AoFrio
Interim Report 2026

AoFrio®

Interim Report 2026.

John Scott
Chair

Greg Balla
Chief Executive Officer

Strategy delivery in a shifting landscape

AoFrio is pleased to release its interim report for the six months ended 30 June 2026 (“1H26”). All monetary amounts are in New Zealand dollars unless otherwise stated.

Revenue was $33.8 million, down 21.5% ($9.3 million) compared to $43.0m in 1H25. Motors revenue fell -50.5% or -$10.8 million to $10.6 million, and accounted for more than the entire group revenue decline. 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.

This is a year of transition as AoFrio pursues the growth pathways presented to investors in December 2025. The Company received strong investor support for a placement in May 2026 and a rights issue in June 2026, which together raised NZD $8.9 million. The board is overseeing plans to utilise this funding to capture growth opportunities and market demand.

In 1H26, the Company completed the development required for commercial release of the SCS 800 cellular controller and the general-release version of the AoFrio iQ SaaS platform. Both were commercially released in June and are expected to support revenue growth in North America and Europe.

Financial performance

Metric	1H26	1H25	Variance
Revenue	33.8	43.0	-21.5%
IoT Revenue			
Hardware	21.6	20.4	5.7%
Services	1.6	1.3	24.7%
Motors Revenue	10.6	21.3	-50.5%
Gross Margin	34.9%	29.6%	+ 5.3 pp
Operating Costs	12.2	11.9	+1.9%
EBITDA	0.9	0.7	+17.5%
Profit / (loss)	(2.1)	(1.8)	-19.6%
Net operating cash flow	(0.9)	(0.9)	+6.7%

Percentage variances are calculated using unrounded figures

Revenue

In 1H26, AoFrio shipped 322,000 IoT devices, a 4.9% increase in volume. This included 9,000 Cellular Gateways (a retrofit device) and 9,000 new build cellular connected products (a Bluetooth SCS controller bundled with a cellular Gateway). Now that development of the SCS 800 has been completed and the product has been commercially released, we expect cellular volumes to grow significantly, driving increased IoT hardware and annual recurring revenue.

AoFrio invoiced $2.0 million for cellular data and software services during 1H26, compared with $2.8 million in 1H25. These services are provided under multi-year contracts, with revenue recognised in the Income Statement over the contract term. At 30 June 2026, $18.6 million of invoiced revenue was deferred for recognition in future periods (30 June 2025: $16.8 million). Our flagship intelligent insights platform, AoFrio iQ, was launched at the same time as the SCS 800 and is being trialed by customers. AoFrio iQ is expected to drive significant increases in annual recurring revenue. Motor volumes fell a significant -53.0% as compared with 1H25. AoFrio shipped 261,000 motors in 1H26 (1H25: 555,000), generating revenue of $10.6 million (1H25: $21.3 million). As reported in the 1Q26 update, AoFrio's largest US motor customer decided to source motors locally because of higher tariffs. During 2Q26, 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.

As reported in 1Q26, AoFrio secured an AoFrio iQ Food Retail solution order following a successful proof-of-concept trial with a major Latin American supermarket business. The Company intends to invest in customer-facing sales staff in 2H26 to drive revenue growth from its diversification strategy in 2027 and beyond.

Gross margin

The gross margin was 34.9%, 5.3 pp higher than the same period last year. This is largely due to change in product mix, reflecting the larger revenue share from higher margin IoT products. The gross margin was 40.9% for IoT products (1H25 40.9%) and 21.5% for motors (1H25 18.0%).

Other income

The Company has submitted its RDTI claim in respect of expenditure incurred in 2025 for initiatives approved by the IRD. $1.2 million was recognised in 2Q26.

Operating expenses

Operating expenses for 1H26 were $12.2 million, an increase of $0.2 million compared to the same period last year.

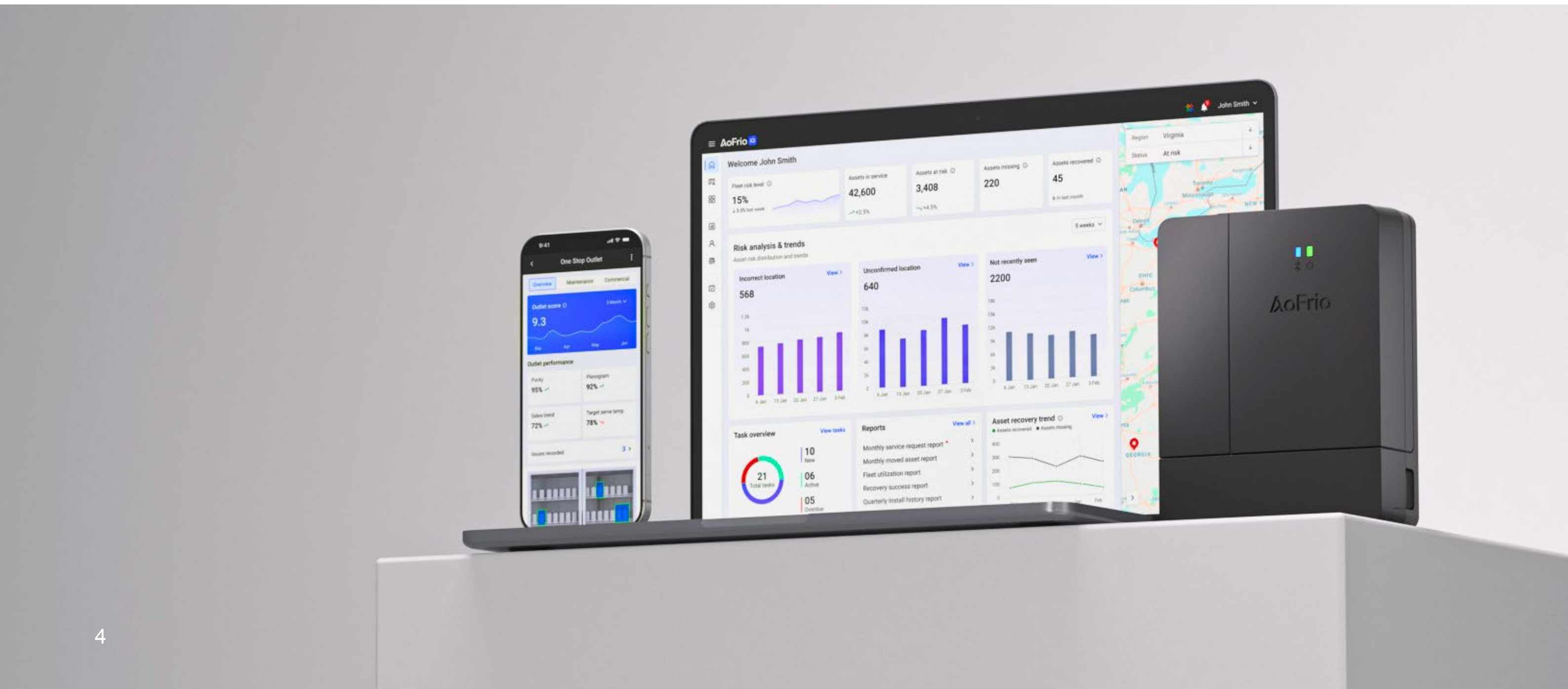
Staff costs of $13.3 million (pre-capitalised development and including contractors) increased $1.2 million compared with 1H25. There was no significant change in the number of staff employed during 1H26. Capitalised development time increased to $4.0 million from $3.2 million in 1H25. This reflects time spent on new product development to progress AoFrio's strategies of protecting and growing its Cold Drink Equipment business and diversification into new markets.

Working capital

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. For the near term, cash has been applied to reducing interest-bearing debt, repaying drawdowns under the bank trade finance facility and settling extended payment terms offered by supply partner East West, ahead of deployment of the funds toward our growth initiatives.

At 30 June 2026, interest-bearing bank debt was $8.7 million and net bank debt was $5.1 million, compared with $9.6 million and $8.2 million at 31 December 2025, respectively.

Compared to the position at 31 December 2025, trade receivables were $6.2 million lower, due to major customers now offering supplier factoring. Inventory was $1.1million higher and trade payables $4.8 million lower, largely due to a reduction of extended terms invoices.



SaaS Metrics

Alongside reporting for our traditional segments, we are providing SaaS metrics appropriate for AoFrio. We will continue to align our reporting to our strategy.

Rule of 40

The Rule of 40 is a SaaS measure under which the sum of annual revenue growth and EBITDA margin should equal or exceed 40%. For AoFrio's IoT segment, revenue growth for the 12 months ended 30 June 2026 was 3.6% and EBITDA margin, after allocating a pro rata share of unallocated overheads, was 11.4%. This produced a Rule of 40 score of 15.0, down from 20.6 for FY25. The aspirational growth strategy presented in December 2025 set out a path towards a score of at least 40.

Recurring revenue

Associated with the supply of IoT hardware, AoFrio provides a range of data and reporting services, installed on every AoFrio SCS controller and AoFrio Monitor sold. Revenue from the provision of such services is recognised typically over a period from one to ten years. In 1H26 we invoiced $2.0 million of recurring revenue and recognised $1.6 million, 4.8% of total revenue. Our longer-term target is for recurring revenue to reach 50% of total revenue. The Balance Sheet holds $18.6 million, which is deferred for revenue recognition in future periods.

Number of connected devices

There were 3.68 million devices connected to the AoFrio cloud at 30 June 2026, an increase of approximately 480k (15%) compared to 31 December 2025. There were 30.5k cellular connected controllers included in this count. As more devices connect to our cloud, especially cellular solutions, the quality of our fleet insights improves. This creates greater opportunities to generate additional revenue from the value-added services in development.

3.68M

Connected Devices +15%

4.8%

Recurring Revenue +1.7 pp

18.6M

Deferred revenue +11%

Strategy Implementation

AoFrio remains focused on investing in its three strategies to drive long-term success:

- Protect and grow the core.
- Diversify its market segments.
- Transform its foundations.

These strategies aim to ensure that AoFrio continues to deliver value to its customers while consistently achieving growth and profitability objectives over time.

Protect and grow the core

The strategy to protect and grow its core business, IoT for Cold Drink Equipment (CDE) and Motors and Fans, remained central to AoFrio's progress in 1H26.

IoT for CDE
Our IoT business continues to strengthen and mature, reflecting our strategic focus to defend our leading position in mature markets such as Latin America ("LATAM"), while expanding into new geographies including the US, Europe and Asia / Pacific ("APAC").

Our SCS 800 cellular "Always On" product, which was commercially launched in June, is central to winning market share in the US and Europe. The Total Addressable Market (TAM) for these two markets is estimated at 700,000 units per annum. Momentum ahead of commercial adoption continues to build with 33 trials underway globally, including a large Coca-Cola bottler in Europe. In 2H26 we expect to see the first tranche of purchase orders, as new cooler builds commence for key customers.

While SCS 800 was primarily designed to enter new markets, several LATAM customers have indicated intentions to shift from the current dominant Bluetooth technology to cellular solutions. Final certification with key OEMs is opening the door to new build cooler specifications for 2027 within our LATAM beverage bottler customer base.

Our flagship intelligent insights platform, AoFrio iQ, continues to gain traction since launch. Over ten customers, including several major US Coca-Cola bottlers, have completed successful pilots, and our development team has completed significant work to ensure AoFrio iQ integrates smoothly into our North American customers' workflows. We are already invoicing a non-CDE customer for the solution and expect to see recurring revenue for beverage customers before the end of 2026.

Beyond customer trials, our product and engineering teams have focused on increasing the value of AoFrio iQ through new feature development and upgrades. We have delivered additional customer benefits identified through recent pilots, spanning our four key customer value pillars: Asset Management, Commercial Performance, Service & Maintenance, and Energy Efficiency. Work on new features leveraging AI and camera technology continues, with further releases on track for 2H26.

AoFrio is well on its journey to embedding AI into its solutions, evolving from a System of Record and workflow to a system of Action and Coordination.

For over 10 years, the business has collected data on the performance of coolers and is now the only supplier in the market which can provide rich, multi-year insights to our customers.

While this data has always been considered valuable, the strategic advantage it offers is now coming into focus for the beverage industry. Our development team is leveraging this data to build machine learning algorithms in our platform that can solve major pain points associated with managing large scale fleets, such as predicting when a cooler will break down and why. By enabling fleet owners to shift to a more predictive approach to maintenance, our solution can provide greater visibility and reduced service and maintaince costs.

Our next evolution of AI features development will be instrumental in helping customers get even more value from our AoFrio iQ solution.

Motors and Fans

In the face of challenging market conditions, our Motors strategy seeks to protect the gross profit contribution of our motor product line by broadening application coverage, demonstrating ROI and driving cost efficiencies.

To this end, AoFrio is focusing on optimising our design and procurement strategy to reduce costs and achieve more competitive pricing.

We have demonstrated to beverage bottlers the ROI and benefits of combining our motors with SCS controllers, enhancing energy efficiency and improving service and maintenance outcomes. Tangible benefits delivered through trials of our AoFrio INSIDE bundles in Latin America have supported our return to the Coca-Cola approved suppliers list for the first time in ten years. The TAM for this business represents 3 million motors per year.

Diversifying into new markets

AoFrio's diversification strategy is to leverage our core solution to serve adjacent markets. The first half of 2026 saw our AoFrio iQ for Food Retail product go live, with a mobile app and full support documentation released. The solution is positioned as a food safety and compliance platform, providing temperature monitoring, automated alerts, and digital compliance records for supermarket and convenience store operators.

In April, the Company secured an order from a leading LATAM supermarket business following a successful proof-of-concept trial, validating that customers will pay for the solution. With additional capital now raised, AoFrio is investing in go to market activities and expects to formally launch the solution for Food Retail in 2H26.

Transform our foundations

The overall purpose of this strategy is to continue to ensure that AoFrio has:

- An approach to sustainability that takes advantage of the opportunities and manages risk.
- The right people with the right motivation and capability.
- The right systems and processes to be productive now and in the future.

Environmental, Social and Governance (ESG)
Progressing AoFrio's environmental, social and governance priorities remains an important focus for the business.

In 1H26, AoFrio successfully retained its "Committed Badge" in the EcoVadis programme, recognising our efforts as a supplier to implement sustainable and ethical policies. This reflects the company's ongoing commitment to practices that improve transparency and best practice across our operations.

AoFrio INSIDE, which reduces energy consumption by up to 68% for beverage coolers, was named a finalist in the 2026 New Zealand Hi-Tech Awards' Most Innovative Hi-Tech Solution for a More Sustainable Future category.

People

The Company employs 160 people. The annual staff engagement score was 67%, down five percentage points from 72% in FY25 and broadly in line with the global industry benchmark. Scores for strategic alignment and belonging indicate that employees remain supportive of the Company's direction.

Systems and processes

AoFrio continues to embed AI into the business. Programmes such as AI Month, a four-week series of hands-on workshops, events and demonstrations open to all employees, help to accelerate AI adoption and advocacy amongst employees.

We will continue to deepen how AI tools are embedded and leveraged across the entire organisation to 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.

John Scott
Chair

Greg Balla
Chief Executive Officer

Financial statements.

Consolidated and Condensed Interim Statement of Comprehensive Income

		Six months ended Unaudited		Year ended Audited
	Note	**30 Jun 2026 $000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Revenue	2.1,2.3	**33,780**	43,044	83,186
Cost of sales		**(22,002)**	(30,315)	(56,782)
Gross profit		**11,778**	12,729	26,404
Foreign exchange loss		**(2)**	(109)	(157)
Other income	2.4	**1,267**	61	864
Operating expenses	2.5	**(12,164)**	(11,933)	(23,608)
Earnings before interest, taxation, depreciation, amortisation and impairment		**879**	748	3,503
Depreciation	3.5	**(499)**	(429)	(949)
Amortisation	3.6	**(1,252)**	(1,272)	(2,672)
Loss before interest and taxation		**(872)**	(953)	(118)
Finance income	4.2	**13**	38	62
Finance expenses	4.2	**(1,162)**	(835)	(1,975)
Loss before income tax		**(2,021)**	(1,750)	(2,031)
Income tax expense	2.7	**(96)**	(20)	(55)
Loss for the period		**(2,117)**	(1,770)	(2,086)
Other comprehensive income: *Items that may be reclassified subsequently to the profit or loss:*				
Exchange differences on translation of foreign operations		**310**	(107)	394
Other comprehensive (loss) / income for the period		**310**	(107)	394
Total comprehensive loss for the period		**(1,807)**	(1,877)	(1,692)
Loss for the period attributable to the Owners of the Company		**(2,117)**	(1,770)	(2,086)
Total comprehensive loss attributable to the Owners of the Company		**(1,807)**	(1,877)	(1,692)
Basic loss per share – cents	2.6	**(0.48)**	(0.41)	(0.48)
Diluted loss per share – cents	2.6	**(0.48)**	(0.41)	(0.48)

The above Consolidated and Condensed Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated and Condensed Interim Statement of Movements in Equity

	Share capital $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Unaudited for the six months ended 30 June 2026				
Balance at 1 January 2026	**135,817**	**(115,707)**	**(4,236)**	**15,874**
Comprehensive income				
Loss for the period	**-**	**(2,117)**	**-**	**(2,117)**
Other comprehensive income				
Exchange differences on translation of foreign operations	**-**	**-**	**310**	**310**
Total comprehensive income	**-**	**(2,117)**	**310**	**(1,807)**
Contributions of equity, net of costs	**8,888**	**-**	**-**	**8,888**
Share options compensation expensed	**-**	**-**	**-**	**-**
Balance at 30 June 2026	**144,705**	**(117,824)**	**(3,926)**	**22,955**
Unaudited for the six months ended 30 June 2025				
Balance at 1 January 2025	135,578	(113,621)	(4,646)	17,311
Comprehensive income				
Loss for the period	-	(1,770)	-	(1,770)
Other comprehensive income				
Exchange differences on translation of foreign operations	-	-	(107)	(107)
Total comprehensive income	-	(1,770)	(107)	(1,877)
Contributions of equity, net of costs	239	-	-	239
Share option compensation expensed	-	-	11	11
Balance at 30 June 2025	135,817	(115,391)	(4,742)	15,684
Audited for year ended 31 December 2025				
Balance at 1 January 2025	135,578	(113,621	(4,646)	17,311
Comprehensive income				
Loss for the year	-	(2,086)	-	(2,086)
Other comprehensive income				
Exchange differences on translation of foreign operations	-	-	394	394
Total comprehensive income	-	(2,086)	394	(1,692)
Contributions of equity, net of costs	239	-	-	239
Share option compensation expensed	-	-	16	16
Balance at 31 December 2025	135,817	(115,707)	(4,236)	15,874

The above Consolidated and Condensed Interim Statement of Movements in Equity should be read in conjunction with the accompanying notes.

Consolidated and Condensed Interim Statement of Financial Position

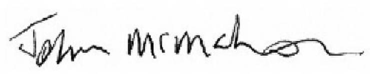
	Note	Unaudited 30 Jun 2026 $000s	Unaudited 30 Jun 2025 $000s	Audited 31 Dec 2025 $000s
Current Assets				
Cash and cash equivalents		**3,592**	1,971	1,342
Trade and other receivables	3.1	**16,285**	22,589	21,102
Derivative financial instruments		**-**	187	-
Inventories	3.2	**8,571**	9,344	7,481
Total current assets		**28,448**	34,091	29,925
Non-Current Assets				
Property, plant and equipment	3.5	**6,079**	5,794	6,143
Deferred tax asset		**10,576**	10,370	10,576
Intangible assets	3.6	**27,977**	20,029	24,121
Total non-current assets		**44,632**	36,193	40,840
Total assets		**73,080**	70,284	70,765
Current Liabilities				
Trade and other payables	3.3	**18,284**	23,965	23,009
Contract liability	2.3	**3,276**	2,522	3,068
Provisions	3.4	**139**	129	135
Derivative financial instruments		**138**	-	24
Liabilities in respect of right-of-use assets	5.3	**392**	337	366
Borrowings	4.1	**8,403**	8,918	9,228
Total current liabilities		**30,632**	35,871	35,830
Non-Current Liabilities				
Borrowings	4.1	**327**	313	325
Liabilities in respect of right-of-use assets	5.3	**3,839**	4,180	4,026
Contract liability	2.3	**15,327**	14,236	14,710
Total non-current liabilities		**19,493**	18,729	19,061
Total liabilities		**50,125**	54,600	54,891
Net assets		**22,955**	15,684	15,874

Consolidated Statement of Financial Position - continued

	Note	Unaudited		Audited
		30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Equity				
Contributed equity	4.3	**144,705**	135,817	135,817
Accumulated losses		**(117,824)**	(115,391)	(115,707)
Other reserves		**(3,926)**	(4,742)	(4,236)
Total equity		**22,955**	15,684	15,874

The above Consolidated and Condensed Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

Director
5 August 2026



Director
5 August 2026

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated and Condensed Interim Cash Flow Statement

	Note	Six months ended Unaudited 30 Jun 2026 $000s	Six months ended Unaudited 30 Jun 2025 $000s	Year ended Audited 31 Dec 2025 $000s
Cash flows from operating activities				
Receipts from customers exclusive of GST / VAT		**40,577**	40,856	83,527
Payments to suppliers and employees exclusive of GST / VAT		**(39,948)**	(41,432)	(79,739)
Foreign exchange loss		**(2)**	(109)	(157)
Other income		**52**	61	864
Interest paid		**(1,185)**	(756)	(1,875)
Interest received	4.2	**13**	38	62
Taxation paid		**(121)**	(25)	(36)
Net GST / VAT (paid) / received		**(247)**	444	1,173
Net cash (outflow) / inflow from operating activities		**(861)**	(923)	3,819
Cash flows from investing activities				
Payments for property, plant, and equipment	3.5	**(307)**	(466)	(1,100)
Payments for intangible assets	3.6	**(4,297)**	(3,543)	(7,978)
Net cash outflow from investing activities		**(4,604)**	(4,009)	(9,078)
Cash flows from financing activities				
Cash proceeds from share issues	4.3	**8,888**	-	-
New loan and drawdowns	4.1	**15,735**	12,247	28,044
Loan repayments	4.1	**(16,730)**	(7,309)	(23,225)
Principal payments for right-of-use assets	5.3	**(181)**	(138)	(302)
Net cash inflow from financing activities		**7,712**	4,800	4,517
Net increase / (decrease) in cash and cash equivalents		**2,247**	(132)	(742)
Cash and cash equivalents at the beginning of the financial period		**1,342**	2,093	2,093
Effect of exchange rate movements on cash		**3**	10	(9)
Cash and cash equivalents at end of period	5.7	**3,592**	1,971	1,342

The above Consolidated and Condensed Interim Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements.

for the six months ended 30 June 2026

1. Basis of preparation

1.1 General Information

AoFrio Limited (the “Company”) and its subsidiaries (together the “Group is a hardware-enabled SaaS company that supplies hardware and solutions to the food and beverage industry.

The Company is a limited liability incorporated and domiciled in New Zealand. The address of its registered office is 78 Apollo Drive, Rosedale, Auckland 0632 New Zealand. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

These interim financial statements do not include all the notes and disclosures set out in the annual report. As a result, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2025.

These consolidated and condensed financial statements have been approved for issue by the Board of Directors on 4 August 2026 and have not been audited.

1.2 Summary of Significant Accounting Policies

Basis of preparation

These consolidated and condensed financial statements of the Group have been prepared in accordance with generally accepted accounting practice in New Zealand. The Group is a for-profit entity for the purposes of financial reporting. The consolidated and condensed financial statements comply with New Zealand International Accounting Standard 34: Interim Financial Reporting.

All material accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Entities reporting
The financial statements are for the consolidated group which is the economic entity comprising of AoFrio Limited and its subsidiaries.

Historical cost convention
These financial statements have been prepared under the historical cost convention except for derivative financial information which is measured at fair value.

New standards, amendments, and interpretations
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) was issued in April 2024 as replacement for NZ IAS 1 Presentation of Financial Statements (NZ IAS 1). The Group is currently assessing the impact of NZ IFRS 18 and will disclose a more detailed assessment in the future. Several amendments apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Going concern assumption
The Group reported a loss for the six months ended 30 June 2026 of $2,117,000 (2025: loss of $1,770,000) and operating cash outflows of $861,000 (2025: outflows of $923,000). Cash at 30 June 2026 was $3,592,000 (2025: $1,971,000) and net debt (defined as cash balances net of borrowings) was $5,138,000 (2025: $7,260,000).

The Board has reviewed forecasts prepared by management for the period to 31 December 2026 that show earnings broadly consistent with 2025. The Board is satisfied that if demand is lower than expected, the Group can and will manage its planned increases in operating and capital expenditure to ensure the Group maintains adequate cash reserves.

The Board closely monitors the Group's compliance with banking covenants, all of which have been complied with at 30 June 2026.

Therefore, the Board has at the time of approving the financial statements, assessed it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Significant accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed in the following notes to the financial statements:

Areas of estimation

- Going concern – forecasts – note 1.2

Areas of judgement

- Development costs – capitalisation of expenses and impairment testing – note 3.6

2. Results for the period

2.1 Segment information

An operating segment is a component of an entity that engages in business activities from which it earns revenues and incurs expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer supported by the management team who report directly to the CEO.

(a). Reportable segments

The Group is organised on a global basis into two operating divisions – Motors and IoT. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's chief executive officer reviews the financial performance of each division at least monthly. Each division is a reportable segment.

There are varying levels of integration between the segments. There are engineering and sales staff that support both segments as well as shared logistical and quality management services.

Information related to each reportable segment is set out below:

June 2026 (six months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	10,554	23,226	-	33,780
Cost of goods sold	(8,282)	(13,720)	-	(22,002)
Gross profit	2,272	9,506	-	11,778
Gross margin %	21.5%	40.9%	-	34.9%
Foreign exchange loss	-	-	(2)	(2)
Other income	-	-	1,267	1,267
Operating expenses	(2,123)	(5,440)	(4,601)	(12,164)
EBITDA	149	4,066	(3,336)	879
Depreciation	(26)	(5)	(468)	(499)
Amortisation	(255)	(974)	(23)	(1,252)
Profit / (loss) before interest & taxation	(132)	3,087	(3,827)	(872)
Finance income	-	-	13	13
Finance expense	-	-	(1,162)	(1,162)
Profit / (loss) before income tax	(132)	3,087	(4,976)	(2,021)
Income tax expense	-	-	(96)	(96)
Profit / (loss) for the period	(132)	3,087	(5,072)	(2,117)

	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Non-current assets				
Property, plant and equipment	**27**	**3**	**6,049**	**6,079**
Deferred tax asset	**-**	**-**	**10,576**	**10,576**
Goodwill	**-**	**3,591**	**-**	**3,591**
Intangible assets	**5,508**	**18,311**	**567**	**24,386**
Total	**5,535**	**21,905**	**17,192**	**44,632**

June 2025 (six months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	21,304	21,740	-	43,044
Cost of goods sold	(17,459)	(12,856)	-	(30,315)
Gross profit	3,845	8,884	-	12,729
Gross margin %	18.0%	40.9%	-	29.6%
Foreign exchange gain	-	-	(109)	(109)
Other income	-	-	61	61
Operating expenses	(2,109)	(4,374)	(5,450)	(11,933)
EBITDA	1,736	4,510	(5,498)	748
Depreciation	(43)	(9)	(377)	(429)
Amortisation	(182)	(1,052)	(38)	(1,272)
Profit / (loss) before interest & taxation	1,511	3,449	(5,913)	(953)
Finance income	-	-	38	38
Finance expense	-	-	(835)	(835)
Profit / (loss) before income tax	1,511	3,449	(6,710)	(1,750)
Income tax expense	-	-	(20)	(20)
Profit / (loss) for the period	1,511	3,449	(6,730)	(1,770)
Non-current assets				
Property, plant and equipment	98	19	5,677	5,794
Deferred tax asset	-	-	10,370	10,370
Goodwill	-	3,178	-	3,178
Intangible assets	4,882	11,417	552	16,851
Total	4,980	14,614	16,599	36,193

December 2025 (12 months))	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	36,062	47,124	-	83,186
Cost of goods sold	(29,689)	(27,093)	-	(56,782)
Gross profit	6,373	20,031	-	26,404
Gross margin %	17.7%	42.5%	-	31.7%
Foreign exchange loss	-	-	(157)	(157)
Other income	-	-	864	864
Operating expenses	(3,961)	(8,750)	(10,897)	(23,608)
EBITDA	2,412	11,281	(10,190)	3,503
Depreciation	(78)	(17)	(854)	(949)
Amortisation	(441)	(2,170)	(61)	(2,672)
Profit / (loss) before interest & taxation	1,893	9,094	(11,105)	(118)
Finance income	-	-	62	62
Finance expense	-	-	(1,975)	(1,975)
Profit / (loss) before income tax	1,893	9,094	(13,018)	(2,031)
Income tax expense	-	-	(55)	(55)
Profit / (loss) for the period	1,893	9,094	(13,073)	(2,086)
Non-current assets				
Property, plant and equipment	52	9	6,082	6,143
Deferred tax asset	-	-	10,576	10,576
Goodwill	-	3,416	-	3,416
Intangible assets	5,146	14,998	561	20,705
Total non-current assets	5,198	18,423	17,219	40,840

(b). Geographical segments

The Group operates in three main geographical areas, although it is managed on a global basis.

Revenue from external customers by geographic areas	Six months ended **30 Jun 2026** **$000s**	Six months ended 30 Jun 2025 $000s	Year ended 31 Dec 2025 $000s
Americas	**28,187**	37,223	70,427
Asia / Pacific (APAC)	**3,179**	3,038	6,930
Europe / Middle East / Africa (EMEA)	**2,414**	2,783	5,829
Total	**33,780**	43,044	83,186

Revenue is allocated above based on the country in which the customer is located. APAC revenue includes $326,000 (2025: $319,000) from New Zealand customers.

Total non-current assets	**30 Jun 2026** **$000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Americas	**1,329**	1,009	1,356
Asia / Pacific – mainly in New Zealand	**43,276**	35,129	39,442
Europe / Middle East / Africa	**27**	55	42
Total	**44,632**	36,193	40,840

Total non-current assets are allocated based on where the assets are located.

2.2 Seasonality of operations

In recent years, revenues and operating profits have been higher in the second six months of a calendar year. This is expected to be the position this year due to commercial release of new products in mid-year 2026.

Revenues and operating profits in the 4th and 1st quarters of a calendar year can be impacted by the timing of the China New Year and Vietnam Tet holidays.

2.3 Revenue

	Six months ended **30 Jun 2026** **$000s**	Six months ended 30 Jun 2025 $000s	Year ended 31 Dec 2025 $000s
Motors			
Sales of goods revenue – recognised at a point of time	**10,554**	21,304	36,062
IoT			
Sales of goods revenue – recognised at a point of time	**21,588**	20,426	43,961
Services revenue – recognised over time	**1,638**	1,314	3,163
	23,226	21,740	47,124
	33,780	43,044	83,186

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding GST / VAT, rebates and discounts and after eliminating sales within the Group. The Group disaggregates revenues from contracts by geographical regions, which is detailed in note 2.1(b).

(a). Sale of Goods

The Group manufactures and sells a range of energy efficient motors and IoT hardware to the food and beverage market. Sales are recognised when control has transferred to the buyer which is usually when delivery of the goods to the buyer pursuant to the Incoterms that apply is fulfilled, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been delivered in accordance with the pre-agreed Incoterms between the Group and the buyer, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales arrangement, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance and performance obligations under the contract with the customer have been satisfied.

Some of the sales of goods are subject to CIF (Cost, Insurance and Freight) Incoterms. The Group considers these freight and insurance services to be a distinct service. For these sales, the total sales price is allocated to the separate performance obligations, being the product and the insurance and freight costs. Further, the Group considers itself an agent only in the provision of the freight services. Revenue for the CIF element is recognised only to the extent of the margin for providing the agent services. However, there are limited sales under CIF terms and the impact on revenue is estimated to be minor.

The Group has an in-market distributor in Brazil to supply goods to buyers in that market who require local delivery. This distributor transacts as agent. The Group is the principal in these transactions. Sales of product are recognised when the distributor delivers the product to buyers at which point control passes to the buyer.

Products may be sold with retrospective volume rebates based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates. Accumulated experience and customer knowledge are used to determine the rebate amounts using the expected value method and revenue is only recognised to the extent that it is highly probable significant reversals will not occur. The liability to pay volume rebates is recognised (included in trade and other payables) in respect of sales made until the end of the reporting period.

No element of financing is deemed present as the sales are made with a credit term of 30 - 120 days which is consistent with market practice.

(b). Sale of services

Associated with the supply of IoT hardware, the Group supplies a range of data, and reporting services, all installed on every AoFrio SCS, AoFrio Monitor and AoFrio Click sold and are distinct services from the sale of goods. Revenue from the provision of such services is recognised when services are rendered to the buyer. Contracts typically cover a period from hardware supply of anywhere from 1 to 10 years, dependent on customer requirements. Contracts specify the price for the provision of the services. Revenue from such contracts is recognised on a straight-line basis over the contract term because the customer receives and uses the benefits simultaneously. No explicit element of financing is deemed present as the purpose of the advance payment of revenue is for reasons other than financing.

The Group also provides software development services for customers. Revenue from these services is recognised when the contracted development is completed according to the agreed scope of work.

Contract liabilities	Six months ended 30 Jun 2026 $000s	Six months ended 30 Jun 2025 $000s	Year ended 31 Dec 2025 $000s
Carrying amount at start of period	**17,778**	16,473	16,473
Invoiced in the period	**2,012**	2,834	4,798
Recognised in revenue	**(1,638)**	(1,314)	(3,163)
Exchange adjustment	**451**	(1,235)	(330)
Carrying amount at end of period	**18,603**	16,758	17,778
Current portion	**3,276**	2,522	3,068
Non-current portion	**15,327**	14,236	14,710
	18,603	16,758	17,778

2.4 Other income

	Six months ended 30 Jun 2026 $000s	Six months ended 30 Jun 2025 $000s	Year ended 31 Dec 2025 $000s
Research & Development tax incentive claims received	**1,215**	-	775
Other income	**52**	61	89
Total	**1,267**	61	864

2.5 Operating expenses include

	Six months ended 30 Jun 2026 $000s	Six months ended 30 Jun 2025 $000s	Year ended 31 Dec 2025 $000s
Wages and salaries and other short-term benefits	**12,563**	11,146	22,823
Employer contributions to Kiwisaver and 401K plans	**421**	345	735
Employee share option expenses	**-**	11	16
Employee benefits	**12,984**	11,502	23,574
Payments to contractors	**302**	596	1,221
Capitalisation of labour to intangible assets	**(3,952)**	(3,193)	(7,331)

The amount disclosed above for wages and salaries is stated before capitalisation of labour to intangible assets. The amount disclosed for capitalisation of labour includes $Nil of contractor payments (2025: $440,000).

Liability for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The Group recognises a liability and an expense for bonuses and creates a provision where contractually obliged or where there is past practice that has created a constructive obligation.

2.6 Earnings per share

Earnings per share ('EPS') is the amount of post-tax profit attributable to each share.

Basic EPS of a loss of 0.48 cents (June 2025 – loss of 0.41 cents) is calculated by dividing the loss attributable to equity holders of the Company of $2,117,000 (June 2025 – loss of $1,770,000) by the weighted average number of ordinary shares in issue during the period of 442,402,609 (June 2025 – 432,048,543).

Diluted EPS of a loss of 0.48 cents (June 2025 - loss of 0.41 cents) is calculated by dividing the loss attributable to equity holders of the Company of $2,117,000 (June 2025: - loss of $1,770,000) by the weighted average number of shares in issue during the period. No adjustment was made for effects of 10,124,070 dilutive potential ordinary shares, refer to note 5.1(c), because the effect in that period would have been anti-dilutive.

2.7 Income tax expense

	Six months ended		Year ended
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Current year income tax expense	**(96)**	(20)	(261)
Deferred tax – recognition of deferred tax asset	**-**	-	206
Income tax expense	**(96)**	(20)	(55)

The current income tax expense relates to income tax payable at 30% in respect of trading activities in Mexico. No additional tax expense arises due to the availability of tax losses carried forward from previous years in each jurisdiction.

As it is probable that future taxable amounts will be available to utilise temporary differences and losses, a deferred tax asset was recognised at 31 December 2025 for deductible temporary differences and for that portion of the unused tax losses expected to be utilised in the five years 2026 through to 2030. No additional deferred tax has been recognised in 1H26. The key judgements within the forecast taxable profit model include revenue growth rates and gross margin. No deferred tax asset has been recognised in respect of the remaining tax losses to carry forward due to uncertainty as to forecast taxable income after the five years.

Losses available to be carried forward are subject to the shareholder continuity requirements of the New Zealand Income Tax Act 1994 and the countries in which the losses have arisen.

3. Operating assets and liabilities

3.1 Trade and other receivables

Working capital represents the assets and liabilities the Group generates through its trading activities. The Group therefore defines working capital as cash, trade and other receivables, inventory, trade and other payables and provisions.

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Trade receivables	**14,036**	21,278	20,189
Provision for loss allowance	**(32)**	(37)	(34)
Net trade receivables	**14,004**	21,241	20,155
Prepayments	**601**	319	444
VAT / GST refunds due	**127**	267	130
Income tax refund due	**133**	338	108
Other receivables	**1,420**	424	265
	16,285	22,589	21,102

The Group applies the simplified approach permitted by NZ IFRS 9 which requires lifetime expected credit losses to be recognised from initial recognition of the trade receivable. Trade receivables are written off when there is no reasonable expectation of recovery.

The Group takes out trade credit insurance to hedge against some of the credit risk.

3.2 Inventories

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Finished goods – at cost	**8,000**	8,095	6,850
Raw materials – at cost	**581**	1,539	641
Less inventory provisions	**(10)**	(290)	(10)
Total inventories	**8,571**	9,344	7,481

3.3 Trade and other payables

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Trade payables	**14,273**	19,683	19,047
Employee entitlements	**2,403**	2,397	2,061
VAT / GST payable	**715**	611	1,032
Accrued expenses	**893**	1,274	869
	18,284	23,965	23,009

3.4 Provisions

Warranty provisions	**30 Jun 2026 $000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Carrying amount at start of period	**135**	139	139
Additional provisions recognised	**10**	(18)	7
Amounts used	**(10)**	18	(7)
Exchange adjustment	**4**	(10)	(4)
Carrying amount at end of period	**139**	129	135

3.5 Property plant and equipment

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Net book amount at start of period	**6,143**	5,775	5,775
Additions	**307**	842	1,476
Depreciation	**(499)**	(429)	(949)
Exchange adjustment	**128**	(394)	(159)
Net book amount at end of period	**6,079**	5,794	6,143

Additions include additions to right-of-use assets in the period (note 5.3)

Depreciation			
Property	**254**	229	477
Plant and equipment	**122**	118	257
Office equipment, furniture & fittings	**123**	82	215
	499	429	949

Capital commitments

Capital commitments contracted at 30 June 2026 amounted to $311,000 (June 2025 $652,000)

3.6 Intangible assets

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Net book amount at start of period	**24,121**	19,029	19,029
Additions	**4,297**	3,543	7,978
Amortisation	**(1,252)**	(1,272)	(2,672)
Exchange adjustment	**811**	(1,271)	(214)
Net book amount at end of period	**27,977**	20,029	24,121

Analysis of net book amount	**30 Jun 2026 $000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Internally generated development assets	**23,818**	16,299	20,143
Patents	**173**	189	176
Goodwill	**3,591**	3,178	3,415
Other	**395**	363	387
	27,977	20,029	24,121

Additions in the six months to 30 June 2026 include $4,282,000 (2025: $3,506,000) for internally generated development costs and $15,000 (2025: $37,000) for patents, trademarks and software. Payments for intangible assets in the period amounting to $4,297,000 (2025: $3,543,000) are included in the Consolidated and Condensed Interim Cash Flow Statement.

Internally generated development costs include $16,125,000 (2025: $7,028,000) for projects underway and not complete at balance date. Amortisation will commence in July 2026 for projects costing $9,090,100 which launched in that month. The remaining cost is not yet being amortised.

Goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations with indefinite lives has been allocated to the IoT Cash Generating Unit (CGU) which is also an operating and reportable segment for impairment testing. The Group performed an impairment test at 31 December 2025.

The recoverable amount of the IoT CGU at 31 December 2025 was determined based on a value in use calculation using cash flow projections from the annual operating budget approved by senior management for 2026. The pre-tax discount rate applied to the cash flow projections was 13.5% (2024: 13.5%) and cash flows beyond 2026 used a 11.48% growth rate for IoT revenue over the period from 2019 to 2025.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margins
- Completion and launch of new IoT products under development and retaining volumes to current customers
- Growth rates used to extrapolate cash flows beyond the forecast period
- Operating expense increases.

Gross margins in the calculation of value in use were based on 2026 budget pricing and product costs, and these have not changed significantly in 2026. The gross margin for the period to 30 June 2026 was 40.9%, consistent with the same period in 2025 but slightly below the 42.5% for the 2025 year. Operating expenses for the period to 30 June 2026 was 23.4% of sales and the CGU result was a profit of $3,087,000 compared to $3,449,000 for the same period in 2025. The Group has invested in IoT CGU and expects significant revenue and profits growth in future periods.

As a result of this updated review, management did not identify an impairment for this CGU.

4. Capital and financing costs

4.1 Borrowings

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Current portion			
Bank trade finance facility	**8,381**	8,898	9,207
Bank term loans	**22**	20	21
	8,403	8,918	9,228
Non-Current portion			
Bank term loans	**327**	313	325
	327	313	325

Movements in bank and other loans during the period were:

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Liability at start of period	**9,553**	4,578	4,578
New loans and drawdowns	**15,735**	12,247	28,044
Repayments	**(16,730)**	(7,309)	(23,225)
Exchange adjustment	**172**	(285)	156
Liability at end of period	**8,730**	9,231	9,553

Bank trade finance facility

The bank trade finance facility is $10 million. The facility has no term, is repayable on demand and is secured. The Company can finance invoices to certain customers over a maximum term of 120 days. Interest is payable on repayment at a 3.25% margin above bank base lending rate.

The Group is required to comply with the following financial covenants at 30 June and 31 December:

- EBITDA / Interest Covenant - EBITDA to be a minimum of 1.5 times gross interest expense and 3.0 times BNZ interest expense (in both, calculated as if IFRS16 does not apply) for the trailing 12 months.
- Working Capital Covenant – Inventory and receivables divided by borrowings under the trade finance facility to be a minimum of 2.5 times.

At 30 June 2026, the Group complied with all covenants.

Bank term loans

The Company's US subsidiary borrowed US$198,100 under the Small Business Act. The SBA loan has monthly repayments over a 30-year term. Interest is payable at 3.75% pa.

4.2 Finance income and expenses

	Six months ended		Year ended
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Finance income			
Interest income	**13**	38	62
	13	38	62
Finance expense			
Interest expense - Bank loans	**659**	247	1,037
Other interest expense	**503**	588	938
	1,162	835	1,975

4.3 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares – fully paid

	30 Jun 2026 Shares	30 Jun 2025 Shares	**30 Jun 2026 $000s**	30 Jun 2025 $000s
Opening balance of ordinary shares on issue	**434,232,042**	431,853,006	**135,817**	135,578
New shares issued	**128,386,779**	2,379,036	**8,987**	239
Share issue costs	**-**	-	**(99)**	-
Ordinary fully paid shares on issue at period end	**562,618,821**	434,232,042	**144,705**	135,817

All ordinary shares are authorised and have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

5. Risk

5.1 Related party transactions

(a). Directors
The names of persons who are Directors of the Company are on page 35.

(b). Key management personnel and compensation
Key management personnel compensation is set out below. Key management personnel comprise the Directors, the Chief Executive Officer (CEO) and all the senior executives that report directly to the CEO.

	Six months ended		Year ended
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Salaries, fees and other short-term benefits	**1,226**	1,490	2,977
Share based remuneration	**-**	11	255
Directors' remuneration	**158**	179	337
Total	**1,384**	1,680	3,569

(c). Employee share-based remuneration
4,310,000 options were issued to the Chief Executive Officer in 2021 and vested on 1 October 2025. The exercise price of the options is 11.5 cents.

On 15 April 2025 the Board allocated (in accordance with the rules of the new LTI scheme) 10,119,760 share rights to executives, 1/3rd vesting on 1 April 2026 in respect of the performance period ending 31 December 2025, 1/3rd vesting on 1 April 2027 in respect of the performance period ending 31 December 2026. The wash up calculation covers the three years ending 31 December 2027 and if additional rights vest pursuant to this, they shall vest on 1 April 2028.

5.2 Contingencies and commitments

There are no material contingent liabilities or assets (June 2025 - $nil).

5.3 Leases

The Consolidated and Condensed Interim Statement of Financial Position shows the following amounts related to leases of right of use assets:

Right-of-use assets	**30 Jun 2026 $000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Properties	**3,708**	3,883	3,849
Plant & equipment	**23**	48	36
Office equipment and furniture & fittings	**5**	9	7
	3,736	3,940	3,892

Additions to right-of-use assets in the period	**30 Jun 2026 $000s**	30 Jun 2025 $000s	31 Dec 2025 $000s
Properties	**-**	376	376
Plant & equipment	**-**	-	-
Office equipment, furniture and fittings	**-**	-	-
	-	376	376

Liabilities in respect of right-of-use assets			
Current	**392**	337	366
Non-current	**3,839**	4,180	4,026
	4,231	4,517	4,392

Movements in liabilities in respect of right-of-use assets during the period were:

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Liability at start of period	**4,392**	4,266	4,266
New liabilities	**-**	376	376
Repayments	**(181)**	(138)	(302)
Exchange adjustment	**20**	13	52
Liability at end of period	**4,231**	4,517	4,392

The Consolidated and Condensed Interim Statement of Comprehensive Income shows the following amounts related to leases of right of use assets:

	Six months ended		Year ended
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Properties	**193**	206	431
Plant & equipment	**11**	13	24
Office equipment, furniture & fittings	**2**	2	4
	206	221	459
Interest expense on lease liabilities	**180**	179	366
Expense relating to short-term leases (included in operating expenses)	**42**	41	92

The Consolidated and Condensed Interim Cash Flow Statement shows the following amounts related to right-of-use leases:

	Six months ended		Year ended
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Total principal payments for right-of-use assets	**181**	138	302

5.4 Financial instruments by category

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Assets per Statement of Financial Position Financial assets measured at amortised cost			
Trade and other receivables	**15,424**	21,665	20,420
Cash and cash equivalents	**3,592**	1,971	1,342
Derivatives used for hedging (at fair value)			
Derivative financial instruments	**-**	187	-
	19,016	23,823	21,762
Liabilities per Statement of Financial Position at amortised cost			
Trade and other payables	**18,284**	23,965	23,009
Borrowings	**8,730**	9,231	9,553
Liabilities in repect of right-of-use assets	**4,231**	4,517	4,392
Derivatives used for hedging (at fair value)			
Derivative financial instruments	**138**	-	24
	31,383	37,713	36,978

Fair value estimation

The only financial instruments carried at fair value at 30 June 2026 are derivatives comprising forward foreign exchange contracts.

The forward exchange contract has been classified as Level 2.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3)

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

5.5 Maturity analysis

The amounts disclosed are the contractual undiscounted cash flows.

30 June 2026	Trade and other payables $000s	Borrowings $000s	Right-of-Use asset Liabilities $000s	Total $000s
Less than 6 months	**18,284**	**8,392**	**189**	**26,865**
7 to 12 months	**-**	**11**	**203**	**214**
2 to 5 years	**-**	**327**	**3,839**	**4,166**
	18,284	**8,730**	**4,231**	**31,245**

30 June 2025				
Less than 6 months	23,965	8,908	162	33,035
7 to 12 months	-	10	175	185
2 to 5 years	-	313	4,180	4,493
	23,965	9,231	4,517	37,713

31 December 2025				
Less than 6 months	23,009	9,218	178	32,405
7 to 12 months	-	10	188	198
2 to 5 years	-	325	4,026	4,351
	23,009	9,553	4,392	36,954

Trade and other payables above exclude any liabilities for tax (including payroll taxes), statutory liabilities and contract liabilities.

5.6 Reconciliation of loss for the period to net cash (outflow) / inflow from operating activities

	Six months ended Unaudited		Year ended Audited
	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Loss for the period	**(2,117)**	(1,770)	(2,086)
Adjustments for:			
Income tax expense	**96**	20	55
Depreciation, amortisation & impairment	**1,751**	1,701	3,621
Share based payments	**-**	11	16
Decrease in Inventory provision	**-**	(28)	(308)
Decrease in loss allowance provision	**(2)**	(14)	(17)
Increase / (decrease) in provision for warranty	**4**	(10)	(4)
Net foreign exchange differences	**(422)**	1,013	691
Decrease / (increase) in trade & other receivables	**4,819**	(2,100)	(610)
Increase in contract liabilities	**825**	285	1,305
(Increase) / decrease in inventories	**(1,090)**	117	2,260
Decrease in trade & other payables	**(4,725)**	(148)	(1,104)
Net cash (outflow) / inflow from operating activities	**(861)**	(923)	3,819

5.7 Net debt reconciliation

	30 Jun 2026 $000s	30 Jun 2025 $000s	31 Dec 2025 $000s
Cash and cash equivalents	**3,592**	1,971	1,342
Borrowings – repayable within one year	**(8,403)**	(8,918)	(9,228)
Borrowings – repayable after one year	**(327)**	(313)	(325)
Net debt	**(5,138)**	(7,260)	(8,211)

The bank trade finance facility is at variable interest rates. All other borrowings are at fixed interest rates, with borrowings movements disclosed in note 4.1. The increase in cash during the period of $1,345,000 (2025: decrease $122,000) included a $3,000 increase (2025: $10,000 increase) caused by exchange rate movement.

5.8 Events after reporting date

There are no events after reporting date requiring disclosure.

Contacts.

AoFrio offices

New Zealand (Head office)
AoFrio Ltd
78 Apollo Drive
Rosedale, Auckland 0632
New Zealand

Postal Address
P.O. Box 302 – 533
North Harbour
Auckland 0751, New Zealand

Ph: 64-9-477 4500

Mexico
Wellington Latin America Services SA de CV
Av. Paseo Monte Miranda Oriente 15,
Edificio Orvit, Torre 2, piso 6 - 609
EL Marques, Queretaro
CP. 76240
Mexico

Ph: +52 42727 48161

Brazil
Wellington Drive Technologies (Brazil)
Rua Xamim, 370 - Iririu
Joinville, SC
Brazil 89227917-315

Ph: +55 47 3028 3858

Turkey
Wellington Motor Teknolojileri San Tic Ltd. Sti.
Fatih Sultan Mehmet Mah.
Poligon Cad. No: 8C
Buyaka Kule 3 Kat:11 Daire:70
Tepeüstü 34771 Umraniye – Istanbul

Ph: +90 0 (216) 420 12 02
Fax: +90 0 (216) 420 12 05

Internet and social media
Website: www.aofrio.com
Email: info@aofrio.com
LinkedIn
Twitter

Address and registered office
78 Apollo Drive
Rosedale, Auckland 0632, New Zealand
PO Box 302-533, North Harbour,
Auckland 0751, New Zealand

Auditor
Deloitte Limited
1 Queen Street, Auckland CBD, Auckland 1010

Banker
Bank of New Zealand

Share registry
Computershare Investor Services Ltd,
Private Bag 92119, Auckland 1142,
New Zealand

Directors

John Scott | Chair, Independent Director
John McMahon | Independent Director
Greg Allen | Independent Director
Keith Oliver | Independent Director
Roz Buick | Independent Director

AoFrio
Interim Report
2026

www.aofrio.com