5 August 2026

Market Announcement

For immediate release

AoFrio Limited (AOF), the global leader in hardware-enabled insights for the commercial refrigeration industry, today released its interim results for the six months ended 30 June 2026 (“1H26”). AoFrio’s 2026 Interim Report accompanies this announcement.

Financial Performance

The Company reported revenue of $33.8 million, down 21.5% on the same period last year. Motors revenue fell -50.5% or -$10.8 million to $10.6 million and accounted for the entire group revenue decline. As reported in the 1Q26 update, AoFrio’s largest US motor customer decided to source motors locally due to higher tariffs. During 2026, other motor customers also shifted towards lower-specification, lower-cost motors. AoFrio is addressing this through component sourcing to reduce the price of its existing motor specification and the development of a new lower-cost motor.

IoT revenue increased +$1.5 million, or +6.8%, to $23.2 million.

Earnings before interest, taxation, depreciation, amortisation, and impairment (“EBITDA”) for 1H26 was $0.9 million, compared with $0.7 million in 1H25. Gross profit declined with lower revenue, although gross margin increased to 34.9% from 29.6% as the business mix shifted towards higher-margin IoT revenue. Operating expenses were broadly unchanged. EBITDA included $1.2 million of other income from the 2025 RDTI claim submitted in June 2026.

Strategy Implementation

In December 2025 AoFrio presented two growth options to shareholders. Following strong support from shareholders for option 2, AoFrio raised $8.9 million, from a placement and rights issue, out of the $15 million required to pursue growth option 2. AoFrio adjusted its plan to align with the capital raised and will commence deploying the capital in 2H26 to accelerate growth in Cold Drink Equipment and start implementing the go-to-market plan for Food Retail.

Growing Leadership Position in Cold Drinks Equipment (CDE) Cellular and Software Platforms Launched Commercially

A key achievement in mid-2026 was the commercial launch of both the SCS 800 cellular "Always On" controller and the AoFrio iQ Insights platform for CDE. These two products underpin AoFrio's strategy to enable rich data intelligence and workflow automation for clients to win market share in the US and Europe.

"This has been a pivotal half for our product roadmap, with the commercial launch of SCS 800 and AoFrio iQ. Momentum ahead of adoption continues to build, with thirty-three trials underway globally, including with significant beverage bottlers in Europe and North America," says AoFrio Chair John Scott.

The Total Addressable Market for SCS 800 and AoFrio iQ across the US and Europe is estimated at 700,000 units per annum, with the Company expecting the first purchase orders in 2H26 as new cooler builds commence for key customers.

While designed primarily for Northern Hemisphere markets, several Latin American CDE customers have also indicated intentions to shift from Bluetooth to cellular connectivity, with final certification with key equipment manufacturers in Latin America opening the door to new-build cooler specifications for 2027.

More than ten customers, including major US bottlers, have completed successful AoFrio iQ pilots. Integration work for North American customers is now complete, ensuing smooth adoption into their business systems. AoFrio expects to bill first recurring revenue before the end of 2026, with additional AI and value adding product feature releases on track for 2H26.

Motors and Fans: Competing on Cost and Proven Return on Investment

With continued pricing pressure on motors, the Company's strategy is focused on reducing costs to remain price-competitive, while demonstrating the return on investment of its combined energy-efficient hardware and connectivity offering.

"Motor revenue continues to be impacted by US tariff policy. Our priority in motors right now is cost down through component sourcing and a new lower-cost motor design " says Scott.

At the same time, the Company has continued to demonstrate to beverage bottlers the value of pairing its motors with SCS controllers to optimise energy efficiency and improve service and maintenance. In-field trials of AoFrio INSIDE, the Company's combined higher-value bundle, have delivered customer benefits, resulting in motors approved for supply by a major global beverage brand.

Diversifying into New Markets: Food Retail Gains Traction

AoFrio's diversification strategy to extend its AoFrio iQ software platform into adjacent markets reached a key milestone in 1H26 with the commercial go-live of AoFrio iQ for Food Retail applications. The platform is positioned as a food safety and compliance solution, providing temperature monitoring, automated alerts, and digital compliance records for supermarket and convenience store operators.

In April, the Company secured its first Food Retail order from a leading Latin American supermarket chain following a successful proof-of-concept trial that financially validated the solution. AoFrio expects to commence a 70-store roll out to this customer in Q3 26. The Board has approved the addition of 4 new sales team members, with hiring starting in the 4Q26, with the focus to drive new customer acquisition in the Aofrio iQ software and Food Retail business. While the company remains mindful to balance new staffing additions with financial progress, increasing sales capability in the new diversified business segment is a key to delivering growth projections.

P: + 64 9 477 4500 **E:** info@aofrio.com
® is a registered Trademark of AoFrio Ltd.

A: 78 Apollo Drive, Rosedale, Auckland 0632, New Zealand
PO Box: 302-533 North Harbour, Auckland 0751, New Zealand

"Food Retail has moved from proof-of-concept to commercial pipeline in the space of six months. With additional capital now in place, we're ready to invest in a formal go-to-market push later this year," says Scott.

Transformation and People

Embedding AI into the business to bolster productivity continues. Over 90% of employees are using AI daily, with almost a third of the company reporting that AI has helped accelerate delivery to customers.

Outlook

In the 1Q26 update, the Company announced it expected an improvement in revenue and EBITDA in 2026 over 2025.

The improvement in full-year revenue now appears unlikely given reduced demand for the Company's motor products and the difficult and uncertain global trading environment, including foreign exchange volatility. Revenues from the new SCS 800 cellular solution are expected to begin in 2H26 and should drive IoT revenues above 2025.

EBITDA for 2026 is currently forecast to be broadly consistent with 2025. The Company will continue to provide updates as the year progresses.

Aofrio is expecting a further lift in its gross margin performance once the new AoFrio iQ platform deploys and scales, as software margins are targeted at 70%, in line with a developing software as a service business.

**EBITDA (i.e., Earnings before interest, taxation, depreciation, amortisation, and impairment) is a non-GAAP earnings figure that equity analysts tend to focus on for comparable company performance analysis. AoFrio considers it a valuable financial indicator because it avoids the distortions caused by differences in amortisation and impairment policies.*

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Contact:

Investor Enquiries: Howard Milliner

Chief Financial Officer

+64 275870455

Media Enquiries: Sally Rooney

Corporate Communications Manager

Phone + 64 21574766

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