment.

Figure 22. AOF trades at a discount to IoT/controls, peers likely reflecting scale and diversification differences



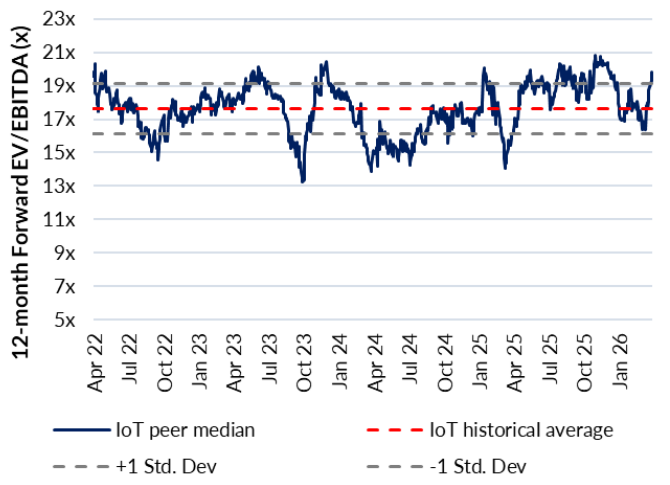
Source: Company, Refinitiv, Forsyth Barr analysis

Figure 23. AOF's CDE (IoT) segment gross margins have been converging toward peer levels



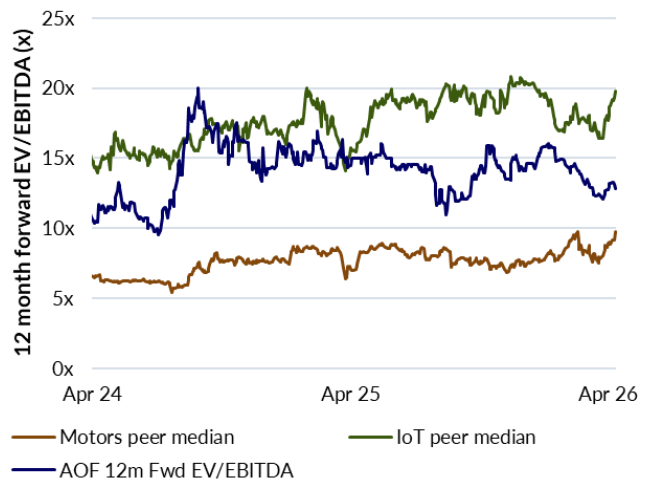
Source: Company, Refinitiv, Forsyth Barr analysis

Figure 24. IoT/controls peers have historically traded between ~15x–19x 12-month forward EV/EBITDA



Source: Company, Refinitiv, Forsyth Barr analysis

Figure 25. AOF has traded closer to IoT/controls peers than Motors peers over recent history



Source: Refinitiv, Forsyth Barr analysis

Figure 26. AOF Motors and IoT segment comparables

Ticker	Company name	Balance date	Share price	Market cap (NZ$m)	EV/Sales 12-mth forward (x)	EV/EBITDA 12-mth forward (x)	P/E 12-mth forward (x)	Description
Global electric motor & motion component peers								
6594.T	Nidec Corp	31/03/2026	2,448.00	$31,314	1.2x	8.2x	14.1x	Global manufacturer of electric motors and motion control solutions serving appliance, automotive, and industrial OEM markets.
6592.T	Mabuchi Motor Co Ltd	31/12/2026	1,594.50	$4,442	1.3x	6.9x	18.4x	Manufacturer of small electric DC brush and brushless motors, producing over 1.4bn units annually for automotive, home appliance, power tool, and precision equipment industries.
6516.T	Sanyo Denki Co Ltd	31/03/2027	6,640.00	$2,338	1.7x	11.3x	20.8x	Manufacturer of cooling fans, cooling fan units, power supply equipment (generators and inverters), and servo and stepping motors.
002801.SZ	Hangzhou Weiguang Electronic Co Ltd	31/12/2026	31.68	$1,811	3.4x	12.3x	16.9x	A China-based producer of small motors and fan systems focused on HVAC, refrigeration, and airflow applications, benefiting from energy efficiency and cooling demand trends.
	Median				**1.5x**	**9.7x**	**17.7x**	
IoT and controls								
CRLI.MI	Carel Industries SpA	31/12/2026	25.80	$5,769	4.1x	19.9x		Designs smart control systems for HVAC and commercial refrigeration equipment with increasing integration of connectivity and digital monitoring.
DGII.O	Digi International Inc	30/09/2026	56.66	$3,625	4.3x	16.1x		Supplier of IoT connectivity hardware and device management platforms for industrial and enterprise applications.
HMSN.ST	HMS Networks AB	31/12/2026	540.50	$5,026	7.1x	23.9x		Industrial communication and connectivity solutions provider enabling factory automation and industrial IoT integration.
LTRX.O	Lantronix Inc	30/06/2026	6.54	$442	1.8x	19.8x		Develops edge IoT gateways and embedded device management solutions used to connect and monitor distributed equipment.
2395.TW	Advantech Co Ltd	31/12/2026	363.00	$16,530	3.5x	18.1x		Offers a broad industrial IoT stack spanning edge hardware, gateways and cloud-based management platforms.
	Median				4.1x	19.8x		
AOF.NZ	Aofrio Limited	**31/12/2025**	**0.08**	**$34**	**0.6x**	**12.8x**		

Source: Workspace, Forsyth Barr analysis

1.3 Peer-based sum of the parts valuation (spot valuation: NZ$0.108)

Our peers-based sum-of-the-parts (SOTP) valuation is NZ$0.108. We apply a -10% discount to both AOF's Motors and CDE (IoT) segments respectively. We apply this methodology under the Future One scenario valuation only, where it is weighted at 50% within our Future One blended spot valuation of NZ$0.108. A comparables-based approach is less representative under Future Two, as accelerated investment compresses near-term earnings while building long-term value.

Figure 27. Peer-based SOTP valuation (Scenario #1: Future One)

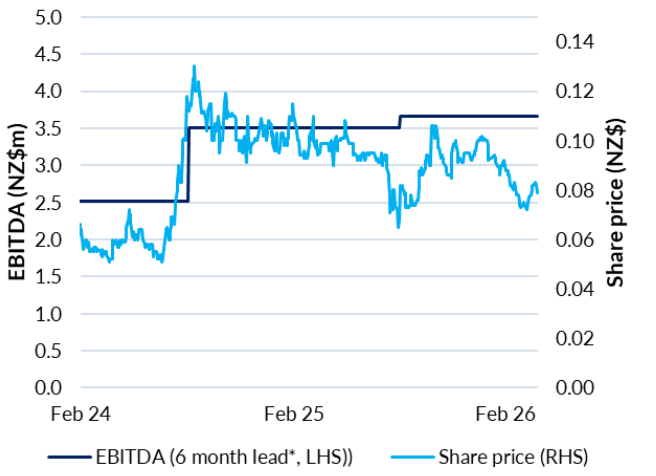
Segment	12m Fwd EBITDA (NZ$m)	Share of unallocated EBITDA (NZ$m)	Net EBITDA (NZ$m)	Peer implied multiple 12m Fwd (x)	AOF (discount)/ premium (%)	Implied EV (NZ$m)	– net debt/ (cash) (NZ$m)	– lease liability (NZ$m)	= Implied equity value (NZ$m)	Shares on issue (m)	Comps valuation (NZ$)
Motors	2.3	(1.6)	0.6	9.7x	-10%	5.7					
IoT	11.5	(8.2)	3.3	19.8x	-10%	58.3					
Chilled and Frozen Foods	-	-	-	19.8x		0.0					
Food Retail	-	-	-	19.8x		0.0					
Total	**13.8**	**(9.9)**	**3.9**			**63.9**	**-13.0**	**-4.0**	**46.9**	**434.2**	**0.108**

Source: Forsyth Barr analysis

Figure 28. AOF has traded on close to ~15x 12-month forward EV/EBITDA over recent history ...

Source: Company, Workspace, Forsyth Barr analysis

Figure 29. ... with a re-rate in 2024 reflecting a solid 1H24 underpinning the CDE (IoT) transition



Source: Company, Workspace, Forsyth Barr analysis, *Reported or forecast EBITDA 6 months before announcement (proxy for expected EBITDA)

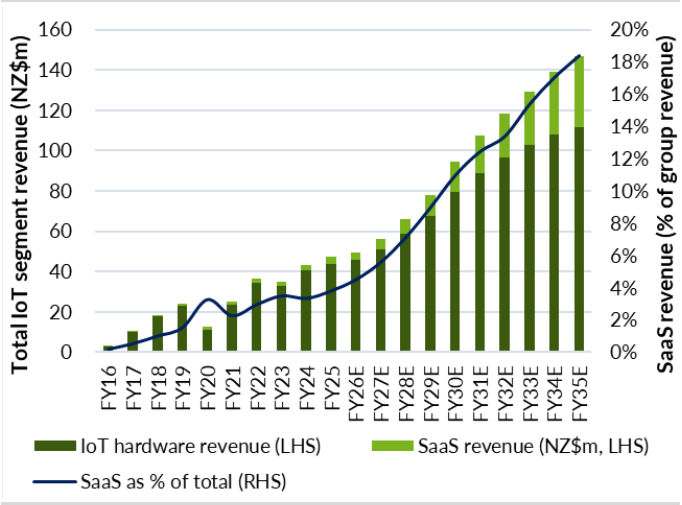
Section #2: Who is AoFrio?

AoFrio (AOF) is a New Zealand-based technology company supplying connected refrigeration controllers, connectivity, and fleet software to large-scale commercial refrigeration fleets, primarily in branded cold drink equipment (CDE) and adjacent markets. The company rebranded in September 2022 from Wellington Drive Technologies. The new name combines Ao, the Māori word for world, and Frío, the Spanish word for cold, reflecting the shift from a predominantly motor-led business toward a hardware-enabled IoT and SaaS platform. AOF operates across two established lines: CDE (IoT) connectivity solutions and motors and fans. Customers are primarily multinational beverage and food brands, bottling partners, and OEMs, with AOF technology deployed at the point of sale across a large installed base.

AOF's origins lie in high-efficiency refrigeration motor hardware, which remains a meaningful revenue contributor. However, the proposition has broadened as connectivity and data have become central to reducing asset loss, improving uptime, and lowering service cost across dispersed fleets. AOF now combines proprietary controllers, Bluetooth and cellular connectivity, and cloud software, enabling continuous monitoring across dispersed cooler fleets. This is most evident in branded CDE, where beverage companies own coolers deployed across retail outlets and need fleet-wide visibility and control.

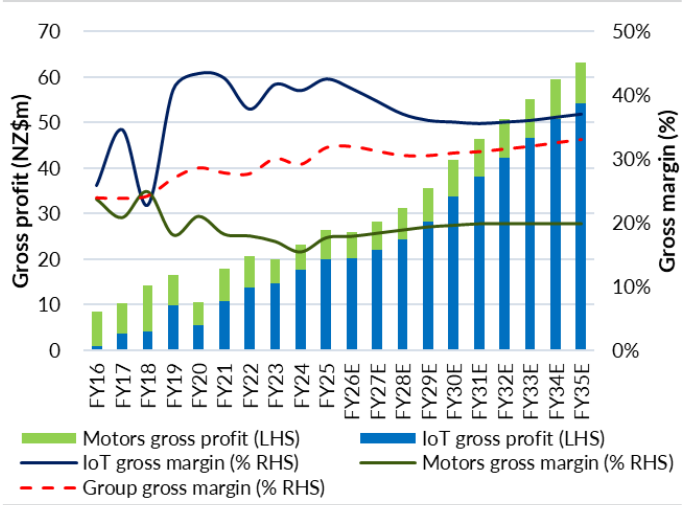
Hardware still represents the majority of group revenue, but management's strategic focus is shifting toward recurring revenue from software, data, and analytics—extracting more lifetime value from the installed base. AoFrio iQ converts operational data into paid workflows across asset management, service and maintenance, energy efficiency, and commercial performance—improving revenue quality over time. Management targets a material lift in recurring revenue over the long term, with delivery dependent on attachment rates and deployment scale.

Figure 30. AOF—Hardware versus SaaS revenues (NZ$m)



Source: Company, Forsyth Barr analysis.

Figure 31. AOF—Gross profit and gross margin (%) by segment



Source: Company, Forsyth Barr analysis

a) Cold Drink Equipment (CDE)—refrigeration controllers, IoT platform and base economics

Cold drink equipment (CDE), referred to as CDE (IoT) throughout our report, is AOF's largest and most strategically important business—underpinning its global footprint and the installed base it monetises through software and data. CDE refers to branded refrigeration units—principally bottle coolers—owned by global beverage companies such as Coca-Cola, PepsiCo, Heineken, and AB InBev, and deployed into retail outlets by bottling partners. Because retailers don't own these assets, beverage brands must manage and protect tens or hundreds of thousands of dispersed coolers themselves—assets that directly influence uptime, availability, sales, and brand execution at the point of sale.

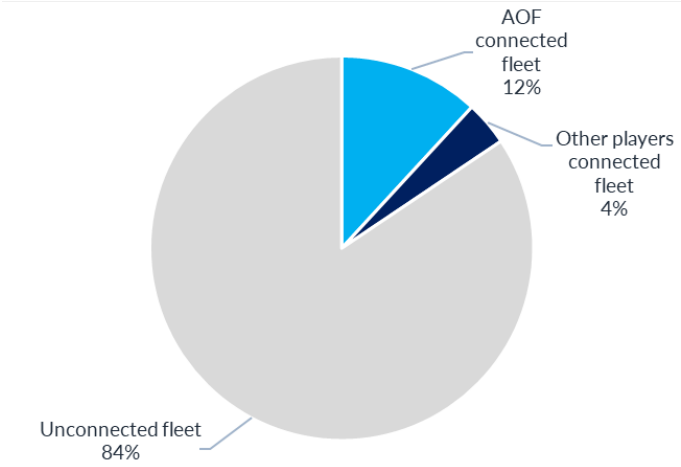
AOF's CDE (IoT) offering integrates embedded control hardware, connectivity, and fleet software, enabling continuous monitoring across dispersed cooler fleets at scale. Connectivity addresses three primary bottler cost lines—asset loss, service dispatch, and energy use—while increasingly linking into revenue execution at point of sale. Controllers manage key operating parameters, including temperature, compressor cycling, and lighting, while connectivity transmits performance and exception data from the field into cloud-based systems. The resulting dataset supports asset location tracking, targeted service and maintenance intervention, and fleet-level performance benchmarking. The platform accommodates long asset lives—bottlers operate coolers installed years earlier.

Management reports ~3.2m connected CDE assets globally, implying ~76% share of the global connected fleet and making AOF the scale leader in branded CDE connectivity. Against an estimated ~29m branded cooler fleet worldwide, this implies global connected penetration of ~11%, with the majority of the addressable estate remaining unconnected (Figure 32). Adoption has historically been concentrated in Latin America, where higher asset loss rates and clear service economics created a strong operational case for connectivity, supported by established local execution. In LATAM, management estimates ~70% share of connected CDE deployments, reflecting early-mover advantage and long-standing bottler relationships.

The connected estate generates a growing dataset as devices stay in the field for years. Each unit contributes telemetry that sharpens benchmarking, diagnostics, and algorithm development—shifting customers from reactive to proactive fleet management. Management points to strong engagement once deployed at scale and high retention across key global accounts. Once embedded in customer workflows, switching costs rise and AOF can layer additional features into existing deployments. AOF's data is generated from its own hardware, not licensed or scraped from third parties. That matters because software-only competitors cannot readily build the same dataset without a comparable hardware footprint and may be more exposed if AI commoditises general-purpose software.

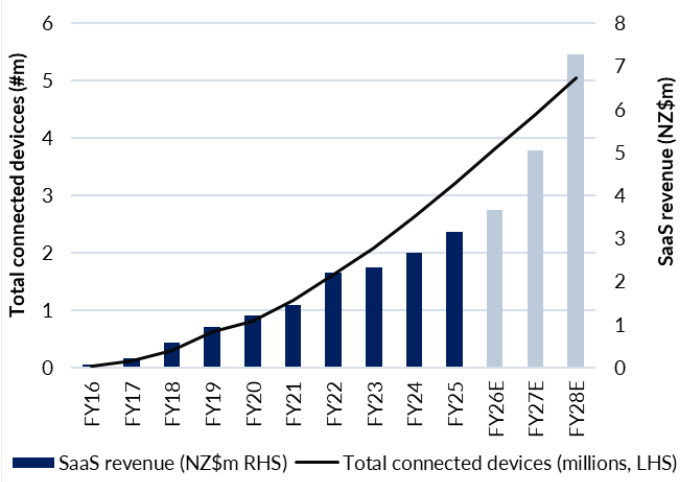
AOF's legacy CDE deployments relied on Bluetooth connectivity, requiring periodic in-person sync via sales or service visits. While effective where field labour is readily available, this model constrained adoption in the United States and Europe, where real-time visibility and reduced field intervention are increasingly expected. Always-on cellular connectivity removes these constraints and enables broader geographic expansion.

Figure 32. Global CDE connected and unconnected fleet



Source: Company, Forsyth Barr analysis

Figure 33. AOF—Connected devices, SaaS revenue and mix



Source: Company, Forsyth Barr analysis. Grey shading denotes forecast years

The SCS800 cellular controller (commercial release targeted May 2026) expands AOF's serviceable market through continuous real-time telemetry and remote interaction from installation. Embedded cellular connectivity reduces reliance on in-store infrastructure, supports bi-directional communication, and enables remote control workflows, lowering the operational friction of fleet management in developed markets. Management views cellular as the entry ticket for North America and Europe, where always-on visibility and low-touch operating models are now the customer baseline.

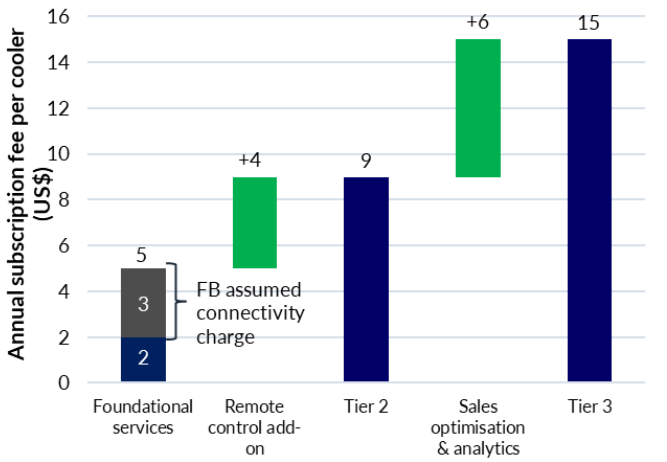
AOF is broadening CDE (IoT) functionality around AoFrio iQ, with wider commercial rollout expected from 3Q26 and a larger set of software workflows over time. Initial use cases focus on asset visibility and service and maintenance efficiency, with more advanced capabilities—including remote asset control and commercial performance tools—introduced over time. At maturity, AoFrio iQ extends beyond operational monitoring into commercial workflows that will influence sales execution and asset productivity.

The Investor Day framework outlined a pathway from ~US$2 per cooler per year for foundational SaaS services (asset management, service & maintenance, and energy efficiency) toward ~US$12/unit at maturity as higher-value modules attach (including +US$4 for remote control capability and +US$6 for sales optimisation and consumer analytics). The commercial analytics layer (camera-based insights) is likely to apply only to a portion of the fleet—potentially up to ~10% of units. Within our forecasts, we assume a US$3 per device per annum cellular connectivity charge, additional to service fees, and upfront cash collection on an assumed 5-year average contract term, with revenue recognised on a straight-line basis. Our modelling implies: (1) Future One average cash billing per device rising from ~US$4.20 in FY25 to ~US$17.50 by FY30 as sales mix shifts away from Bluetooth toward cellular; and (2) Future Two average cash billing rises to ~US$21.90 by FY30, reflecting upfront 5-year billing, modest uptake of the remote control add-on attachment, and faster cellular device adoption across the existing Bluetooth customer base.

Figure 34. AoFrio iQ—workflow screen

Source: Company, Forsyth Barr analysis

Figure 35. AOF—CDE SaaS monetisation ladder (US$/unit/p.a.)



Source: Company, Forsyth Barr analysis

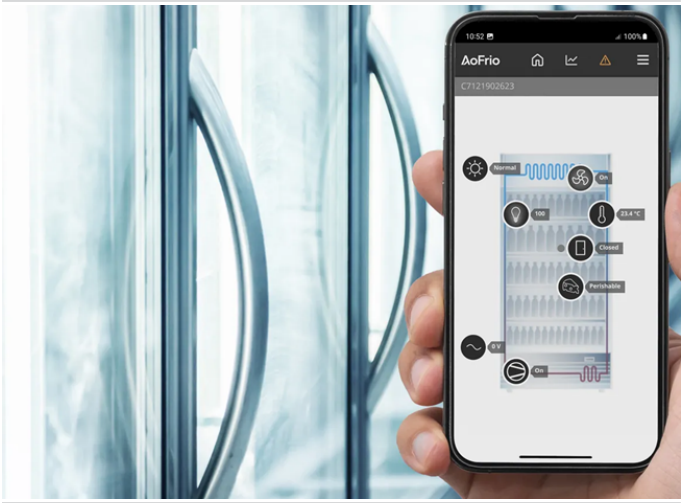
Key product: AoFrio iQ SaaS platform

AoFrio iQ is AOF's core SaaS platform and is central to any increase in recurring revenue from the installed base. The platform replaces legacy desktop reporting tools with a cloud-native interface supporting mixed fleets across regions and connectivity types. An early-adopter release occurred in 1H25, with the product being trialled across ten customers by the end of FY25. Management expects to have the base solution available commercially in 3Q26. AoFrio iQ provides real-time fleet visibility, remote diagnostics and asset control, enabling operators to adjust temperature setpoints, initiate defrost cycles, disable non-compliant assets and prioritise service interventions without on-site visits. The platform supports asset management, commercial performance, service and maintenance, and energy efficiency, moving customers towards more proactive fleet management. The platform uses machine learning, automated workflows, and modular deployment to support predictive maintenance, ESG and compliance reporting, and integration with enterprise systems. Management views AoFrio iQ as central to lifting recurring revenue from a low single-digit share toward a long-term 50% target. Attach rates and pricing power remain key uncertainties. If cellular connectivity and camera modules are adopted, AoFrio iQ will support higher revenue per unit and better margins as software mix rises.

Key product: SCS800 cellular controller

The SCS800 is AOF's next-generation cellular controller and is central to its push into North America and Europe. It overcomes the structural limitations of Bluetooth- and gateway-dependent solutions by embedding cellular directly into the controller, delivering real-time telemetry, control, and data capture from installation without local Wi-Fi or external gateways. This capability is critical for entry into North America and Europe, where higher labour costs, dispersed fleets, and customer expectations require always-on connectivity and minimal set-up friction. The controller gives bottlers and OEMs continuous visibility into cooler performance, location, uptime, and energy use—the hardware foundation for fully connected CDE fleets and deeper AoFrio iQ monetisation. Management estimates an addressable market of ~650k units per annum across the United States and Europe, representing a material expansion of AOF's serviceable market from FY26. The product is currently progressing through customer trials and regulatory certification, with commercial rollout targeted for May 2026, ahead of customers' capital purchase cycle. The SCS800 supports secure over-the-air firmware updates and modular feature deployment, allowing AOF to layer additional functionality over time. The controller widens AOF's addressable market and supports more software revenue per connected asset over time.

Figure 36. AOF's controller app



Source: Company, Forsyth Barr analysis

Figure 37. AOF's SCS800 cellular controller

Source: Company, Forsyth Barr analysis

Key product: Camera-enabled systems

Camera-enabled systems extend AOF's offer beyond operational monitoring into visual analytics and lift revenue per unit. Prototype trials are underway with commercial release expected in FY27. The module integrates imaging sensors with AOF's existing IoT hardware and AoFrio iQ platform, delivering real-time visual data at the cooler level. Core use cases include planogram compliance, detection of out-of-stock or under-stocked shelves, cooler purity verification, and merchandising analytics—helping customers optimise cooler utilisation, tighten retail execution, and lift sales productivity. Early trials with global beverage customers have demonstrated clear commercial interest, particularly where image-derived data is combined with existing temperature, uptime, and asset-location datasets within AoFrio iQ workflows. At scale, the camera module deepens customer integration, lifts software revenue per unit, and extends AOF's scope from operational control into visual analytics—increasing share of wallet per cooler.

b) Motors—established hardware business with optionality

Alongside CDE (IoT), AOF operates a Motors division supplying electronically commutated (EC) motors and fan assemblies into commercial refrigeration and adjacent applications. Motors contributed ~43% of FY25 revenue, but its earnings contribution has diminished over time. In FY25, motors revenue was NZ$36.1m with a gross margin of 17.7%, reflecting a structurally lower margin profile than CDE (IoT).

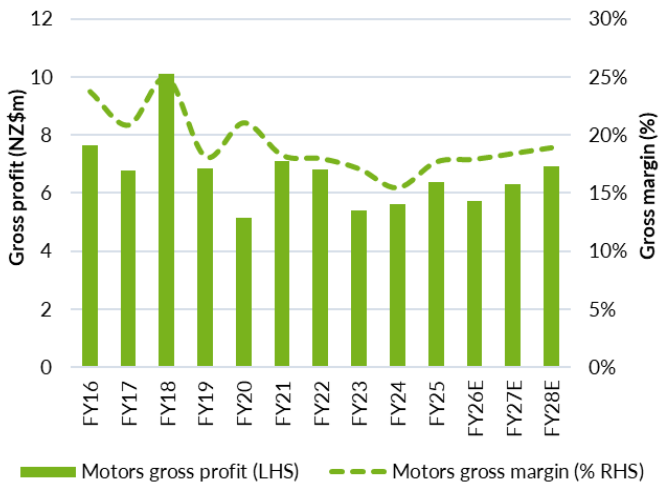
Motors is not the primary long-term growth engine, but it matters strategically as a source of reinvestment capacity for CDE (IoT) and SaaS. The segment provides stable volumes and the cash flow that funds investment in higher-margin CDE (IoT) and SaaS. Product development stays in defend-and-extend mode—additional fan pack sizes and bill-of-material optimisation—protecting margin in mature applications while expanding selectively into higher-specification niches where efficiency, durability, and programmability are valued.

The Motors business also reinforces AOF's position inside OEM supply chains that overlap with its CDE relationships. OEM specification decisions are often shaped in consultation with beverage brands and bottlers, giving AOF a route to deepen account relationships through component supply and stay relevant to broader fleet technology decisions. This does not substitute for SaaS execution, but it supports account access and prevents AOF being positioned as a single-product supplier.

Key product: Motors and fan systems

AOF's motors and fan systems business is built around its electronically commutated motor platform, with the ECR2 range forming the core architecture across refrigeration and adjacent applications. The portfolio is delivered primarily through modular fan pack systems that meet higher specifications on efficiency, noise, and durability in commercial refrigeration. Product differentiation is strongest where customers value programmability, reliability, and energy performance over lowest-cost alternatives, supporting relevance in higher-specification niches such as supermarket display refrigeration and heat-pump water heaters. Ongoing development is focused on expanding fan pack sizes and reducing bill-of-material cost to defend margin and maintain competitiveness across regions. The motors platform provides a stable hardware base and OEM access that overlaps with AOF's connected CDE positioning, while generating the cash flow that funds the software-led pivot.

Figure 38. Motors gross profit ($) and margin (%) by segment



Source: Company, Forsyth Barr analysis

Figure 39. AOF's Wellington ECR motor platform

Source: Company, Forsyth Barr analysis

c) Revenue model—positioning for a shift from hardware-led sales to recurring software

AOF's revenue model has historically been hardware-led, where customers purchase controllers and connectivity solutions alongside multi-year platform access. This structure has supported rapid growth in the connected installed base but leaves reported revenue skewed to upfront hardware, with software value buried in bundled contracts and recognised over extended delivery periods. The margin differential across segments is visible in Figure 31 above, where CDE (IoT) gross margins remain structurally above Motors, reinforcing the strategic shift toward software-weighted revenue. Group revenue therefore remains exposed to customer capex cycles, with reinvestment constrained by reliance on operating cash flows.

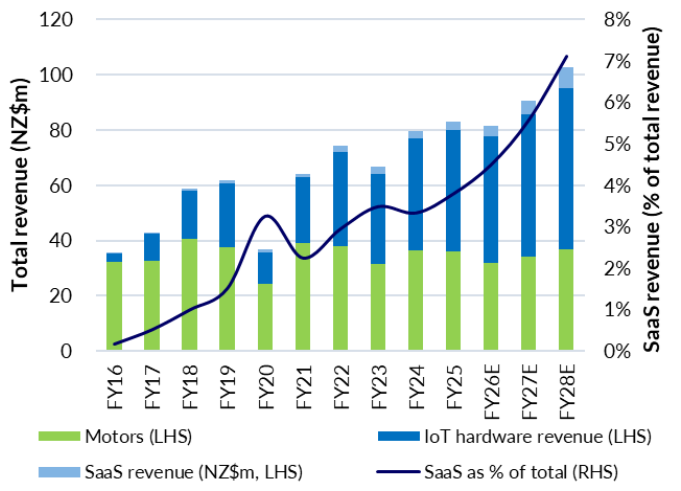
The FY25 result reinforces the limitations of a largely self-funded model at a time when product breadth and regional rollout are becoming the binding constraints. Contracted software revenue continues to build beneath the reported line, but recurring SaaS remains modest relative to the connected fleet. In FY25, recurring SaaS revenue was NZ$3.2m (3.8% of group revenue) while deferred revenue rose to NZ$17.8m—a growing stock of contracted value yet to hit the P&L (Figure 41). The key issue is timing—how quickly AOF can lift recurring revenue per unit across the installed base through module attachment and broader deployment.

The self-funded model relies on working capital, particularly upfront multi-year SaaS billing. Multi-year SaaS contracts billed up front support AOF's cash position, with FY25 deferred revenue of NZ$17.8m (~21% of group revenue), see Figure 41. Reported cash generation partly reflects forward billing rather than in-year trading cash flow—FY25 deferred revenue rose ~NZ$1.6m to NZ$17.8m, supplementing operating cash flow but understating the in-year cash intensity of the underlying business as it scales. We forecast net debt rising from NZ$8.2m in FY25 to ~NZ$14.6m by FY27E, with EBITDA interest cover falling from 1.8x to 1.5x over the near term. The balance sheet remains serviceable but with modest headroom, and we view additional capital as preferable under Future One, even if not strictly required.

The shift lifts revenue per connected unit through software attachment rather than volume growth alone. Management has set out a tiered monetisation roadmap, layering higher-value capabilities—remote asset control, predictive maintenance, compliance reporting, and commercial performance tools—over foundational monitoring and reporting. These additional software layers improve gross margin, enhance revenue predictability, and shift budget ownership inside customers from operations to sales, marketing, and sustainability. The mix shift visible in segment reporting reinforces the case, with CDE (IoT) delivering structurally higher gross margin than Motors while SaaS remains small in absolute terms.

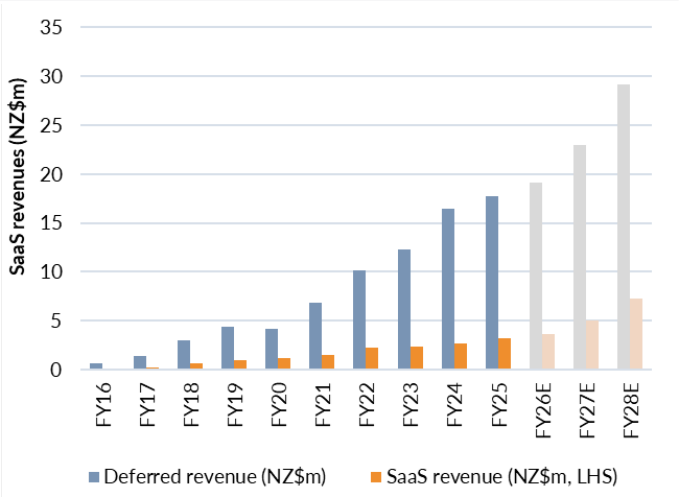
If execution lands, the model should shift toward a higher recurring-revenue mix, with hardware increasingly serving as the data-capture layer rather than the primary earnings driver.

Figure 40. AOF revenue mix—Motors, CDE (IoT) hardware and recurring SaaS



Source: Company, Forsyth Barr analysis

Figure 41. SaaS recognised revenue versus deferred revenue—contracted revenue visibility extends up to five years



Source: Company, Forsyth Barr analysis. Grey shading denotes forecast years.

d) Diversification—Future Two into food retail and chilled and frozen foods

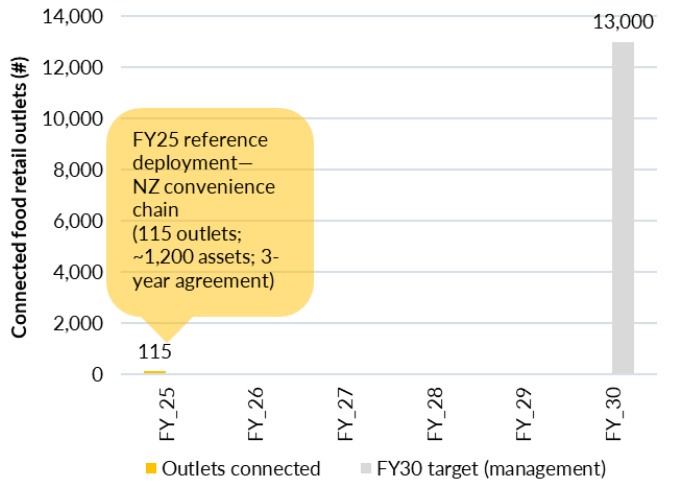
Beyond CDE, AOF is pursuing food retail and chilled and frozen foods—adjacent markets that reuse the same hardware and software stack and lift revenue quality. These markets share CDE's technical requirements—temperature monitoring, asset visibility, and compliance—but differ in customer behaviour, buying dynamics, and revenue model, justifying a different monetisation approach.

Food retail is an outlet-based market, where responsibility for food safety, compliance, and operational execution sits at the individual store level within large retail chains. AOF's solution is focused on automated temperature monitoring, digital compliance reporting, and real-time alerts, addressing regulatory risk, food waste, and manual process inefficiency. AOF is entering with a subscription-led model from day one, not a hardware-led approach—consistent with the broader recurring revenue strategy. In FY25, AOF converted its first food retail deployment into a multi-year agreement with a New Zealand convenience store chain covering 115 outlets, giving it an initial reference customer in the segment. Management has also indicated a developing pipeline and additional pilot activity across regions, but commercial scaling remains early-stage.

Chilled and frozen foods more closely resembles the CDE fleet model, with global brands owning and deploying freezers across dispersed retail locations. However, economic sensitivity is higher given product perishability and the direct cost of temperature loss, where a single freezer failure can result in immediate stock loss and potential brand damage. AOF has completed early proof-of-concept work with chilled and frozen foods customers, including a Chilean pilot where freezer loss reduced from 20% to below 1%—replicability at scale and across markets remains unproven. Management expects the chilled and frozen foods offering to combine asset tracking, real-time temperature monitoring, and—over time—camera-enabled commercial insights, all running on the same hardware stack and AoFrio iQ workflows.

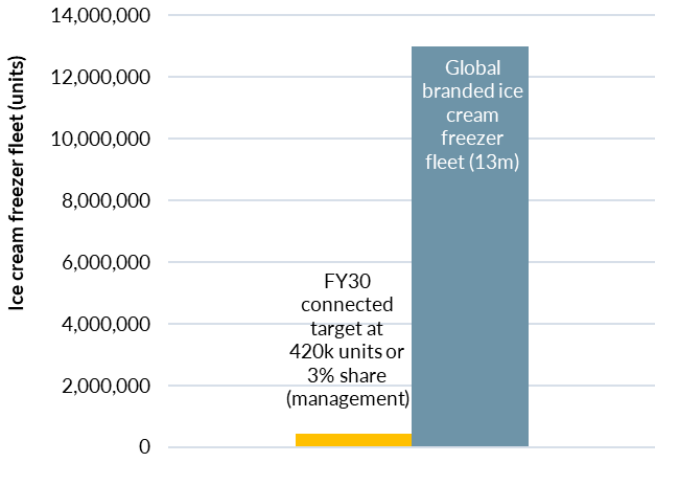
Under the accelerated growth pathway, AOF targets a material increase in connected assets across both food retail and chilled and frozen foods by FY30, while progress under Future One would be more selective. Diversification is a margin and revenue-quality lever rather than a near-term volume driver. Food retail is a subscription-led, outlet-scaled model anchored in compliance workflows. Chilled and frozen foods more closely resembles the CDE fleet construct, with greater sensitivity to temperature and stock loss. Execution is still early, but scaling these adjacencies reduces reliance on CDE capital cycles and accelerates the software-led mix shift.

Figure 42. Food retail—reference deployment and pathway to management's 13,000 outlet target by FY30



Source: Company, Forsyth Barr analysis

Figure 43. Chilled and frozen foods—global fleet and FY30 connected target (~3% penetration)



Source: Company, Forsyth Barr analysis

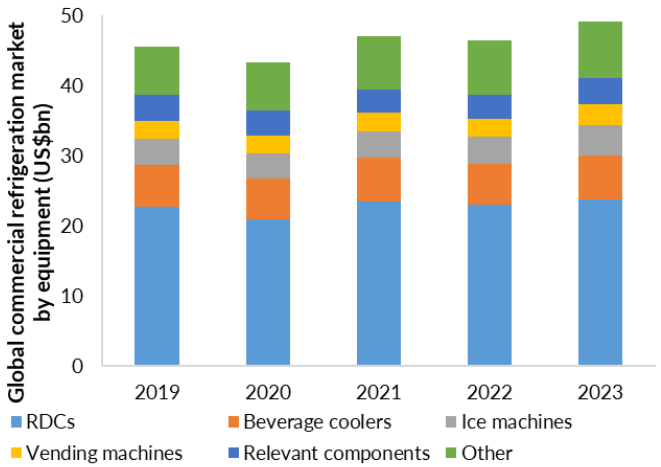
Section #3: Key market analysis

AOF currently serves two primary end markets: (1) commercial refrigeration motors via its Motors division and (2) cold-drink refrigeration technology via its CDE (IoT) division. It also has plans to diversify into two adjacent, but distinct, markets in food retail refrigeration technology and chilled and frozen foods technology. The discussion below sets out the demand, competitive, and margin characteristics of each of AOF's core and adjacent markets.

Key market #1: Commercial refrigeration motors

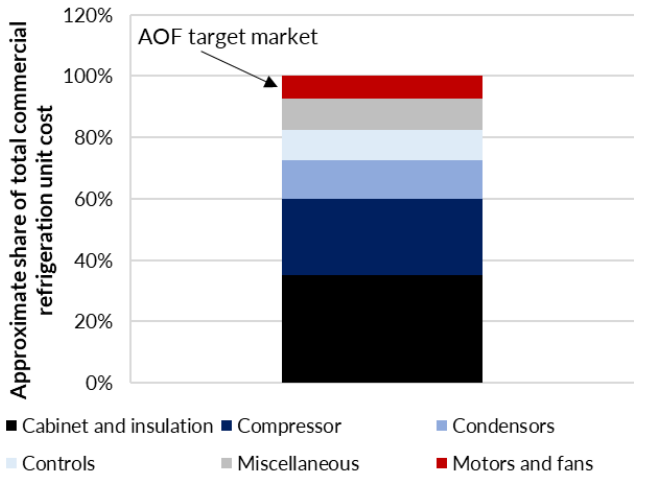
Commercial refrigeration hardware is a major global industry. Tens of millions of commercial refrigeration units are produced each year globally, worth an estimated ~US$49.2bn according to data from the Japan Refrigeration and Air Conditioning Industry Association (JRAIA). Commercial refrigeration units comprise several key components, including the cabinet and compressor system. We estimate that motors and fans (AOF's target market) represent 5% to 10% of the overall component cost per unit.

Figure 44. The global commercial refrigeration equipment market is worth in the region of ~US$50bn



Source: Forsyth Barr analysis, JRAIA

Figure 45. Motors and fans are a small component of the overall cost of a commercial refrigeration unit



Source: Forsyth Barr analysis, Various sources

Market trends

Commercial refrigeration units are used across a wide range of end markets, including food and beverage retail, convenience stores, hospitality, and pharmaceuticals. These sectors are mature and non-discretionary, meaning aggregate demand grows broadly in line with economic activity.

Unit demand is primarily driven by a replacement cycle, supplemented by modest new site growth and format expansion. Commercial refrigeration equipment typically has a useful life of approximately 10–14 years, depending on duty cycle and configuration (self-contained vs remote systems). While the 'physical life' of units has risen over time with improvements in energy efficiency and reliability, more stringent regulatory standards have pulled forward replacement cycles, resulting in the economic life being broadly stable over time. We would therefore expect aggregate global demand for commercial refrigeration motors and fans to remain relatively flat going forward. AOF's motors and fans are mainly used for three applications: (1) cold drink refrigeration; (2) food retail refrigeration; and (3) heat pump water heaters (HPWH).

Competitive environment

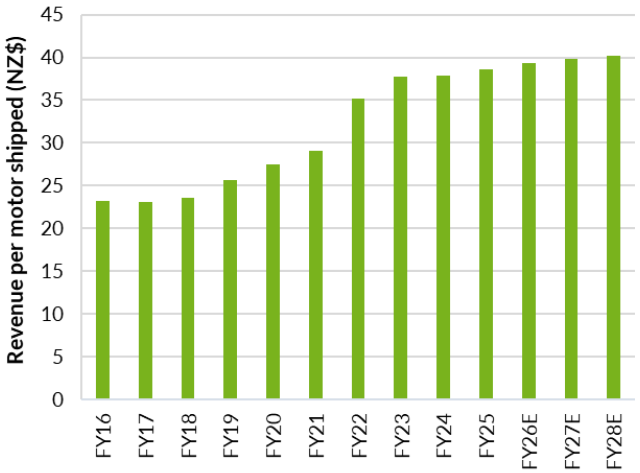
AOF's competitors in its Motors division are typically Asian-based suppliers and manufacturers. These competitors generally compete on scale and price, with broad product ranges. For example, Hangzhou Saiwei Motor Co. (Saiwei), which competes directly with AOF in EC fan motors, produces more than 16 million motors annually. Hangzhou Weiguang (Weiguang), another direct competitor, has the capacity to produce eight million motors each year. Given the scale advantages of competitors like Saiwei and Weiguang, which are often also vertically integrated, AOF chooses to target the higher end of the market where it can differentiate its products through performance. A more detailed summary of the competitors in each of AOF's key divisions is provided in Appendix 2: Competitor overview.

Margins and returns

Motors and fans are relatively low-value components of commercial refrigeration units (AOF's current products between ~US$20—US$25 per unit). While not fully commoditised like other industrial components (such as panels or wiring), given some level of technical differentiation between products, gross margins for motors and fans are still relatively low overall (even at the higher end of the market). AOF's gross margin in its Motors division has generally been in the mid to high teens range over the last six years. Pricing power is relatively limited, given multiple suppliers and the strong bargaining power of OEMs.

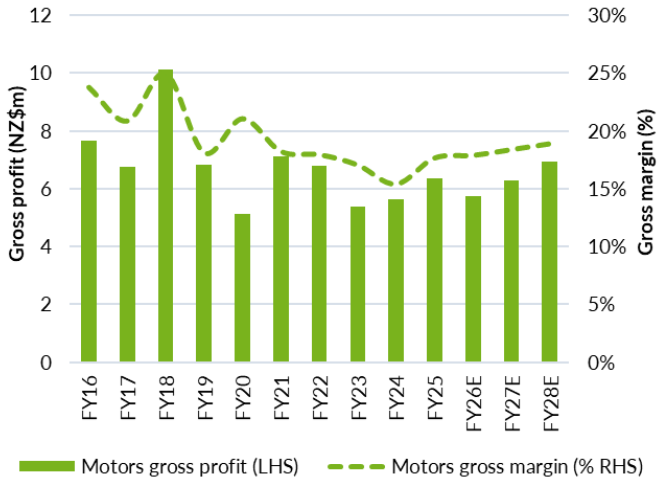
The opportunity for AOF to improve margins in its Motors division lies in shifting its product mix to higher-spec motors and fans that sell at higher price points. We see scope for modest gross margin expansion toward the 20% range over the medium term if mix shifts toward higher-spec products.

Figure 46. AOF generally sells its motors between ~US$20—US$25; we don't expect this to change meaningfully



Source: Company, Forsyth Barr analysis

Figure 47. Gross margins have fallen from above 20% to a low of ~15%; we expect them to improve modestly from here



Source: Company, Forsyth Barr analysis

Key market #2: Cold drink refrigeration technology

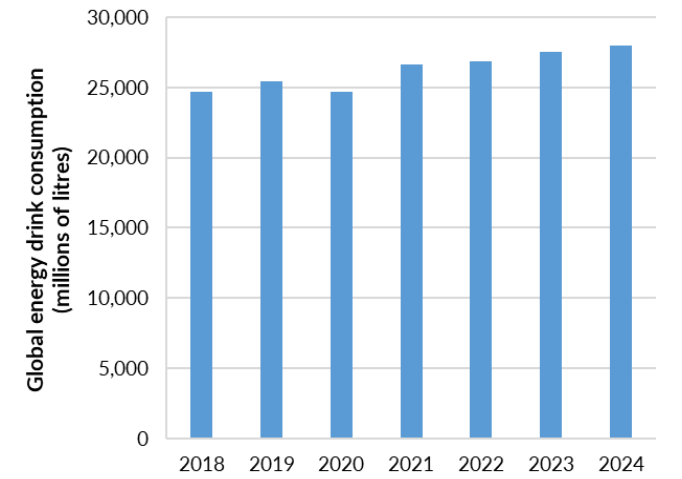
The cold drink industry is one of the largest consumers of commercial refrigeration units globally, with billions of refrigerated drinks, including soft drinks, juices, and beers, served each day. AOF's technology products cater to a small, but growing, portion of the cold drink refrigeration value chain.

Market trends

The cold drink industry is a relatively mature market in aggregate and likely to grow broadly in line with global GDP, with players like Coca-Cola, PepsiCo, and Heineken well established in most markets globally. While some subsets of the market are growing strongly (e.g. energy drinks), others (e.g. some types of alcohol) are facing declining consumption trends.

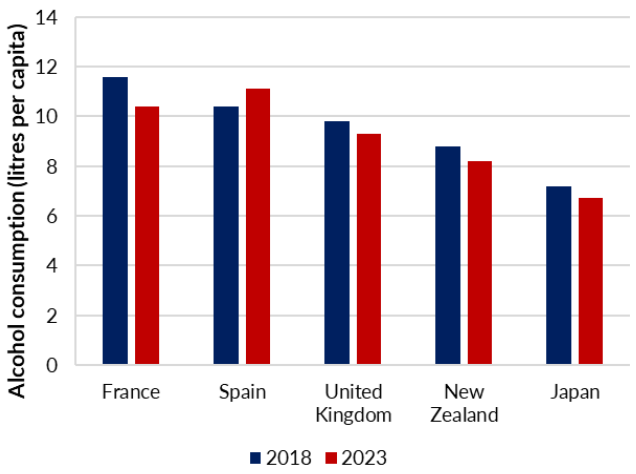
Industry demand for refrigeration units is governed by the same stable replacement cycle dynamics as for motors. There are ~29m cold drink refrigerators installed globally, with an estimated 3m built each year (~10-year useful life). In contrast to motors, demand for AOF's technology solutions will grow as the penetration of connected units rises. Of the 3m units built per year today, only 1.1m or ~37% are connected. AOF expects this to rise to 2.0m (67%) by FY30. There is also an opportunity to retrofit existing units with new technology.

Figure 48. Some parts of the cold drink industry, like energy drinks, are growing ...



Source: Forsyth Barr analysis, Statista

Figure 49. ... but other parts of the market, like alcohol, are facing declining consumption patterns



Source: Forsyth Barr analysis, OECD

Why does AOF believe units will increasingly be connected?

Most connected units today sit in Latin America, where high asset loss (~20% of units are lost or stolen annually) drives a clear ROI case for connected technology such as location tracking. However, connected solutions can address other pain points for asset owners including: (1) reducing service and maintenance costs; (2) improving commercial performance; and (3) supporting energy sustainability initiatives. AOF estimates customers can generate a ~5x ROI (Figure 50) on implementing its connected solution.

Figure 50. AOF—Illustrative customer ROI on connected CDE deployment (a 5.1x ROI on implementing AOF's technology solution)

	Cost/savings (NZ$m)	ROI (x)
Cost to outfit 150,000 assets with AoFrio iQ	1.8	
Replacement costs avoided	3.6	2.0
Lost profit avoided	1.9	1.1
Reduced service visits	1.1	0.6
Sales boost	2.5	1.4
Total benefit	**9.1**	**5.1**

Source: Company, Forsyth Barr analysis

Industry structure

Cold drink refrigeration technology is a niche and relatively nascent industry. Competition for AOF's technology offering is therefore localised and fragmented. AOF has a dominant 76% share globally of the connected unit fleet, with several small players comprising the remaining ~24%. Regionally, AOF has a ~70% market share in the key Latin American market where it focuses most of its resources. It also has a small presence in North America, EMEA, and Asia Pacific, albeit connected penetration is low in these markets today. The bigger challenge for AOF is adoption rather than direct competition, namely persuading customers to move away from unconnected units or basic tracking.

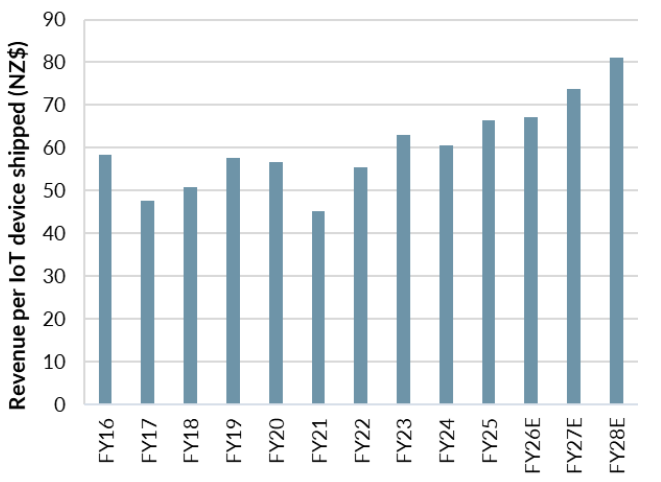
AOF's potential customer set is primarily comprised of beverage brands. These brands generally own the cold drink refrigeration units in retail outlets and are responsible for stocking and maintenance. Coca-Cola and PepsiCo own the majority of the installed base of units globally. AOF counts both brands as customers alongside other multinationals including Heineken and AB InBev. Customer relationships are often localised, with many brands using a franchised bottler model (Coca-Cola) or third-party bottlers.

Margins and returns

Cold drink refrigeration technology is typically sold with an upfront hardware cost and an ongoing software licence fee. The cost for hardware ranges depending on the size of the refrigeration unit and the complexity of the solution. AOF's basic location beacons sell for <US$10, while its new cellular controllers retail for >US$60. We estimate AOF's software has historically cost less than US$1 per device per year. Our modelling assumes the new AoFrio iQ platform launches at ~US$5 per device per annum, comprising: (1) a US$2 charge for foundational services (asset management, service & maintenance, and energy efficiency); and (2) an estimated US$3 per device per annum cellular connectivity charge. At the December 2025 Investor Day, management outlined a pathway to total service charges of ~US$12 per device per annum as higher-value add-on modules launch (see Section 2), implying potential for a total per device price of up to ~US$15 per annum over time (including our assumed US$3 connectivity charge).

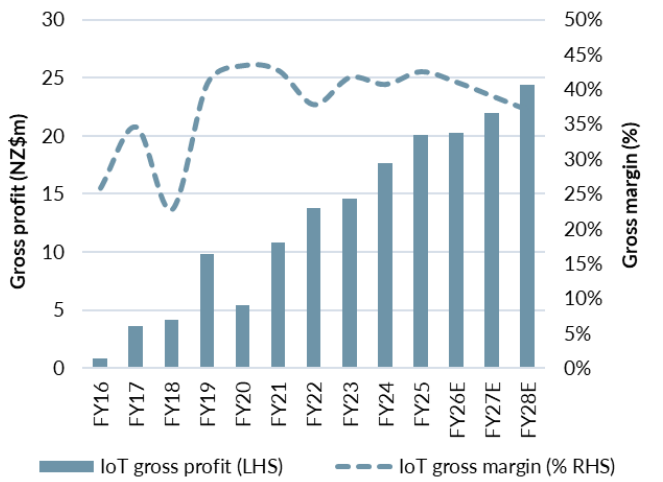
Gross margins on AOF's CDE (IoT) hardware today (around ~40% over the past few years) are materially higher than motors, which largely reflects greater technological differentiation and reduced competition. The gross margin on SaaS revenue streams is higher again at above 50% today, with cloud hosting representing the only real incremental cost of higher revenues. Longer term, we expect SaaS margins to trend towards 60%–70% as cloud costs scale sub-linearly with revenue. However, we expect AOF to face margin compression in hardware over the near-term as it transitions from legacy Bluetooth controllers to modern cellular controllers and it likely loses some economies of scale in manufacturing (at least initially). We expect CDE (IoT) gross margins to contract over the medium term as product mix shifts towards the SCS800 cellular controller, and then expand back to ~40% over the long-term as SaaS revenues scale.

Figure 51. AOF will benefit from a higher price per unit of CDE hardware as it transitions to new cellular controllers



Source: Company, Forsyth Barr analysis

Figure 52. Gross profit margins for AOF's CDE segment are solid relative to motors



Source: Company, Forsyth Barr analysis

Key market #3: Food retail

The food retail industry represents a logical expansion target for AOF, given the size of the market and its similarities to CDE. The industry encompasses stores like supermarkets, convenience stores, and micro-markets and is the largest consumer of commercial refrigeration units globally (~50% of demand).

Market trends

Food retail is similar to CDE in that: (1) it is a mature end market likely to grow in line with aggregate global economic growth; (2) demand for new hardware is driven by a relatively stable asset replacement cycle; and (3) there is significant overlap in how AOF's technology can address customer pain points (e.g. food safety, compliance, brand reputation). As with CDE, demand for AOF's technology will be a product of adoption of connected technology. The vast majority of refrigeration units used by the food retail industry are unconnected today, creating a meaningful opportunity for AOF.

Industry structure

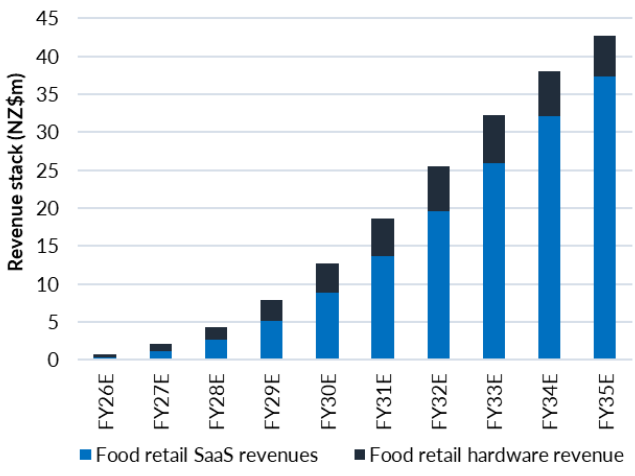
AOF's push into food retail reflects the limited penetration of connected hardware today and the chance to establish position before direct competitors arrive. While competition may be light today, we would expect a competitive response if AOF executes to its aspirations over the medium term. Early success in food retail would help validate the market, but it would also be likely to attract a stronger competitive response.

From a customer perspective, food retail is significantly more fragmented than CDE. This reflects a different ownership model, with refrigeration units owned by the store rather than the bottler or beverage company. For this reason, we understand AOF is likely to target large chains with large asset bases first.

Margins and returns

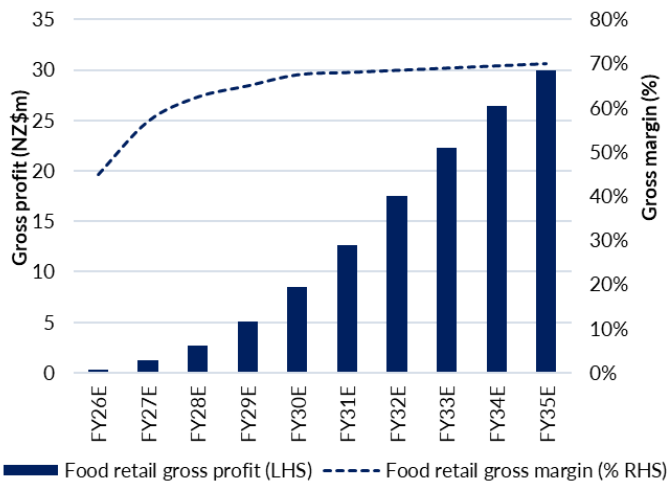
At face value, the economics of food retail are similar to CDE. AOF will sell its hardware (controllers and cameras) to customers and attach an ongoing software subscription. However, the ongoing subscription revenue per device will be significantly higher than in CDE, resulting in a revenue mix which is heavily skewed towards SaaS. This will enable AOF to deliver materially higher gross margins in its food retail segment (we forecast ~45% in FY26 rising to ~68% by FY30). If food retail margins ultimately settle above 70%, AOF would have more flexibility on hardware pricing, although we would treat that as a later-stage lever rather than a near-term assumption.

Figure 53. SaaS revenue will represent a large share of total revenue in the food retail segment ...



Source: Company, Forsyth Barr analysis

Figure 54. ... which underpins structurally higher gross margins than AOF's existing segments



Source: Company, Forsyth Barr analysis

Key market #4: Chilled and frozen foods

Chilled and frozen foods, previously referred to as the ice cream segment, is another closely adjacent market for AOF. The ice cream industry alone is large enough to be relevant for AOF, although the commercial opportunity still depends on proving the technology at scale.

Market trends

Despite the broader label, we think the near-term opportunity is still mainly in ice cream. The global ice cream market has grown at a +4% CAGR over the last ~10 years (2014 to 2024) and is expected to grow at a similar rate over the next five years, according to data from The Magnum Ice Cream Company (MICC) and Euromonitor. The penetration of connected freezers is low, which again provides an opportunity for AOF to gain a first mover advantage by establishing its technology in the market. We expect AOF to target ice cream brand fleets first, with a value proposition built around product quality, asset management, service and maintenance, and commercial performance. These are closely aligned with the value AOF has been able to deliver for its customers in CDE.

Industry structure

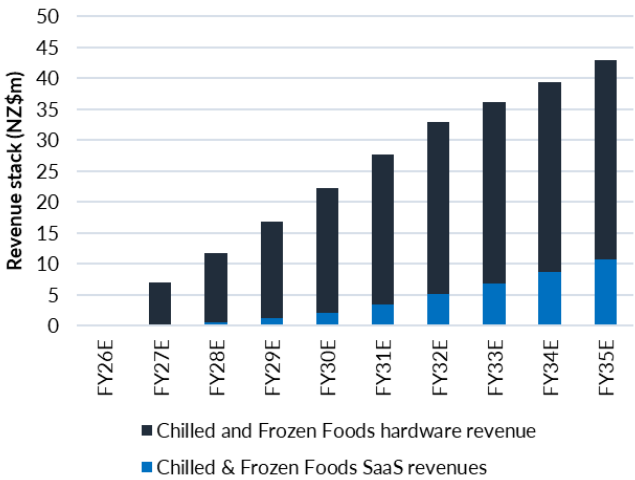
The competitive backdrop for chilled and frozen foods is very similar to food retail. AOF sees an opportunity to expand into an untapped market where there is limited competition today.

The potential customer base is more fragmented than the beverage industry but still relatively concentrated at the top end of the market. There are two true global pure-play players, MICC at 21% and Froneri at 11% market share globally. MICC alone owns and operates a fleet of ~3m freezers globally, with Froneri likely to operate another 1m+ based on proportional market share. Below MICC and Froneri, the market is primarily composed of diversified consumer goods companies which have some ice cream exposure. Players like Nestle, General Mills, and Yili all have around a 2% share of the global market.

Margins and returns

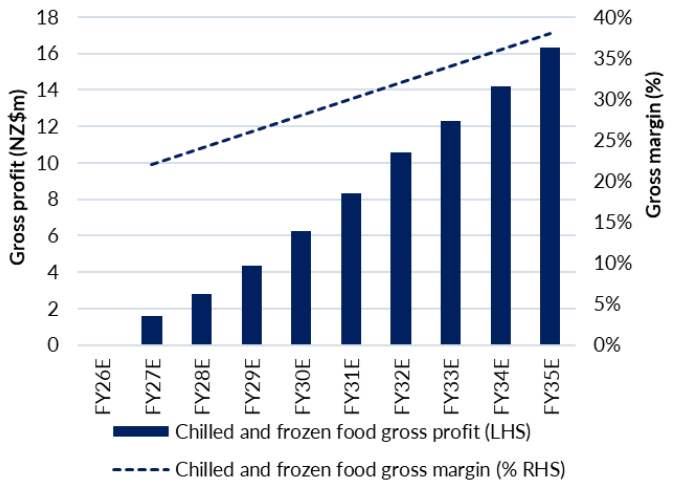
A key value proposition of AOF's connected solution for freezers will be the ability to monitor stock levels and product display. This functionality will require two pieces of AOF's hardware to be installed into every freezer unit: (1) a controller; and (2) a camera. With both pieces of hardware likely to cost around US$60—US$70, AOF's revenue in its chilled and frozen foods division will be dominated by hardware. We expect there to be an ongoing software cost of around US$4 to US$6 per year for using AOF's technology, broadly similar to the CDE segment today. We expect gross margins in the chilled and frozen foods division to converge towards the ~40% level currently achieved in CDE.

Figure 55. The revenue composition for the chilled and frozen foods segment will be dominated by hardware ...



Source: Company, Forsyth Barr analysis

Figure 56. ... resulting in similar margins to the CDE segment today (gross margins approaching 40% over time)

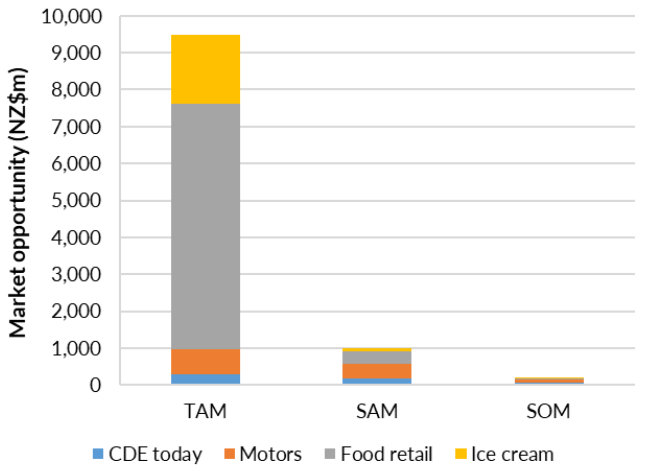


Source: Company, Forsyth Barr analysis

Section #4: What is the global addressable market?

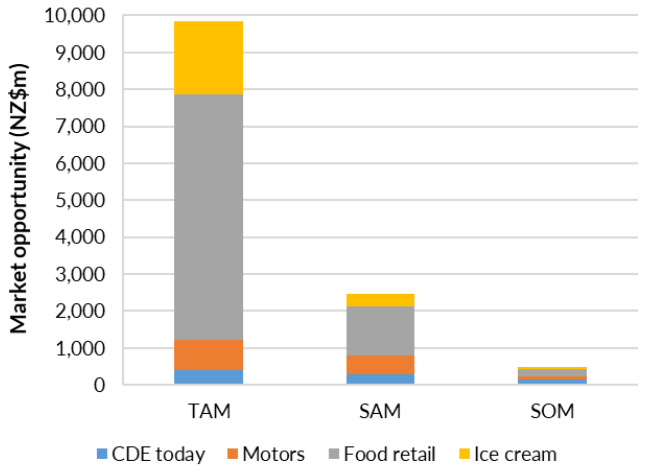
In this section, we analyse the size of the global opportunity available to AOF. We attempt to quantify the market opportunity both today and in FY30, to reflect: (1) the growing penetration of connected hardware, which is a key determinant of the portion of the global market AOF can target; and (2) the ongoing capital raising process, which will have implications for AOF's ability to expand into new segments and geographies. We estimate a serviceable obtainable market (SOM) for AOF of NZ$184m today, rising to NZ$490m by FY30 if the company raises capital and progresses down its Future Two pathway. This compares to FY25 segment revenue of NZ$83.2m and our forecast FY30 segment revenue under Future Two of NZ$191.1m.

Figure 57. Our estimated TAM, SAM, SOM today



Source: Company, Various sources, Forsyth Barr analysis

Figure 58. Our estimated TAM, SAM, SOM in FY30E

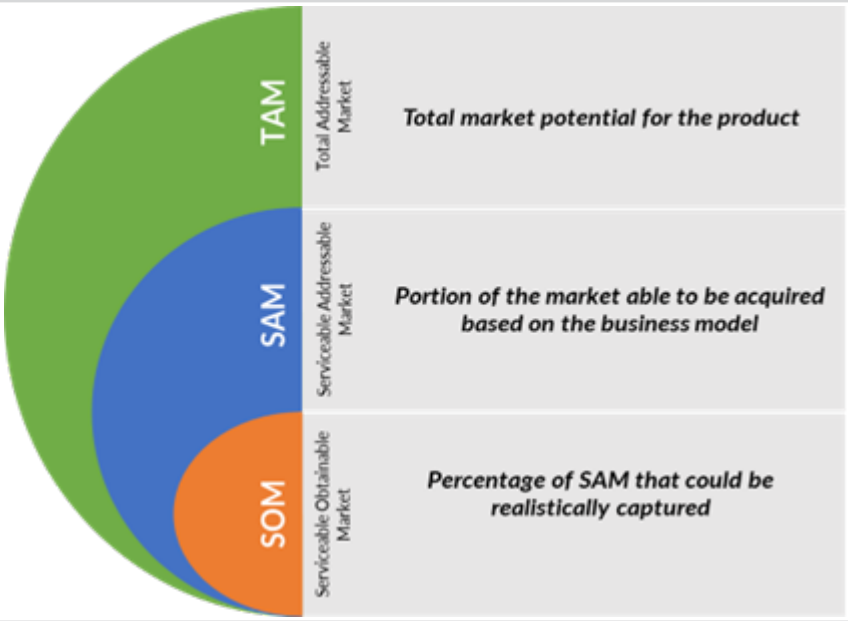


Source: Company, Various sources, Forsyth Barr analysis

4.1 TAM-SAM-SOM framework

We apply our three-stage TAM-SAM-SOM framework to assess the potential revenue opportunity of the markets AOF operates in. Under this framework, we first quantify the total addressable market (TAM) for AOF's products across each of its segments. We then filter the TAM down into the serviceable addressable market, which represents the portion of the market AOF can target considering the structure of its end markets. The final step within our framework is estimating the serviceable obtainable market (SOM), which represents the share of the SAM we believe AOF can realistically capture over time.

Figure 59. Our TAM/SAM and SOM Framework for assessing market potential



Source: Forsyth Barr analysis

4.2 Cold Drink Equipment (CDE)

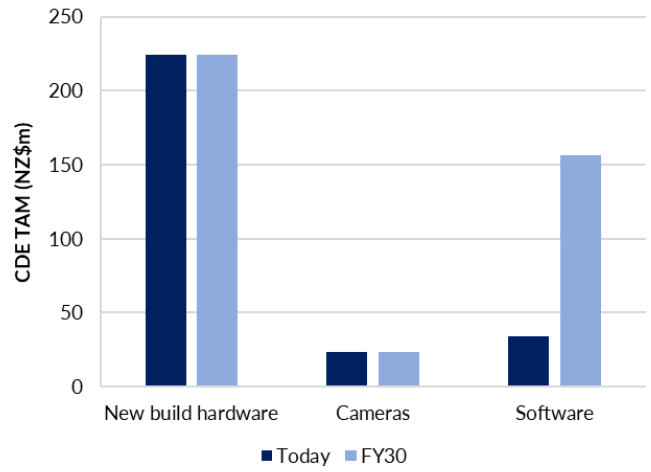
The market opportunity for AOF in its core CDE segment is a function of: (1) the volume and price of connected hardware it can sell; and (2) the attached software revenue. We expect the hardware opportunity for CDE to be concentrated in new build units, broadly aligning the annual revenue opportunity with the 10-year replacement cycle.

Total addressable market (TAM)

We estimate a global TAM within AOF's CDE segment of NZ$282m today, rising to NZ$405m by FY30. This is comprised of:

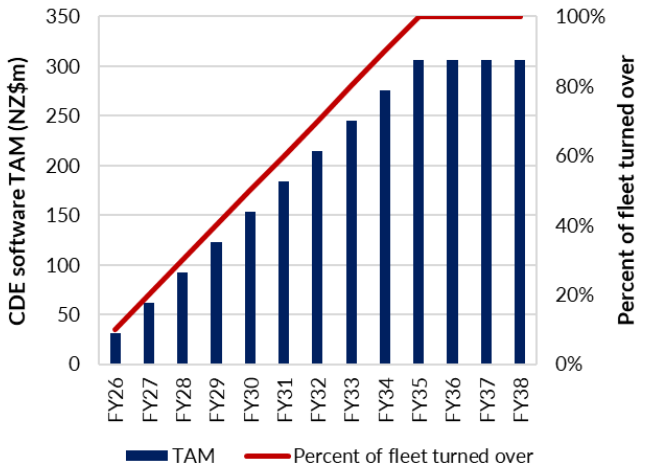
- **New build hardware TAM (NZ$224m today, NZ$224m in FY30):** AOF estimates there are ~3m new refrigeration units built each year for the global CDE industry. Excluding China and India, we estimate ~2m of these are in regions which are addressable for AOF. We multiply this figure by the price per unit of AOF's new controllers (an assumed ~US$66) to estimate our new build TAM of NZ$224m. We assume that the volume and price of units will be unchanged over the next ~five years given relatively stable industry dynamics.
- **Camera hardware TAM (NZ$24m today, NZ$24m in FY30):** Of the ~2m addressable refrigeration units built each year, we estimate 10% of these will have camera technology installed. This implies aggregate demand of 0.2m camera units per year, which translates to a TAM of NZ$24m today, assuming an average price per camera of ~US$70.
- **Software TAM (NZ$34m today, rising to NZ$156m by FY30):** Our assessed software TAM represents the annual revenue opportunity available to AOF today and in FY30 (Figure 60). The incremental revenue opportunity for software is a function of the number of refrigeration units built (~2m per year or ~10m over the next five years) and the annual price per device (we use US$6, the Tier 2 price point in AOF's monetisation ladder, which tops out at US$12/unit). We also include an assumed ~US$3/unit connectivity charge. Software TAM rises mechanically each year as new-build attaches layer onto the retained base, with the steady-state reached once the full addressable fleet is on AoFrio iQ. The steady state TAM is ~NZ$300m, assuming all 20m addressable units (the ex. China and India share of the ~29m branded cooler global fleet) were connected to AoFrio iQ and paying US$9 per year, including the connectivity charge.

Figure 60. AOF TAM breakdown for CDE



Source: Company, Various sources, Forsyth Barr analysis

Figure 61. Illustrative CDE software TAM over time



Source: Company, Various sources, Forsyth Barr analysis

Serviceable addressable market (SAM)

We estimate ~59% of AOF's CDE TAM is serviceable today and ~74% will be serviceable in five years' time, translating to a SAM of NZ$167m today and NZ$297m in FY30 respectively. Our SAM is determined by what proportion of the 2m refrigeration units built each year are likely to be connected and thus suitable for AOF's hardware. The penetration of connected units varies by region. We assume 100% of new units built in Latin America and North America will be connected going forward, while the penetration of new connected units in the Asia Pacific and Europe, Middle East, and Africa regions grows from low levels today (20% and 25% respectively) towards 50% over the next five years. We use Coca-Cola's global volume distribution as a proxy for units built in each region annually.

Serviceable obtainable market (SOM)

We estimate AOF's CDE SOM at NZ$76m today, rising to NZ$140m by FY30, modestly below management's aspirational FY30 CDE revenue target of ~NZ$150m (Future Two). In line with AOF's commentary from its 2025 strategy presentation, we assume it can protect its dominant ~70% market share in Latin America. However, we are more conservative around its attainable market share in North America, Asia Pacific, and Europe, Middle East, and Africa over time, applying a -25% reduction to the levels targeted at its Investor Day. Our SOM in FY30 represents 47% of the total SAM, which partially reflects AOF's strong market position in the largest market (Latin America represents ~37% of our CDE SAM).

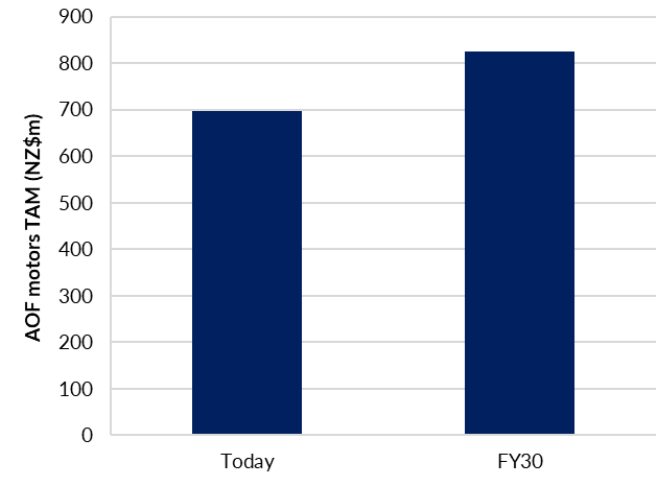
4.3 Motors

The market opportunity for AOF's motors division is determined by a simple volume times price methodology. The end markets which AOF sells its motors and fans into are relatively mature, so growing the total market opportunity will require expansion into new end markets.

Total addressable market (TAM)

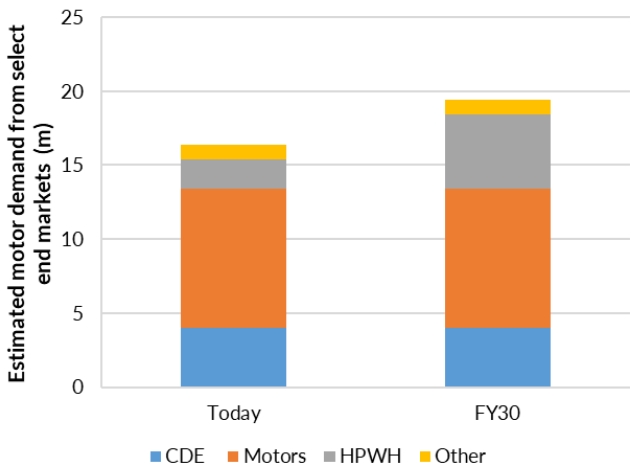
We estimate a TAM for AOF's motors division of NZ$697m today, rising to NZ$825m by FY30. There are ~100m refrigeration units built each year, which implies total demand of 200m motors per year, assuming two motors per unit. However, the majority of these units are built for residential use. AOF's target market is commercial refrigeration, which represents a smaller but still significant subset of the market. We estimate annual demand of ~16m motors in the end markets which AOF currently sells into today, rising to ~19m by FY30. This reflects an additional 3m units of demand for HPWH motors, with new regulatory standards from the Department of Energy in the US mandating some electric storage water heaters to have heat pump technology from May 2029. We multiply our estimated demand volume by an average price per motor of US$25 to estimate our TAM today and in FY30.

Figure 62. AOF Motors TAM-SAM-SOM summary



Source: Company, Various sources, Forsyth Barr analysis

Figure 63. Composition of motor demand in AOF's end markets



Source: Company, Various sources, Forsyth Barr analysis

Serviceable addressable market (SAM)

We have limited visibility into the portion of the motors TAM which is serviceable for AOF. Therefore, we use the same addressable percentage as estimated in our analysis of the CDE segment today (~59%). This implies a SAM of NZ$412m today, rising to NZ$487m by FY30.

Serviceable obtainable market (SOM)

We estimate a SOM of NZ$82m for AOF's motors division today, rising to NZ$97m by FY30. This is based on the potential for AOF to capture a 20% share of its SAM today and in FY30. For context, current motors revenue implies AOF has captured about 9% of our assessed motors SAM.

4.4 Food retail

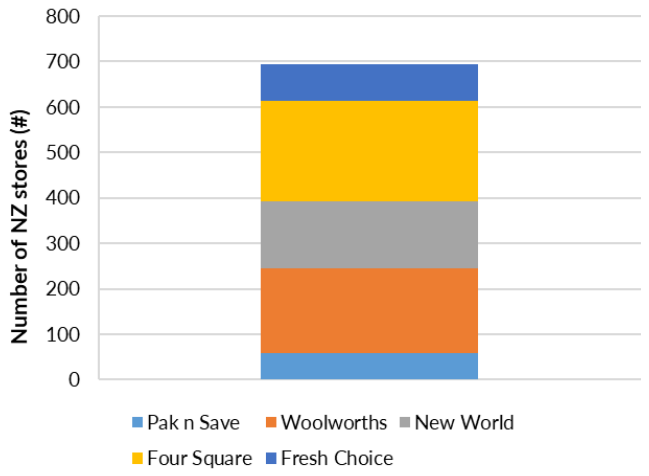
Similarly to CDE, the market opportunity for food retail is determined by the value of hardware which AOF can sell in a given year plus the recurring revenue from software contracts. In contrast to CDE, however, AOF believes the opportunity in food retail is primarily in retrofitting existing refrigeration hardware. This means the TAM is very large, but the portion of this TAM which can be captured in any given year is much smaller.

Total addressable market (TAM)

We estimate a TAM for food retail of NZ$6.6bn today and expect the market opportunity to remain broadly flat over the next five years. Our assessed TAM comprises:

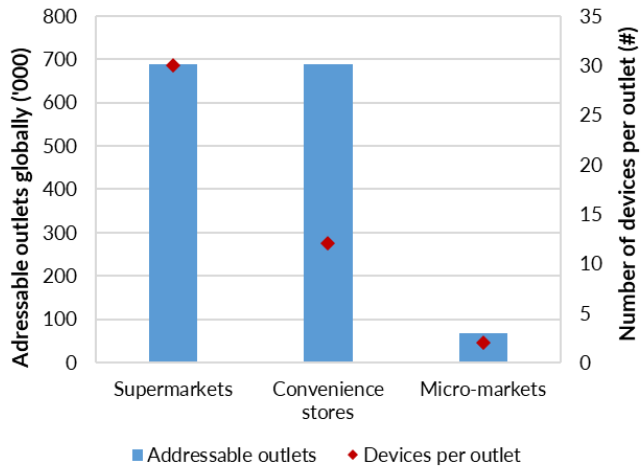
- **Retrofit hardware TAM (NZ$3.1bn today, NZ$3.1bn in FY30):** AOF is targeting three primary types of food retail stores: (1) supermarkets; (2) convenience stores; and (3) micro-markets. It is also targeting large chains as opposed to individual stores. Based on the per-capita density of supermarket chains in NZ, we estimate there are 690k supermarket outlets operated by chains globally, excluding China and India, noting this is a proxy-based estimate intended to frame the order of magnitude of the opportunity rather than a precise market count. We assume there are a similar number of convenience stores and a smaller number of micro-markets (one for every 10 supermarkets) for AOF to target. Based on our assumptions around the number of devices needed per store format (Figure 65), and the price of hardware, we estimate a TAM of NZ$3.1bn. As the opportunity is in retrofitting, the hardware TAM represents the theoretical opportunity from connecting every refrigeration unit in the addressable fleet using AOF's technology. We assume that the penetration of connected refrigeration units today is effectively zero.
- **Software TAM (NZ$3.6bn today, NZ$3.6bn in FY30):** The software TAM for food retail is the product of the potential number of devices installed globally and our assumed annual cost per device of US$72 (US$6 per month), which equates to NZ$3.6bn.

Figure 64. There are ~700 supermarket stores in NZ



Source: Various sources, Forsyth Barr analysis

Figure 65. Outlining our outlet assumptions for food retail



Source: Various sources, Forsyth Barr analysis

Serviceable addressable market (SAM)

While the TAM for food retail is significant, we assume only a small share of these units will adopt connected technology (5% of units today, rising to 20% of units built in the last five years by FY30). In aggregate, this reduces our SAM to NZ$332m today and NZ$1.3bn in FY30.

Serviceable obtainable market (SOM)

We estimate a SOM of NZ$17m for AOF today, rising to NZ$199m by FY30 as the adoption of connected technology for food retail refrigeration units grows. We assume AOF can capture 5% of the SAM today, rising to 15% in FY30. That FY30 assumption is below half of our estimate of AOF's attainable share in CDE (~47%).

4.5 Chilled and frozen foods

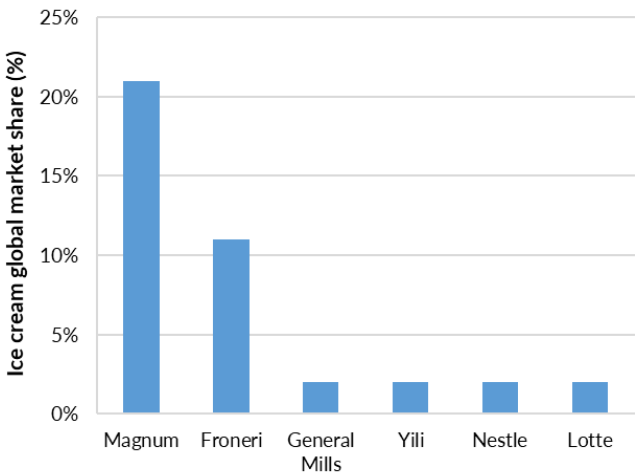
The addressable market for chilled and frozen foods includes both: (1) a new build opportunity akin to CDE; and (2) a retrofit opportunity akin to food retail. As with food retail, the TAM for ice cream is significant. However, our assessed SAM and SOM represent only a small portion of the overall TAM, with AOF needing to establish market demand for its product from scratch.

Total addressable market (TAM)

We estimate a TAM for AOF's chilled and frozen foods division of NZ$1.9bn today, rising to NZ$2.0bn by FY30. This comprises:

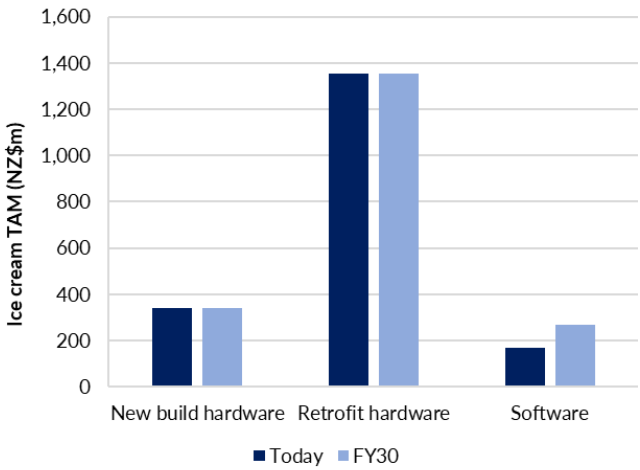
- **New build hardware TAM (NZ$340m today, NZ$340m in FY30):** We estimate there are 14.3m ice cream freezers globally, based on Magnum Ice Cream Company having an installed base of ~3m freezers and a 21% global market share (Figure 66). Assuming a 10-year replacement cycle, this implies there are 1.4m new ice cream freezer units built each year. Each connected freezer will require two pieces of hardware: a controller and a camera, which both sell for up to ~US$70. We multiply the volume of hardware required each year (2.8m or 1.4m times two) by the selling price to derive our TAM.
- **Retrofit hardware TAM (NZ$1.4bn today, NZ$1.4bn in FY30):** AOF will also have an opportunity to retrofit the existing fleet of ice cream freezers globally. Assuming 1.4m are built each year, the residual number of freezers which can be retrofitted is ~12.9m. Applying the same assumptions around devices per freezer and cost per device as for new build hardware, we estimate a retrofit TAM of NZ$1.4bn.
- **Software TAM (NZ$170m today, rising to NZ$267m by FY30):** As AOF is targeting new-build and retrofit hardware, the software TAM is effectively the number of ice cream freezers in the global fleet multiplied by the per-device cost of AOF's software annually. We assume the annual cost of this software will be US$4 initially (just below our assumed US$6 price for CDE), before rising to US$8 as AOF releases new functionality. As with CDE, we also include an assumed US$3/unit cellular connectivity charge. This translates to a software TAM within the chilled and frozen foods segment of NZ$170m today, rising to NZ$267m by FY30.

Figure 66. MICC has a 21% global market share, with ~3m freezers installed globally



Source: Magnum Ice Cream Company, Euromonitor, Forsyth Barr analysis

Figure 67. Our assessed chilled and frozen foods TAM, with an increased TAM in FY30 driven by software



Source: Company, Forsyth Barr analysis

Serviceable addressable market (SAM)

We filter the TAM for new build hardware down into the SAM using an assumed penetration of connected freezers in each of AOF's core regions. Adoption for connected freezers is low today, with AOF aiming to effectively create the market for its product. Therefore, we assume a low share (~5%) of new freezer units will be connected initially. Over time, we expect this to increase towards 30% as awareness grows. For retrofit hardware, we assume AOF can target freezer units within the fleet which are five years old or younger, reflecting return on investment dynamics of retrofitting. Our assessed software SAM is based on AOF attaching software to 100% of the hardware units (both new build and retrofit) we view as serviceable. In aggregate, we estimate a SAM of NZ$94m for AOF's chilled and frozen foods division today, rising to NZ$359m by FY30.

Serviceable obtainable market (SOM)

We estimate a SOM of NZ$9m today, rising to NZ$54m in FY30 for AOF's chilled and frozen foods segment. We assume the obtainable share of the SAM in FY30 will be 15%, the same as for food retail.

4.6 Putting it all together

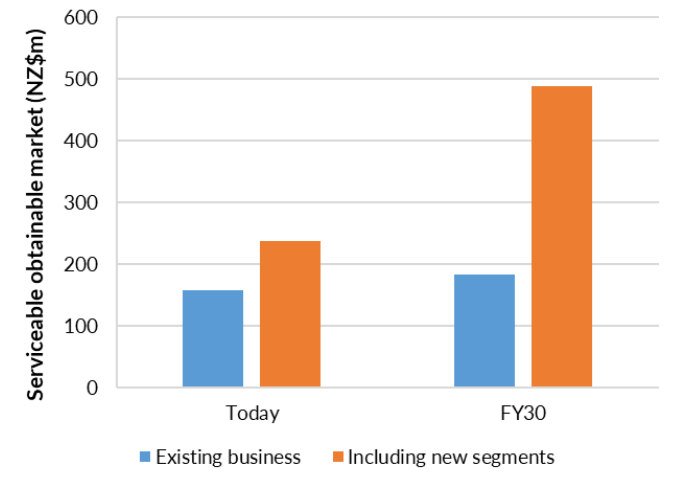
In Figure 68, we highlight how we assess the market opportunity for AOF using our TAM-SAM-SOM framework. The key variable within this analysis is the adoption rate for connected technology across the CDE, food retail, and chilled and frozen foods segments. Adoption is the key uncertainty for food retail and chilled and frozen foods—both markets are highly underdeveloped.

Figure 68. Our TAM-SAM-SOM framework in action

Source: Company, Various sources, Forsyth Barr analysis

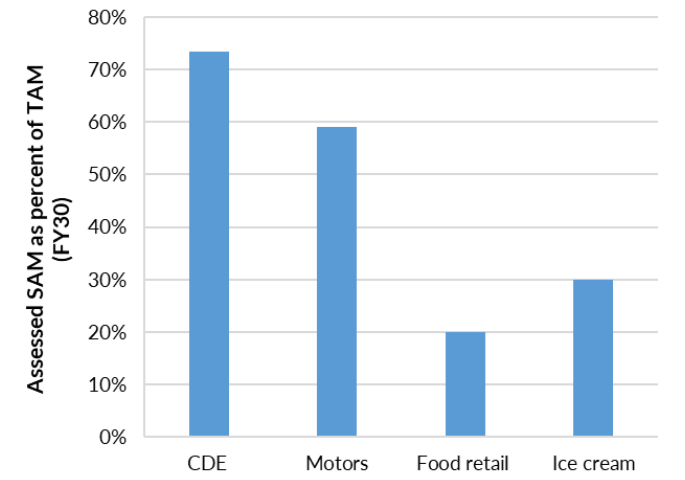
New segments increase the addressable market for AOF significantly

Figure 69. Food retail and chilled and frozen foods significantly expand the SOM for AOF



Source: Company, Various sources, Forsyth Barr analysis

Figure 70. The SAM (and SOM) in new segments grows alongside adoption of connected technology



Source: Company, Various sources, Forsyth Barr analysis

Section #5: Appendices

Appendix 1: FY25 result review

Overview of FY25 results

AOF's FY25 result (to 31 December 2025) delivered modest top-line growth and improved earnings despite softer macro conditions. Reported group revenue rose +4% year-on-year to NZ$83.2m (or NZ$83.9m when including other non-operating income), below initial NZ$85m to NZ$95m guidance. Total segment revenue was NZ$83.2m, as continued strength in CDE (IoT) was partly offset by softer motors performance. EBITDA rose +39% to NZ$3.5m as gross margin expanded to 31.7% (+2.6pp), reflecting improved mix and tighter cost discipline. CDE (IoT) revenue increased +9% to NZ$47.1m, with connected devices rising +22% to 3.2m, while Motors revenue was flat at NZ$36.1m. Gross margin improvement was driven primarily by CDE (IoT) at 42.5%, with Motors at 17.7%, reinforcing the structural margin differential between segments.

The result shows some progress in the transition toward higher-margin connectivity and software, while also highlighting the constraints of funding expansion from operating cash flows. Trading was mixed across the year. 1H25 was comparatively strong, with demand supported by motor volumes into North America and continued CDE (IoT) deployment across LATAM. Conditions softened into 2H25 as tariff uncertainty and supply-chain recalibration weighed on customer ordering patterns.

Operating costs remained elevated as AOF continued investing in product development, software capability, and go-to-market capacity. Capitalised development expenditure increased to NZ$7.9m, reflecting progress on AoFrio iQ, SCS800 certification, and adjacent vertical solutions. Recurring cloud and software invoicing reached NZ$4.8m, with NZ$3.2m recognised and deferred revenue rising to NZ$17.8m, signalling gradual monetisation of the installed base. Cash ended the year at NZ$1.3m (FY24: NZ$2.1m), and net debt increased to NZ$8.2m (FY24: NZ$2.5m).

Figure 71. AOF—results comparison

	FY24	FY25	Change (%)
Segment revenue	79.7	83.2	+4%
COGS	(56.5)	(56.8)	+1%
Gross profit	**23.2**	**26.4**	**+14%**
Gross margin (%)	*29.1%*	*31.7%*	*260 bp*
FX gain (loss)	(0.0)	(0.2)	n/a
Other income	0.6	0.9	+46%
Opex	(21.3)	(23.6)	+11%
EBITDA	**2.5**	**3.5**	**+39%**
Depreciation	(0.8)	(0.9)	+16%
Amortisation	(2.0)	(2.7)	+36%
Impairment	0.0	0.0	n/a
EBIT	(0.3)	(0.1)	n/a
Finance income	0.0	0.1	n/a
Finance expenses	(1.7)	(2.0)	+18%
PBT	(1.9)	(2.0)	n/a
Tax	0.0	(0.1)	n/a
NPAT	**(1.9)**	**(2.1)**	**n/a**

Source: Company, Forsyth Barr analysis

Divisional performance

- **IoT (cold drink equipment)** revenue increased +9% to NZ$47.1m, supported by growth in connected devices to 3.2m (+22%) and continued controller shipments into existing bottler accounts. Regional performance was mixed, with North America and APAC contributing modest growth while South America softened as customer ordering patterns normalised. Recurring cloud and software invoicing totalled NZ$4.8m, of which NZ$3.2m was recognised in revenue, lifting deferred revenue to NZ$17.8m. This reflects the ongoing shift toward subscription recognition under multi-year contracts. Gross margin remained strong at 42.5%, highlighting the structural margin differential versus hardware. Device growth continued to outpace recognised recurring revenue, with monetisation per asset still early-stage relative to the installed base.

- **Motors** revenue was flat at NZ$36.1m, reflecting a strong first half offset by softer trading in the second half as tariff uncertainty and customer inventory adjustments weighed on ordering patterns. Volume growth in US heat pump water heater applications and supermarket display refrigeration supported performance earlier in the year, though demand moderated into year-end. Gross margin was 17.7%, broadly consistent with historical levels and materially below CDE (IoT), reflecting the more competitive pricing dynamics of the motor segment. While earnings contribution was stable, the result reinforces that motors remain a mature, lower-margin business relative to connectivity, with performance more closely tied to OEM ordering cycles and macro demand conditions.

Outlook

Management framed FY26 as a year of commercialising the product set, but noted that the external backdrop makes forecasting more difficult. The company reiterated the two-path framework from its 4 December 2025 Investor Day—*'one funded from its own operating cash flows, to grow revenue at a +10% CAGR, and one aspirational path with additional capital to grow revenue at a +25% CAGR'*—and noted the Board was *'continuing to investigate options for capital to support the higher-growth strategy'*.

On near-term execution, management points to three targeted deliverables:

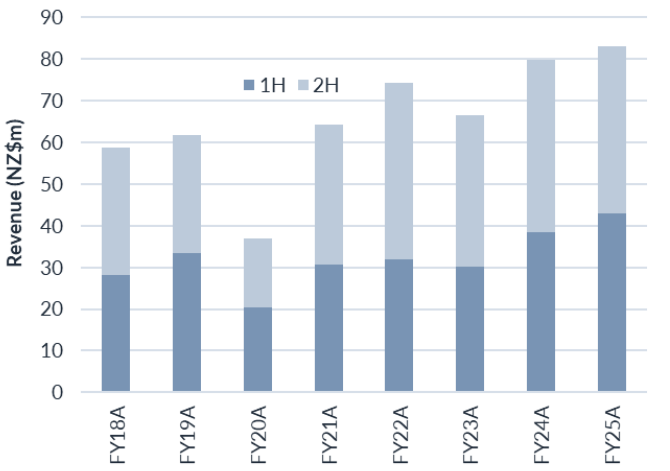
1. SCS800 *'undergoing final testing and certification, ahead of the planned commercial release in May'*, with *'encouraging'* signals that cellular adoption in Latin America *'may be more rapid'* and that *'unit revenues for cellular products are more than double Bluetooth products'*
2. AoFrio iQ is *'being trialled by early-adopter customers'* with the *'base solution available commercially in 3Q26'*
3. New fan pack sizes launched at the close of FY25

The key offsets highlighted, however, were:

1. *'USA tariffs are expected to impact motor volumes in FY26'*
2. Its largest US motor customer *'will onshore motor supply in FY26'* to avoid tariffs on Vietnam-supplied ECR2 motors (FY25 revenue from that customer: US$5.6m)
3. An FX headwind where AOF's FY26 expectations assume 0.606 NZDUSD and *'the expected strengthening of the NZD against the USD adversely impacts reported revenues and profit'*

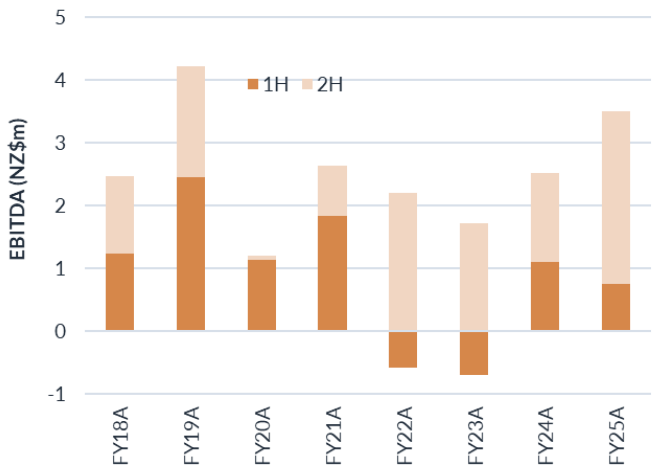
Management withheld formal guidance, saying that '*providing a guidance range is challenging*', but still indicated that it expects '*an improvement in revenue and EBITDA in FY26 over FY25*'. We forecast FY26 revenue of NZ$82.3m and EBITDA of NZ$3.7m, with revenue slightly below FY25 given FX and tariff headwinds but EBITDA modestly higher reflecting improved operating leverage as SCS800 sales ramp, with management having already invested significantly through FY25 in anticipation of commercial launch.

Figure 72. AOF—Revenues by half-year (NZ$m)



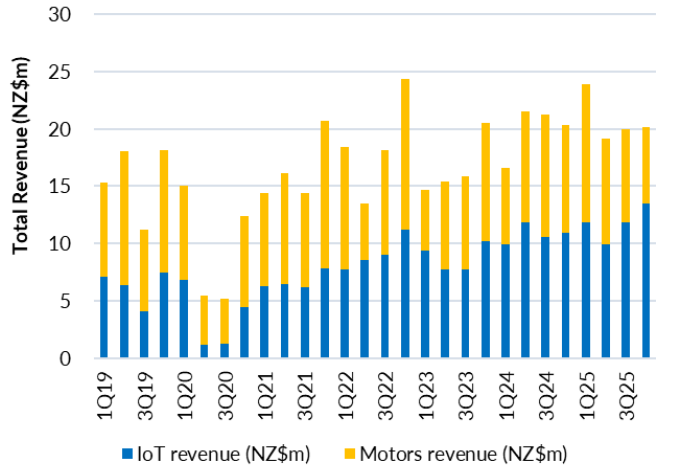
Source: Company, Forsyth Barr analysis

Figure 73. AOF—EBITDA by half-year (NZ$m)



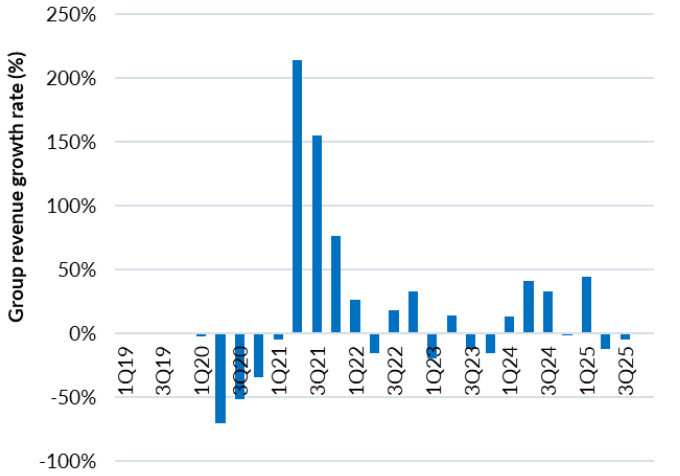
Source: Company, Forsyth Barr analysis

Figure 74. AOF—Quarterly revenue stack (NZ$m)



Source: Company, Forsyth Barr analysis

Figure 75. AOF—Quarterly revenue growth rate (%)

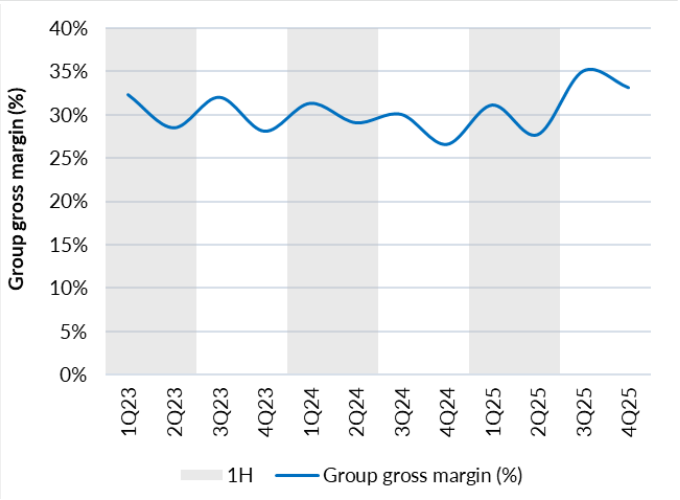


Source: Company, Forsyth Barr analysis

Figure 76. AOF—Quarterly operating cost (% of revenue)

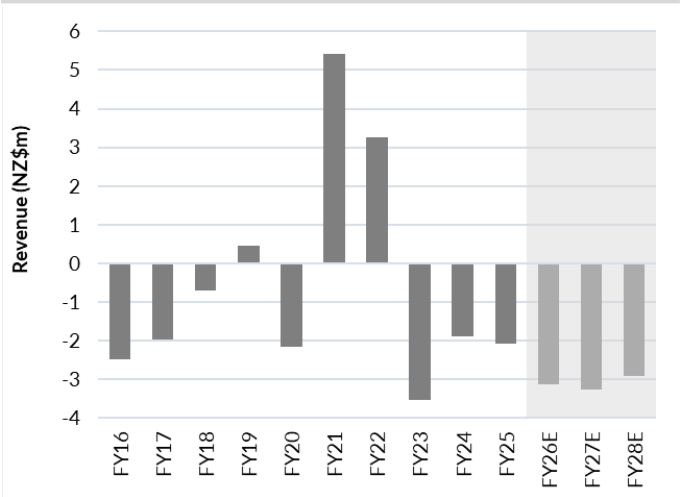
Source: Company, Forsyth Barr analysis

Figure 77. AOF—Quarterly group gross margin (%)



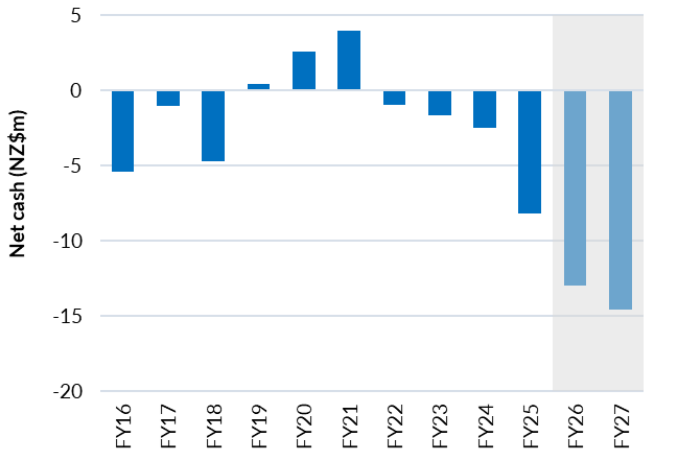
Source: Company, Forsyth Barr analysis

Figure 78. AOF—NPAT (NZ$m)



Source: Company, Forsyth Barr analysis. Grey shading denotes forecast years

Figure 79. AOF—Net cash position (NZ$m)



Source: Company, Forsyth Barr analysis. Grey shading denotes forecast years

Appendix 2: Competitor overview

The tables below summarise identified competitors and where product or geographic overlap with AOF appears most, based on available public information.

Figure 80. AOF—Competitors

Company	Headquarters	Key offerings & differentiation	Operating geographies	Competitive overlap with AOF
CDE — hardware				
Coel	Brazil	Supplies lower-cost controller hardware for branded cold drink equipment (CDE) and competes mainly on price and local supply economics. Coel's cost advantage is structural—Brazil tax and duty settings support sharper pricing and quicker fulfilment. Its footprint is hardware-led and Brazil-concentrated, not a full-platform play.	Concentrated in Brazil, with some LATAM spillover via local bottlers and OEM channels.	Medium–High—substitution risk on controller hardware in Brazil, with less overlap where AOF competes on end-to-end solution value and platform depth.
Sollatek	United Kingdom	Sollatek is a close peer to AOF in connected CDE, offering an integrated controller, embedded connectivity, and an online platform. Competes for the same bottler specifications, with a proposition that is functionally similar at the controller and fleet platform level, particularly where customers prioritise rapid rollout and a single-vendor stack.	Global footprint, with presence reported in Europe and parts of Africa, and expanding into LATAM and Asia–Pacific.	Very High—high business model overlap, competing directly for bottler/OEM wins and long-term fleet platform positioning.
Novus	Brazil	Public information suggests limited connected CDE penetration, with one bottler reference. The competitive proposition appears centred on component pricing and local support, rather than differentiated SaaS capability. Most likely to compete in specific tenders where local relationships and cost are prioritised over full-stack outcomes.	Brazil and selected LATAM accounts.	Low–Medium—tactical hardware competitor in isolated accounts, with limited threat to AOF's broader hardware, platform, and services proposition.
Saiwei (emerging)	China	Public information suggests an early-stage presence in connected CDE, with no clear evidence of material deployments. Likely entry route is aggressive hardware pricing and rapid iteration cycles, with platform capability uncertain. Key watchpoint is whether it secures a reference bottler that can be leveraged into adjacent tenders.	China and wider Asia, with potential export into LATAM via OEM supply chains.	Low at present—watchlist entrant, with risk increasing if it secures a branded bottler reference and pairs hardware with credible platform delivery.
CDE — software				
Sensify	Argentina—(start-up)	Software-only competitor providing fleet management and analytics. Sensify is reported to have been ABI-funded and to be running several trials, including a free-trial deployment at one ABI account, with limited public evidence of paying CDE customers. Key risk is standardisation within a major beer brand if trials convert and expand.	Trial-led, brand-driven deployments, with no confirmed multi-brand footprint.	High—competes directly with AoFrio iQ at the platform layer, with risk increasing if it converts a global brand template without supplying hardware.
Vision IoT	US	Historically, Vision IoT has been a key software competitor within Coca-Cola environments.	Coca-Cola-centric footprint.	Medium—competitive overlap appears narrower, but still relevant where incumbency and switching friction matter.

Source: Forsyth Barr analysis

Figure 81. AOF—Competitors (continued)

CFF*				
Vision IoT	**US**	**In ice cream, competition is more focused on imaging and associated analytics than controller componentry alone. Vision IoT competes as an imaging-oriented provider in this segment, particularly where the buying centre prioritises commercial execution (availability, stock, and planogram) over engineering controls.**	**Brand-led deployments, with scope dependent on specific ice cream accounts.**	**Medium–High—overlap is highest where AOF uses camera and visual analytics to capture value from commercial insights, while broader controller competition remains possible as AOF expands coverage.**
Clobotics	Singapore	Provides computer vision and imaging analytics to assess on-shelf availability, planogram compliance, and potential stock-outs. Differentiation lies in analytics capability and image processing, rather than refrigeration controls. May partner with third-party controllers or gateways.	Multi-region deployments typical of enterprise imaging providers, with account footprint contract-dependent.	Medium—competes in camera-driven insight modules, with less overlap on core controller economics unless bundled through partners.
CoolR	United Kingdom	Provides an imaging-led solution set focused on freezer visibility, execution and compliance outcomes. Differentiation is typically in workflow design, alerting and retailer and brand reporting, rather than embedded control. Competitive risk increases if customers prefer a vision-first stack and treat controller hardware as interchangeable.	Market presence appears programme-based, via specific brand and retailer programmes, rather than a broad installed base.	Medium—overlaps primarily in the premium analytics tier (commercial performance), with lower overlap with AOF's controller-led installed base strategy.
Food retail				
Danfoss	Denmark	Danfoss is more relevant to non-branded food retail and industrial refrigeration, often via wired Modbus or BMS-style architectures, than to connected CDE. Danfoss has been reported to be exiting a Pepsi Europe CDE solution, suggesting limited strategic commitment to connected CDE.	Global HVAC/R footprint, with a strong presence through OEM and contractor channels.	Low–Medium—potential competitor if AOF targets food retail new builds and wired control stacks, with limited relevance to AOF's current retrofit and SaaS-led focus.
Emerson Electric (Copeland / Dixell)	US	Predominantly competes in non-branded refrigeration controls and supervisory systems. In food retail new builds, competitive strengths include scale, distributor channels and established wired control ecosystems, rather than beverage bottler fleet specialisation.	Broad global presence via OEM and distributor channels, with strength in industrial and retail refrigeration.	Low—Medium—more relevant as an incumbent in food retail new build controls than in branded CDE connected fleets.
Carel	Italy	Established position in commercial refrigeration controls and supervisory platforms. Primary relevance is non-branded retail refrigeration, where wired controls and established OEM relationships dominate.	Global presence, with meaningful scale in commercial refrigeration supply chains.	Low–Medium—competes in food retail new build stacks, with indirect relevance to AOF unless AOF prioritises wired Modbus solutions.
LoweConex	US	Provides multi-site retail monitoring and control with a convenience and grocery orientation. It is not typically positioned as a core connected CDE competitor, with greater relevance to retail energy and compliance monitoring ecosystems than beverage bottler fleets.	North America-centric.	Low–Medium—adjacency risk in food retail monitoring, particularly if customers prefer a facilities-management-led solution to a refrigeration-domain stack.
Motors				
Saiwei	China	Competes as a motor supplier, typically with price-led propositions and broad catalogue coverage. Competitive pressure is greatest where specifications are commoditised and customers prioritise unit cost over programmability, performance and reliability attributes.	Manufactured in China, with exports into global appliance and refrigeration supply chains.	Medium–High—direct competitor in motors where procurement is cost-driven, with less overlap where AOF's differentiation (performance, durability and application engineering) is valued.
Weiguang	China	Large-scale fan motor manufacturer competing on volume and cost. Often positioned in standardised motor applications, with supply chain advantages in high-volume OEM programmes.	Global OEM supply chains, with a China manufacturing base.	Medium–High—direct competitor in commoditised motor categories, while AOF advantage remains in higher-spec applications and engineered fan-pack solutions.

Source: Forsyth Barr analysis, *Chilled and Frozen Foods

Appendix 3: Company history

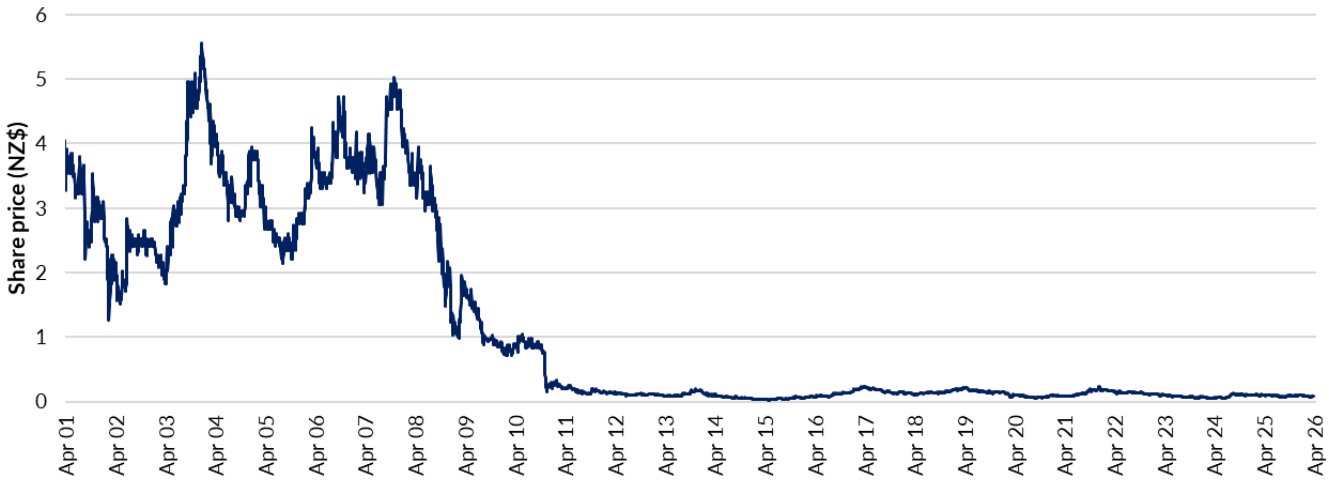
Figure 82. AOF—Company history

Year	Event
1986	Incorporated on 24 October 1986 as Clark Automotive Developments Limited
1996	Company renamed Wellington Drive Technologies (reflecting the strategic focus shift toward motor and drive technology)
1997	Issue of 3m shares in September 1997 at $0.30
1998	Commercial focus established around electronically commutated (EC) motor technology
1998	Issue of 22.6m shares in December 1998 pursuant to a 1 for 2 rights issue at $0.05, raising $1.1m
2000	Issue of 22.6m shares in January 2000 pursuant to a 1 for 3 rights issue at $0.05, raising $1.1m
2000	Issue of 5m shares to AXA in March 2000 at $0.197, raising $0.99m
2000	Issue of 6m shares via Deutsche placement at $0.591, raising $3.5m
2001	Wellington Drive Technologies listed on the NZX
2005	Issue of 1m shares in April
2005	Issue of 4.2m shares in November 2005 at $0.33
2005	Issue of 39.9m shares in December 2005 pursuant to a 1 for 4 rights issue at $0.10
2008	Issued 31m shares in January 2008 at $0.415, raising $12.7m net of issue costs
2008	Entered a partnership with the ENERGY STAR programme, supporting adoption of energy-efficient EC motor technology in refrigeration
2009	Issue of 114.0m shares in March 2009 at $0.10, raising $11.3m net of issue costs
2009	Issue of 96.5m shares in November 2009 at $0.10, raising $10.7m net of issue costs
2010	Expanded EC motor applications into commercial refrigeration and HVAC markets
2010	On 30 August, issued a SPP for up to $10,000 shares at the lesser of a 15% discount or the lowest price paid by investors in a private placement
2010	In September, 28.8m shares were issued and 80.2m to institutional investors at 7.038 cents each, raising $7.6m net of issue costs
2011	Issued 674m shares in February at $0.0125, raising $8.3m net of issue costs pursuant to a one for one rights issue
2011	Ross Green exit as CEO announced June 2011
2011	Announced capital raising to raise $8.4m, through a one-for-one share offer at 1.25 cents per share
2011	Announced share capital consolidation—20 for 1 at 30 June 2011
2011	Announced agreement with Ziehl-Abegg AG to exit ventilation motors and focus on refrigeration
2011	Greg Allen appointed CEO, commencing November
2011	Issued 13.4m shares to Superlife at 15.5c, raising $2.0m net of issue costs
2013	On 11 March 2013, WDT announced a capital raising programme which included the issue of 8m new fully paid ordinary shares to SuperLife Limited
2014	WDT raised $5m through the issue of mandatory convertible preference shares which would be underwritten by SuperLife Limited
2015	On 14 April 2015, WDT made a 5 for 6 renounceable rights offer of up to 105.3m shares at $0.03 cents per share
2016	Secured $2m funding line from SuperLife for 'additional working capital to support the company's growth initiatives', for one year at 14.75%
2016	Initial investment in refrigeration connectivity and control systems
2018	Raised $4m in a placement supported by SuperLife Investments
2018	Acquired iProximity (Australia), expanding software and IoT capability for refrigeration connectivity and analytics
2019	Raised $7.7m via a share purchase plan and placement
2019	Connected refrigeration platform scaled across Latin America with global beverage customers
2019	Announced a $5.3m pro-rata rights issue (1:5 at 10 cents per share)
2020	COVID disruption impacts customer demand and shipment volumes
2020	Announced a $5.4m pro-rata rights issue to strengthen finances during COVID-19
2021	Launched the new Connect™ Network product, allowing connectivity solutions
2021	Greg Balla appointed as Chief Executive Officer, initiating strategic reset toward CDE (IoT) and SaaS
2021	Recovery in volumes post-COVID followed by customer overstocking
2022	Global electronic component shortages impact supply chain and product development focus
2022	Company rebrands from Wellington Drive Technologies to AoFrio Limited
2022	NZX ticker changed from WDT to AOF following rebrand
2022	Launched first food services offering via a channel partner and received first order from a global ice cream company in December
2023	FY23 reflects destocking and re-engineering focus amid supply chain constraints
2024	Launched AoFrio INSIDE™, a complete refrigeration solution designed to accelerate the industry's journey towards Net-Zero
2024	FY24 described as first normalised year post-COVID, with revenue growth of ~20%
2024	Expansion of motors and fan systems into US heat pump water heater applications
2025	Initial release of AoFrio iQ SaaS platform
2025	Initial release of SCS800 cellular-first controller with customer trials commenced in 3Q25
2025	Investor Day held outlining Future One (self-funded) and Future Two (accelerated) growth pathways
2025	FY25 audited result released (27 February 2026)

Source: Forsyth Barr analysis

Appendix 4: Share price history

Figure 83. AOF—share price history



Source: Workspace, Forsyth Barr analysis

Appendix 5: Strengths, weaknesses, opportunities and threats (SWOT) analysis

Figure 84. AOF—SWOT analysis

Strengths	Weaknesses
• Large embedded installed base (~3.2m connected units) provides data scale and recurring monetisation optionality. • Established position in LATAM CDE with deep relationships across major bottlers and OEMs. • One of a small number of providers offering an integrated hardware, connectivity, and software stack, which should support customer retention and procurement simplicity. • In-market expertise across refrigeration, cooler manufacturing, solution implementation, and change management. • Integrated hardware capability (controllers and EC motors) supports product reliability and OEM specification influence. • Proven ability to deliver ROI to customers (asset loss reduction, service efficiency, and energy optimisation).	• Revenue remains materially hardware-weighted, limiting earnings quality relative to SaaS peers. • Recurring software revenue is low relative to installed base scale. • Geographic concentration in LATAM; US and Europe execution not yet proven at scale. • Operating model complexity (hardware + connectivity + SaaS) increases execution burden versus pure software competitors.
Opportunities	**Threats**
• Cellular migration (SCS800) materially expands addressable market in North America, LATAM, and Europe. • Incremental SaaS layers (remote management, analytics, camera) increase ARR per cooler. • Food retail and chilled & frozen foods adjacencies offer subscription-led entry with clearer compliance and spoilage economics. • Dataset scale supports AI-enabled optimisation and differentiated workflows over time.	• Delayed or discounted capital raise may constrain acceleration of Future Two initiatives. • Competitive response from incumbents, low-cost hardware suppliers, or in-house customer builds. • Slow enterprise sales cycles and procurement complexity in developed markets. • Supply chain disruption or component cost inflation impacting margins and rollout timing. • Cybersecurity or data integrity incidents undermining customer trust. • Early-cycle adjacencies (food retail, chilled & frozen foods) may see vendor standards locked in before AOF scales.

Source: Forsyth Barr analysis

Appendix 6: Board remuneration and profiles

Figure 85. AOF—Director profiles

Board member	Position	Description
John Scott	Chairman, Independent Director	John Scott, Chairman of the AoFrio board, brings extensive experience in global technology, digital transformation, and business strategy. Based in New Zealand, John has been instrumental in leading innovative technology companies to international success. As the former CEO of Invenco and a key executive at Navico, he has driven high-growth teams, scaled global businesses, and spearheaded strategic change. His strong background in technology, product innovation, and business transformation has positioned him as a leader in the industry. As AoFrio continues to grow its share in core markets and expand into new ones, John's experience in scaling world-beating technology companies will be critical. Recognised as a strategic long-term thinker, he will play a pivotal role in guiding AoFrio through its next phase of expansion and market leadership. His ability to offer strategic insights has been acknowledged as a key factor in AoFrio's success, particularly in driving rapid growth and market entry.
John McMahon	Independent Director	John McMahon brings over 30 years of experience in the Australasian equity markets, with a focus on telecommunications, media, gaming, transport, and industrials. His previous roles include Head of Research and Head of Equities for ABN AMRO NZ and Managing Director of ASB Securities. John currently serves as Director and Chair of Solution Dynamics Ltd (SDL) and NZX Ltd (NZX). His extensive expertise in equity analysis and leadership in major financial institutions positions him as an asset to AoFrio's strategic direction and growth.
Greg Allen	Independent Director	Greg Allen is a Partner at Chrysalix Venture Capital, a global venture capital firm headquartered in Vancouver, Canada, specialising in deep tech, industrial innovation, and resource productivity. He serves on the Board of Directors of HaiLa Technologies, a Canadian semiconductor start-up, and acts as a board observer for several international growth-stage companies. In addition, Greg is a member of the Economic Advisory Committee for the City of Richmond, British Columbia. He began his career in electronics and radio systems through service in the New Zealand Army, later earning an MBA from Edinburgh Napier University. Greg also holds the ICD.D designation from the Institute of Corporate Directors, reflecting his commitment to strong governance and board leadership.
Keith Oliver	Independent Director	Keith Oliver is the Chairman of Blackhawk.io and a director at VWork Limited and Alto Capital. His previous roles include Executive Chairman at high-tech company Compac Sorting Ltd and the science-led Crown Research Institute ESR. Keith's extensive experience in leading high-tech companies and his strategic vision in technology and innovation make him a critical contributor to AoFrio's board, guiding the company towards sustained growth and industry leadership.
Roz Buick	Independent Director	With 27 years of experience, Roz Buick has led digital transformation and workflow reengineering across hardware, SaaS, and software platforms. As a catalyst for change, she has driven growth through strategic product and market strategies in various sectors. Previously a Senior Vice President at Oracle and Trimble Inc, Roz now consults and serves on boards of global tech companies, including ikeGPS, FRAMECAD, and Propeller Aero, bringing invaluable expertise to AoFrio's growth plans.

Source: Company, Forsyth Barr analysis

Figure 86. AOF—Director remuneration

Director	Responsibility	FY23	FY24	FY25
Mr J. Scott	Chairman, Independent Director	$68,667	$96,000	$96,000
Mr G Allen	Independent Director	$55,000	$55,000	$55,000
Ms Roz Buick	Independent Director	-	$45,833	$55,000
Ms M Clark-Reynolds	Independent Director	$18,714	$50,000	$20,833
Mr J. McMahon	Independent Director	$55,000	$55,000	$55,000
Mr K Oliver	Independent Director	$55,000	$55,000	$55,000
Mr G. Pausch	Independent Director	$64,000	-	-
Totals		**$316,381**	**$356,833**	**$336,833**

Source: Company, Forsyth Barr analysis

Appendix 7: Management remuneration and profiles

Figure 87. AOF—Management profiles

Management member	Position	Description
Greg Balla	CEO	Greg was appointed CEO of AoFrio in May 2021. He brings extensive experience leading marketing, procurement, supply chain, manufacturing, process engineering, IT, and HR teams across his multi-decade career. Prior to AoFrio, he spent eight years working at Orion Health, where he started as Executive Vice President of Clinical Workflow and Business Transformation and spent four years as Chief Operating Officer.
Howard Milliner	CFO & Company Secretary	With more than 12 years at AoFrio, Howard has been instrumental in driving the organisation's strategy to become a hardware-enabled SaaS company. He is also responsible for all financial and administrative operations across AoFrio and brings a wealth of experience from previous roles. Prior to joining AoFrio, Howard spent 14 years working as the CFO and then CEO of NZX-listed engineering business, Mercer Group (now MHM Automation).
James Rice	Chief Revenue Officer (CRO)	James, formerly Managing Director at iSOFT, General Manager at DXC, and most recently Chief Revenue Officer at Orion Health, leads AoFrio's regional sales and service teams. James has extensive experience in SaaS sales strategy, new market entry, and leadership, which aligns well with AoFrio's growth ambitions.
Genevieve Clark	Vice President of Product	As VP of Product, Genevieve leads the development and execution of a product vision and roadmap that complements and delivers to AoFrio's business strategy. Prior to joining AoFrio, Genevieve gained over 20 years' experience in developing, implementing, and commercialising solutions in complex global environments, working with technology companies including Orion Health, Vista Entertainment Solutions, and Qrious, as well as large enterprises and government entities such as Air New Zealand, Auckland Council, and Te Toka Tumai.
Rami Elbeltagi	Vice President of Engineering & IT	As VP of Engineering and IT, Rami leads the engineering and IT teams to develop products and solutions to keep AoFrio delivering clear customer insights, sustainable transformative technologies, and a connected advantage. With over 15 years' experience in product development, Rami brings extensive experience leading cross-functional engineering teams (software, hardware, firmware, and mechanical) to AoFrio. Prior to AoFrio, Rami was Group Chief Engineer at Fisher & Paykel Appliances. Rami holds master's degrees in business administration (MBA) and mechatronics (ME) and is PMP certified.
Danielle Scott	Manager People, Sustainability and Executive Operations	As Manager People, Sustainability and Executive Operations, Danielle is responsible for operational and strategic visibility within the executive and people teams whilst championing sustainability and ESG initiatives. Danielle contributes operational expertise gained in publicly listed company environments, with a focus on the technology industry and experience in navigating global teams.
Marc Tinsel	Executive Vice President Operations	As Executive Vice President of Operations, Marc is responsible for AoFrio's day-to-day manufacturing, logistics, supply chain, quality, and associated operations. Marc started at AoFrio as a Programme Manager for Sustaining Engineering in 2013 and was promoted to Head of Manufacturing in 2015 and then Vice President, Supply Chain and Operations in 2018. Before joining AoFrio, Marc worked as a Project Manager for Omexom, managing multiple projects, budgets, contractors, and multidisciplinary teams in the electrical distribution industry.

Source: Company, Forsyth Barr analysis

Figure 88. AOF—CEO remuneration

Salary component	FY23	FY24	FY25
Fixed remuneration	$485,437	$485,437	$485,915
Employer contributions to KiwiSaver	$10,922	$14,563	$16,444
STI	$0	$0	$62,235
Total remuneration	**$496,359**	**$500,000**	**$564,594**

Source: Company, Forsyth Barr analysis

Greg Balla is eligible for an annual STI target payment of 15% of base salary based on a combination of Board-approved financial and business improvement objectives being achieved, with 50% of that target from agreed economic objectives and 50% from agreed management objectives. Overachievement is possible up to a maximum of 238% if financial objectives are substantially overachieved. The Board of Directors must approve any STI payment, and such payment will only be made if a minimum EBITDA threshold level is achieved.

Greg Balla was issued 12,930,000 share options representing 2.99% of the Company's ordinary shares at the time of issue. 8.62 million options vested on 1 October 2024 and may be exercised within 18 months following 1 October 2024 at an exercise price of 9.1 cents per share. Provided he is a full-time employee on 1 October 2025, a further 4.31 million options vested on 1 October 2025 and may be exercised within 18 months of that date at an exercise price of 11.5 cents per share.

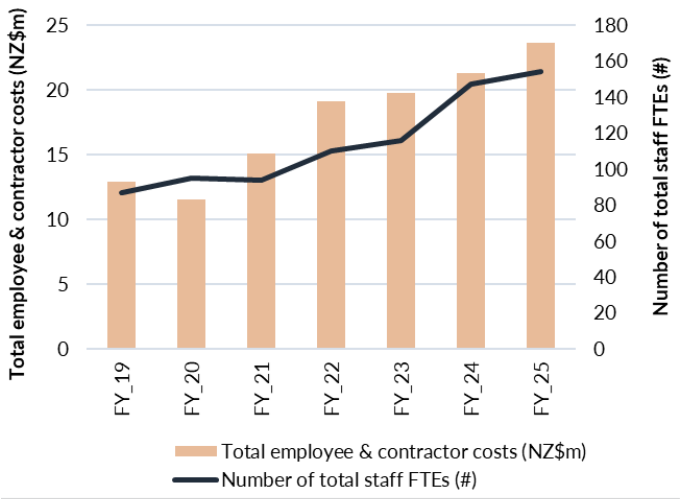
Appendix 8: Employee remuneration and count

Figure 89. AOF—Staff remuneration range profiles

Remuneration range			FY23	FY24	FY25
$100,000	to	$109,999	9	8	6
$110,000	to	$119,999	8	8	2
$120,000	to	$129,999	9	12	19
$130,000	to	$139,999	8	10	8
$140,000	to	$149,999	4	10	11
$150,000	to	$159,999	5	4	5
$160,000	to	$169,999	4	5	5
$170,000	to	$179,999	3	2	3
$180,000	to	$189,999	7	6	9
$190,000	to	$199,999	3	7	5
$200,000	to	$209,999	2	4	10
$210,000	to	$219,999	2	1	3
$220,000	to	$229,999	-	1	1
$230,000	to	$239,999	4	3	-
$240,000	to	$249,999	-	-	2
$250,000	to	$259,999	1	3	1
$260,000	to	$269,999	2	1	-
$270,000	to	$279,999	1	-	1
$280,000	to	$289,999	2	1	2
$290,000	to	$299,999	-	1	-
$300,000	to	$309,999	-	1	-
$310,000	to	$319,999	1	1	-
$320,000	to	$329,999	1	-	-
$330,000	to	$339,999	-	1	-
$340,000	to	$349,999	1	-	1
$360,000	to	$369,999	-	1	1
$380,000	to	$389,999	-	-	1
$400,000	to	$409,999	-	-	1
$410,000	to	$419,999	-	-	1
$420,000	to	$429,999	-	-	2
$480,000	to	$489,999	-	-	1
$490,000	to	$499,999	2	1	-
$560,000	to	$569,999	-	-	1
<$100,000			40	40	52
Total employee count			**119**	**132**	**154**

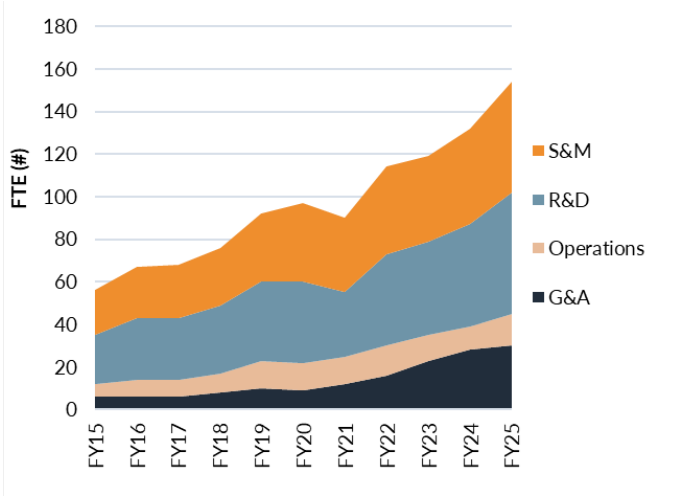
Source: Company, Forsyth Barr analysis

Figure 90. AOF—Headcount total and total employee costs



Source: Company, Forsyth Barr analysis

Figure 91. AOF—Headcount composition by function



Source: Company, Forsyth Barr analysis

Appendix 9: Key terms and definitions

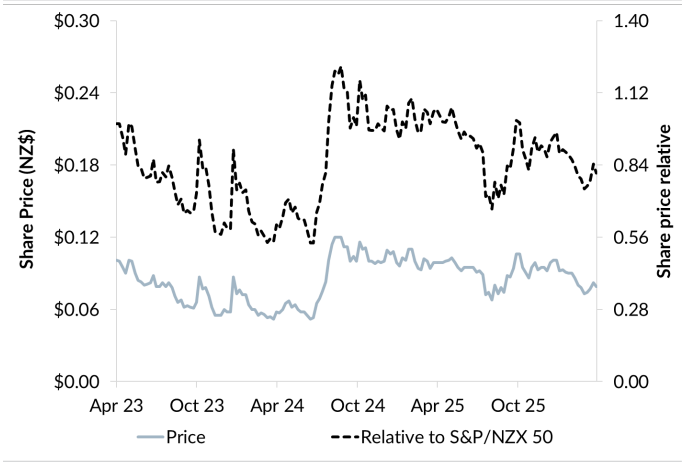
Figure 92. Terms and definitions

Term	Definition
AI	Artificial intelligence: algorithms that infer patterns and predictions from data
AOF	AoFrio: the company (AoFrio Limited)
AoFrio iQ	AOF's cloud-native SaaS platform for fleet analytics, workflows, and remote control
APAC	Asia-Pacific region: referenced as a target geography for expansion outside Latin America
ARR	Annual recurring revenue: subscription revenue normalised to a 12-month period
ARR per site	Annual recurring revenue generated per customer site: used in food retail and chilled & frozen foods unit economics
Bluetooth	Short-range wireless connectivity used in earlier AOF controller deployments, requiring in-person data upload via field device
BOM (Bill of Materials)	Component cost structure of a product; optimisation supports margin improvement in hardware segments
CAGR	Compound annual growth rate
CAPEX	Capital expenditure: customer or company spending on physical assets
CDE	Cold Drink Equipment: branded bottle coolers and analogous retail refrigeration assets
Cellular controller	Controller with embedded cellular modem (eg. SCS800) enabling always-on telemetry
Cellular-first connectivity	Always-on connectivity model using embedded cellular controllers (eg SCS800) rather than Bluetooth or gateways
CV	Computer vision: image recognition techniques used in camera analytics
Deferred revenue	Revenue received in advance for multi-year platform access or services, recognised over the contract term
EBIT	Operating profit: earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, and amortisation
EC motor	Electronically commutated motor: energy-efficient motor type used by AOF
ECR2 motor	AOF's high-efficiency EC motor platform (ECR2 series)
EMEA	Europe, Middle East, and Africa: target geography for cellular-enabled CDE expansion
ESG	Environmental, social, and governance reporting and metrics
EWI	East West Industries (EWI): contract manufacturer listed as AOF's manufacturing partner—independent entity from East West Legacy, a substantial security holder in AOF.
FTE	Full-time equivalent: headcount measure adjusted for part-time roles
Future One	Self-funded growth pathway delivering steady, incremental growth (~10% revenue CAGR)
Future Two	Accelerated growth pathway contingent on raising ~NZ$15m, targeting higher SaaS penetration and ~25% revenue CAGR
GM	Gross margin: revenue less cost of sales, often quoted as a percentage
GTM	Go-to-market: sales, deployment, partner, and customer success capability required to scale new products and regions
HVAC/R	Heating, Ventilation, Air Conditioning, and Refrigeration: industry category overlapping with AOF's motor and control markets
IoT (Internet of Things)	Network of connected refrigeration assets transmitting operational data to cloud platforms for monitoring and analytics
LATAM	Latin America: AOF's core region with high CDE penetration and installed base
MLOps	Machine-learning operations: practices to productionise and maintain ML models
NPS	Net Promoter Score, a customer advocacy metric; promoters minus detractors expressed as an index
NZDUSD	Foreign exchange rate between New Zealand dollar and US dollar
NZX	New Zealand Exchange, where AoFrio (AOF) is listed
OEM	Original equipment manufacturer; companies that build refrigeration hardware
OTA (Over-the-Air)	Remote firmware or software updates delivered wirelessly to connected devices without physical intervention
PoC	Proof of concept, pilot deployment to validate product/market fit
PoS (Point of Sale)	Retail location where branded refrigeration assets are deployed and product sales occur
Remote management	Remote control workflows (eg disable cooler, initiate defrost)
Retrofit	Installation of connectivity hardware or sensors into existing refrigeration units rather than new builds
ROI	Return on investment: used by AOF as a target threshold for customer value, typically cited as =5x ROI
SaaS	Software as a Service: subscription software delivery model
SAM	Serviceable addressable market: portion of TAM addressable with current products
SCS800	AOF's cellular-first controller product (SCS800 model)
SOM	Serviceable obtainable market; realistic share of SAM the company can capture
TAM	Total addressable market: total potential market size for all players
Tiered monetisation	Monetisation roadmap layering increasing value features (asset management to remote management and camera insights)
WDT	Wellington Drive Technologies: AOF's former corporate name prior to rebranding in 2022

Source: Company, various sources, Forsyth Barr analysis

Additional data

Figure 93. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 94. Substantial shareholders

Shareholder	Latest Holding
East West Legacy	12.7%
FirstCape	9.4%
Wairahi Investments	7.1%

Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 95. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
			(m)	1yr	2yr	1yr	2yr	1yr	2yr	1yr
Aofrio	**AOF NZ**	**NZ$0.08**	**NZ$34**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Nidec Corp	6594 JP	¥2450.00	¥2,921,794	15x	13x	8.5x	7.8x	13.5x	11.7x	1.3%
Mabuchi Motor Co	6592 JP	¥1603.00	¥417,822	18.8x	17.4x	7.3x	6.9x	11.3x	10.4x	3.4%
Sanyo Denki Co	6516 JP	¥5500.00	¥214,041	18.6x	n/a	n/a	n/a	13.5x	n/a	1.6%
Hangzhou Weiguang Electric Co	002801 CH	CN¥31.38	CN¥7,206	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Carel Industies SpA	CRL IM	€26.15	€2,942	36.6x	31.9x	20.6x	18.5x	28.5x	24.9x	0.8%
Digi International	DGII US	US$56.27	US$2,116	23x	21.1x	15.7x	14.8x	23.7x	20.9x	n/a
HMS Networks AB	HMS SS	kr520.00	kr26,166	33.4x	29.1x	23.5x	21.2x	29.5x	26.1x	1.0%
Lantronix	LTRX US	US$6.40	US$254	21.4x	n/a	20.7x	n/a	>75x	n/a	n/a
Advantech Co	2395 TT	TWD351.50	TWD304,339	24x	20.3x	17.7x	14.9x	19.4x	16.5x	3.2%

Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Disclosures

Important information about this publication

Forsyth Barr Limited ("**Forsyth Barr**") holds a licence issued by the Financial Markets Authority to provide financial advice services. In making this publication available, Forsyth Barr (and not any named analyst personally) is giving any financial advice it may contain. Some information about us and our financial advice services is publicly available. You can find that on our website at www.forsythbarr.co.nz/choosing-a-financial-advice-service Please note the limitations in relation to distribution generally, and in relation to recipients in Australia in particular, as set out under those headings below.

AoFrio ("**Researched Entity**") has commissioned Forsyth Barr to provide ongoing research coverage and to publish written reports from time to time (including this publication), in consideration of a fee payable by the Researched Entity. Forsyth Barr follows a research process (including through the Analyst certification below) designed to ensure that the recommendations and opinions in our research publications are not influenced by this arrangement and the other interests of Forsyth Barr and related parties disclosed below. However, entities may not be willing to continue to pay for research coverage that includes unfavourable views.

Any recommendations or opinions in this publication do not take into account your personal financial situation or investment goals, and may not be suitable for you. If you wish to receive personalised financial advice, please contact your Forsyth Barr Investment Adviser.

Past performance is not indicative of future performance. Estimates of future performance are based on assumptions that may not be realised. If provided, and unless otherwise stated, the closing price provided is that of the primary exchange for the issuer's securities or investments.

This publication has been prepared in good faith based on information obtained from sources believed to be reliable and accurate. However, that information has not been independently verified or investigated by Forsyth Barr. If there are material inaccuracies or omissions in the information it is likely that our recommendations or opinions would be different. Any analyses or valuations will also typically be based on numerous assumptions (such as the key WACC assumptions); different assumptions may yield materially different results.

Forsyth Barr does not undertake to keep current this publication; any opinions or recommendations may change without notice to you.

In giving financial advice, Forsyth Barr is bound by duties under the Financial Markets Conduct Act 2013 ("**FMCA**") to:

- exercise care, diligence, and skill,
- give priority to the client's interests, and
- when dealing with retail clients, comply with the Code of Professional Conduct for Financial Advice Services, which includes standards relating to competence, knowledge, skill, ethical behaviour, conduct, and client care.

There are likely to be fees, expenses, or other amounts payable in relation to acting on any recommendations or opinions in this publication. If you are Forsyth Barr client we refer you to the Advice Information Statement for your account for more information.

Analyst certification: The research analyst(s) primarily responsible for the preparation and content of this publication ("**Analysts**") are named on the first page of this publication. Each such Analyst certifies (other than in relation to content or views expressly attributed to another analyst) that (i) the views expressed in this publication accurately reflect their personal views about each issuer and financial product referenced; and (ii) no part of the Analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that Analyst in this publication.

Analyst holdings: The following Analyst(s) have a threshold interest in the financial products referred to in this publication: N/A.For these purposes, a threshold interest is defined as being a holder of more than $50,000 in value or 1% of the financial products on issue, whichever is the lesser.

Other disclosures: Forsyth Barr and its related companies (and their respective directors, officers, agents and employees) ("**Forsyth Barr Group**") may have long or short positions or otherwise have interests in the financial products referred to in this publication, and may be directors or officers of, and/or provide (or be intending to provide) corporate advisory or other services to, the issuer of those financial products (and may receive fees for so acting). Members of the Forsyth Barr Group may buy or sell financial products as principal or agent, and in doing so may undertake transactions that are not consistent with any recommendations contained in this publication. Other Forsyth Barr business units may hold views different from those in this publication; any such views will generally not be brought to your attention. Forsyth Barr confirms no inducement has been accepted from the issuer(s) that are the subject of this publication, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the issuer(s) being researched.

Corporate advisory engagements:: Other than confidential engagements, Forsyth Barr has not within the past 12 months been engaged to provide corporate advisory services to the Researched Entity.

Complaints: Information about Forsyth Barr's complaints process and our dispute resolution process is available on our website – www.forsythbarr.co.nz.

Disclaimer: Where the FMCA applies, liability for the FMCA duties referred to above cannot by law be excluded. However to the maximum extent permitted by law, Forsyth Barr otherwise excludes and disclaims any liability (including in negligence) for any loss which may be incurred by any person acting or relying upon any information, analysis, opinion or recommendation in this publication. The information contained within this publication is published solely for information purposes and is not a solicitation or offer to buy or sell any financial instrument or participate in any trading or investment strategy.

Distribution: This publication is not intended to be distributed or made available to any person in any jurisdiction where doing so would constitute a breach of any applicable laws or regulations or would subject Forsyth Barr to any registration or licensing requirement within such jurisdiction.

Recipients in Australia: This publication is only available to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("**wholesale clients**"). In no circumstances may this publication be made available to a "retail client" within the meaning of section 761G. Further, this publication is only available on a limited basis to authorised recipients in Australia. Forsyth Barr is a New Zealand company operating in New Zealand that is regulated by the Financial Markets Authority of New Zealand and NZX. This publication has been prepared in New Zealand in accordance with applicable New Zealand laws, which may differ from Australian laws. Forsyth Barr does not hold an Australian financial services licence. This publication may refer to a

securities offer or proposed offer which is not available to investors in Australia, or is only available on a limited basis, such as to professional investors or others who do not require prospectus disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) and are wholesale clients.