AoFrio®

AoFrio
Interim Report
2025

Interim Report 2025

Strategy delivery in a shifting landscape

AoFrio is pleased to release its interim report for the six months ended 30 June 2025 (“H1-25”). Revenue increased 12.2% compared to the same period last year, a continuation of the revenue growth trend of recent years.

This was despite a six-month period shaped by uncertainty around the US trade tariffs, currency volatility, and broader macroeconomic conditions which led to more subdued customer capital spending than anticipated across several key regional markets.

Financial performance

Overview

Metric (NZ$m)	Q1-25	Q2-25	H1-25	Q1-24	Q2-24	H1-24	Variance
Revenue	**23.9**	**19.1**	**43.0**	**16.6**	**21.8**	**38.4**	**+12.2%**
IoT	11.8	9.9	21.7	9.9	11.9	21.8	-0.1%
Motors and Fans	12.1	9.2	21.3	6.7	9.9	16.6	+28.4%
Gross Profit	7.4	5.3	12.7	5.2	6.3	11.5	+10.5%
Gross Margin %	31.1%	27.7%	29.6%	31.3%	29.1%	30.0%	-0.4pp
EBITDA	1.5	(0.8)	0.7	0.2	0.9	1.1	(0.4)
EBIT	0.8	(1.8)	(1.0)	(0.5)	0.2	(0.3)	(0.7)
Profit / (loss)	0.4	(2.2)	(1.8)	(0.8)	(0.2)	(1.0)	(0.8)
Cash at bank			2.0			2.0	0.0
Net operating cash flow			(0.9)			2.3	(3.2)

The year started strongly with Q1-25 revenue 43.9% up on the same period last year. However, Q2-25 revenue was 11.9% lower compared to Q2-24 with volumes impacted by global trade issues resulting from the uncertainty of imposition of tariffs by the USA. We believe some customers took early delivery of orders in Q1-25 in anticipation of the imposition of tariffs in Q2-25.

Earnings before interest, depreciation and amortisation (“EBITDA”) was above plan at $0.7 million but below the $1.1 million result in 2024 with the reduction attributable to one-off costs and costs associated with AoFrio’s expansion into new products and markets.

Revenue

AoFrio shipped 314,000 IoT devices and 555,000 motors in the period, a 26.9% increase in motor volumes but a 3.7% reduction in IoT volume. Revenue for IoT was at similar levels to H1-24. Motor revenue increased 28.4%. There was strong revenue growth in the Americas. North American year-on-year growth was 23.0% due to increased motor volumes into the USA market for supermarket display units and hot water heat pumps. South America was 17.9% lower on reduced IoT demand. APAC increased 8.4% and EMEA decreased 12.3%.

AoFrio secured its first significant food retail order in March following completion of a proof-of-concept trial. This solution is for a New Zealand convenience store chain with 115 stores, significantly improving the automation of temperature monitoring and alerting. The order includes recurring SaaS revenue under a multi-year contract. AoFrio is seeing inbound customer enquiry for food retail solutions.

AoFrio invoiced $2.8 million for cloud data connection and software development charges during H1-25 compared to $2.5 million for the same period last year. This service revenue is multi-year and is recognised in the Income Statement over the duration of the contract. At 30 June 2025, $16.8 million of revenue was deferred for recognition in subsequent periods.

Gross margin

The gross margin for H1-25 at 29.6% was 0.4pp lower due to change in product mix – more motors and fewer higher margin IoT products. The gross margin was 18.0% for motors and 40.9% for IoT products.

Operating expenses

Operating expenses for the six months ending 30 June 2025 were $11.9 million, an increase of $1.4m compared to the same period last year but in line with the 2025 plan. Staff costs of $12.1 million (pre-capitalised development and including contractors) increased $1.8 million compared with H1-24. New roles were recruited in H1-25 to support business growth plans which are expected to deliver increased revenues from FY26.

Capitalised development time increased to $3.2 million from $2.3 million in H1-24. This reflects time spent on new product development to progress AoFrio's strategies of protecting and growing the bottle cooler market and diversification into new markets. These initiatives include completing developments for launch in H2-25 of a new cellular controller (**SCS800**), our Software-as-a-Service (SaaS) platform, **AoFrio® iQ** and **7", 8" and 10" fan packs**. We continued to progress our new solutions for food service / food retail customers and further fan pack sizes.

Working capital

Cash at 30 June 2025 was $2.0 million compared to $2.1 million at 31 December 2024.

Trade receivables at 30 June 2025 was $21.2 million compared to $19.1 million at 31 December 2024. This increase is due to a major customer no longer able to offer supplier factoring due to a change of ownership. The metric Days Sales in Trade Receivables has been maintained at below the 90-day target throughout the period.

Inventory at 30 June 2025 was $9.3 million, a $0.1 million decrease since 31 December 2024.

Trade payables at 30 June 2025 was $19.7 million, a $0.1 million increase since 31 December 2024. The Company has continued to utilise extended payment terms made available by AoFrio's contract manufacturer, East West.

SaaS Metrics

We provided SaaS metrics for the first time in our 2024 Annual Report. The table below shows the metrics for the H1-25 period. These almost all show improvement over the position for the same period in 2024.

Rule of 40 – All Segments

15.3% for 12 months ended 30 June 2025, up from 6.9% to 30 June 2024

Rule of 40 - IoT only

19.5% for the 12 months ended 30 June 2025, up from 12.7% to 30 June 2024

Recurring Revenue as % of Total Revenue

3.1% for 12 months ended 30 June 2025, down from 3.3% to 30 June 2024

Revenue Deferred at 30 June 2025

$16.8 million, up from $14.1 million at 30 June 2024

Customer Retention Rate

100% for the 6 months since 31 December 2024

Number of Connected Devices

3.3 million, up from 3.1m at 31 December 2024

App Utilisation

2.7 million for the 12 months ended 30 June 2025, up from 1.9 million to 30 June 2024

Platform Uptime

99.4% for the 6 momths ended 30 June 2025, 99.8% to 30 June 2024

Strategy Implementation

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

1. Protect and grow the core.
2. Diversify its market segments.
3. 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 our 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 the first half of FY25.

IoT for CDE

The overall strategy for CDE is:

1. Win the hardware game by enabling full fleet connectivity, ensuring all equipment in the fleet is connected.
2. Build the most valuable software platform, which, for customers means they can access a comprehensive and integrated solution that enhances management and performance of their equipment fleet leading to improved operational efficiency, cost savings and increased revenue potential.
3. Enter the US and European markets with a winning connected solution.

During H1-25, AoFrio's focus was to deliver new solutions to enable full-fleet connectivity and intelligent cooler fleet management to customers across global markets.

As planned, AoFrio launched **AoFrio® iQ** and **AoFrio's SCS800 cellular controller**. This integrated solution enables real-time asset visibility from day one — no setup, Wi-Fi, or third-party gateways required.

AoFrio iQ is an AI enabled SaaS platform that allows AoFrio to add significant additional customer benefit across four key customer value pillars: **Asset Management, Commercial Performance, Service & Maintenance,** and **Energy Efficiency** while increasing the recurring revenue portion of the revenue mix.

The launch of AoFrio iQ has significantly improved the user experience of the AoFrio SaaS platform while enabling:

- **Smarter fleet-wide visibility:**
  AoFrio iQ provides a real-time view of cooler health and performance, enabling faster data-driven decisions and proactive issue resolution.
- **Remote capabilities that drive efficiency:**
  Operators can remotely adjust temperature setpoints, accelerate defrost cycles, disable assets, reduce service costs, improve uptime, and boost revenue potential.
- **Scalable, future-ready integration:**
  Designed to work seamlessly across mixed and legacy fleets, AoFrio iQ supports the broadest hardware base, maximizing existing investments while simplifying future upgrades and rollouts.

The development and launch of the SCS800 cellular controller marks the next step of AoFrio's multi-year market entry strategy for Europe, the USA and Canada. The Total Addressable Market ("TAM") for these two markets is 700,000 units per annum. In Q3-25 we will commence customer trials in both regions to be ready for the FY26 capital purchase cycle.

Motors and Fans

The overall strategy for the Motors and Fans business is to protect the gross margin it generates by:

- Winning new applications.
- Introducing new fan pack sizes.
- Reducing product cost.

The Motors and Fans business performed strongly in H1-25, by adding new applications for new customers and expanding the applications for existing customers with the release of new fan sizes.

Following the successful introduction of a tailored motor and fan solution for the USA heat pump water heater market in FY24, AoFrio continued to expand its solution in H1-25. Built around the high-performance ECR 2 motor and 8" fan system, the solution delivers significant energy savings while meeting strict noise and regulatory requirements. Its ultra-quiet operation, and high durability make it ideal for residential installations, especially as the USA Department of Energy has recently finalised efficiency standards.

The team has made good progress designing and releasing new fan pack sizes. A first order for the 7" fan packs was received in Q2-25 and a first order received for the 10" fan pack to be released Q3-25. A new improved 8" fan pack will be released in Q4-25 followed by the 9" fan pack. Engineered for low-noise, high-efficiency performance, the fan packs have been well received by customers.

In parallel, the engineering team continued to drive **cost-reduction initiatives** across select motor SKUs. These efforts are essential to maintaining price competitiveness in increasingly cost-sensitive markets such as EMEA. By refining bill of materials and optimising component sourcing, AoFrio can offer the same high-quality products while minimising margin pressure.

Diversifying into new markets

In H1-25, AoFrio made progress in its efforts to diversify into the food retail segment, extending the use of its solutions across a broader range of commercial refrigeration environments.

AoFrio secured its first multiyear commercial agreement in the food retail segment with a convenience store chain. The agreement is structured around recurring software revenue and marks a significant milestone in validating product-market fit in a new sector. Alongside this win, a second pilot deployment continued with a large supermarket chain which is expected to lead to a contract in Q3-25.

Several trials are underway in APAC, EMEA and South Latam, with additional trials expected in H2-25. These trials are helping shape product development priorities, particularly in configuring AoFrio® iQ to address the needs in this sector. The commercial launch of AoFrio iQ configured for food retail remains targeted for FY26.

As a part of our diversification strategy, AoFrio is exploring opportunities in the ice cream segment. Based on the exceptional results from a proof-of-concept with a customer in Chile - AoFrio's technology significantly reduced equipment loss from 20% to just 0.5% - AoFrio intends to develop a tailored solution for this segment as resourcing allows.

Transform our foundations

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

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

Environmental, Social and Governance (ESG)

AoFrio has made good progress implementing its sustainability plan which is aimed at both ensuring that AoFrio is doing the right thing while utilizing its solutions to support customer achieve their carbon footprint reduction targets.

Some highlights include:

- Retaining EcoVardis certification with the addition of a sustainable supplier policy, and implementation of a global health and safety global plan.
- Commencing work on product circularity assessments.
- Successfully completing a security assessment against critical security controls version 8 standard (CIS v8).
- Increasing the energy saving potential of AoFrio's energy saving bundle from 64% to 68% validated by an external testing laboratory.

People

In H1-25 AoFrio continued to strengthen the organisation capability and capacity by adding new people to the team (Sales, Data and Analytics, and Software development) and ongoing investment in the development of employees.

AoFrio launched its leadership development framework, and a skill share programme aimed at sharing knowledge and improving the innovation mindset and strategy alignment of the organisation.

As part of its plan for leveraging AI for business improvement, AoFrio launched its AI Academy which brings together policy and learning and development information for our team. An AI Advocates group (16 people from across the organisation) was established to champion the piloting and use of AI tools.

A first group of Lean practitioners are completing their first projects focussed on improving business process e.g. response time for customer support requests, time from idea to execution of customer requested new product features.

The annual staff Engagement Score increasing from 67 to 72 is pleasing. The global industry benchmark is a score of 68% (Information, Technology & Services 100-200 January 2025).

SaaS platform modernisation

AoFrio continued to make good progress on the multiyear programme to modernise its SaaS platform, which was vital for the launch of AoFrio iQ, discussed above, and to:

- Increase the rate at which new features can be released.
- Leverage machine learning and AI automated workflows as part of the product solution.

Outlook

AoFrio's guidance in May 2025 was for FY25 revenue to be in the range of $85 million to $95 million with EBITDA guidance between $3.5 million and $4.0 million. The Company did previously highlight that macro-economic conditions and NZ$ / US$ currency fluctuations may influence guidance.

Due to the macro-economic impact of changes in US Government tariff policy, AoFrio now expects revenue and EBITDA at the lower end of the FY25 guidance range.

While full year revenue and EBITDA is forecast to be above 2024, the performance in H1-25 highlights the challenge of funding growth out of operating cash flows.

Product and market development investments are now being delayed, impacting the ability to move at the pace needed to take advantage of the significant opportunities to accelerate revenue growth and earnings.

The Board and management are exploring initiatives that will allow accelerated investment to:

- Rapidly launch advanced AI driven solutions via AoFrio iQ and continue to launch new connected hardware within the CDE segment.
- Enter adjacent segments like food retail and ice-cream.

Financial statements

Consolidated and Condensed Interim Statement of Comprehensive Income

	Note	**30 Jun 2025 $000s**	30 Jun 2024 $000s	31 Dec 2024 $000s
		Six months ended Unaudited		Year ended Audited
Revenue	2.1, 2.3	**43,044**	38,362	79,690
Cost of sales		**(30,315)**	(26,844)	(56,468)
Gross profit		**12,729**	11,518	23,222
Net foreign exchange (loss) / gain		**(109)**	39	(14)
Other income	2.4	**61**	75	591
Operating expenses	2.5	**(11,933)**	(10,528)	(21,285)
Earnings before interest, taxation, depreciation, amortisation and impairment		**748**	1,104	2,514
Depreciation	3.5	**(429)**	(412)	(815)
Amortisation	3.6	**(1,272)**	(971)	(1,959)
Loss before interest and taxation		**(953)**	(279)	(260)
Finance income	4.2	**38**	23	48
Finance expenses	4.2	**(835)**	(808)	(1,678)
Loss before income tax		**(1,750)**	(1,064)	(1,890)
Income tax (expense) / credit	2.7	**(20)**	21	10
Loss for the period		**(1,770)**	(1,043)	(1,880)
Other comprehensive income: Items that may be reclassified subsequently to the profit or loss:				
Exchange differences on translation operations		**(107)**	(225)	(423)
Other comprehensive loss for the period		**(107)**	(225)	(423)
Total comprehensive loss for the period		**(1,877)**	(1,268)	(2,303)
Loss for the period attributable to the Owners of the Company		**(1,770)**	(1,043)	(1,880)
Total comprehensive loss attributable to the Owners of the Company		**(1,877)**	(1,268)	(2,303)
Basic loss per share – cents	2.6	**(0.41)**	(0.24)	(0.44)
Diluted loss per share – cents	2.6	**(0.41)**	(0.24)	(0.44)

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 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 on 30 June 2025	**135,817**	**(115,391)**	**(4,742)**	**15,684**
Unaudited for the six months ended 30 June 2024				
Balance at 1 January 2024	135,578	(111,741)	(4,294)	19,543
Comprehensive income				
Loss for the period	-	(1,043)	-	(1,043)
Other comprehensive income				
Exchange differences on translation of foreign operations	-	-	(225)	(225)
Total comprehensive income	-	(1,043)	(225)	(1,268)
Share option compensation expensed	-	-	43	43
Balance at 30 June 2024	135,578	(112,784)	(4,476)	18,318
Audited for year ended 31 December 2024				
Balance at 1 January 2024	135,578	(111,741)	(4,294)	19,543
Comprehensive income:				
Loss for year	-	(1,880)	-	(1,880)
Other comprehensive income				
Exchange differences on translation of foreign operations	-	-	(423)	(423)
Total comprehensive income	-	(1,880)	(423)	(2,303)
Share option compensation expensed	-	-	71	71
Balance at 31 December 2024	135,578	(113,621)	(4,646)	17,311

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 2025 $000s**	Unaudited 30 Jun 2024 $000s	Audited 31 Dec 2024 $000s
Current Assets				
Cash and cash equivalents		**1,971**	1,951	2,093
Trade and other receivables	3.1	**22,589**	21,443	20,475
Derivative financial instruments		**187**	38	-
Inventories	3.2	**9,344**	10,208	9,433
Total current assets		**34,091**	33,640	32,001
Non-Current Assets				
Property, plant and equipment	3.5	**5,794**	5,597	5,775
Deferred tax asset		**10,370**	10,363	10,370
Intangible assets	3.6	**20,029**	16,038	19,029
Total non-current assets		**36,193**	31,998	35,174
Total assets		**70,284**	65,638	67,175
Current Liabilities				
Trade and other payables	3.3	**23,965**	24,319	24,113
Contract liability	2.3	**2,522**	2,312	2,524
Provisions	3.4	**129**	139	139
Derivative financial instruments		**-**	-	295
Liabilities in respect of right-of-use assets	5.3	**337**	232	268
Borrowings	4.1	**8,918**	4,139	4,237
Total current liabilities		**35,871**	31,141	31,576
Non-Current Liabilities				
Borrowings	4.1	**313**	320	341
Liabilities in respect of right-of-use assets	5.3	**4,180**	4,092	3,998
Contract liability	2.3	**14,236**	11,767	13,949
Total non-current liabilities		**18,729**	16,179	18,288
Total liabilities		**54,600**	47,320	49,864
Net assets		**15,684**	18,318	17,311

Consolidated and Condensed Interim Statement of Financial Position - continued

		Unaudited		Audited
	Note	**30 Jun 2025 $000s**	30 Jun 2024 $000s	31 Dec 2024 $000s
Equity				
Contributed equity	4.3	**135,817**	135,578	135,578
Accumulated losses		**(115,391)**	(112,784)	(113,621)
Other reserves		**(4,742)**	(4,476)	(4,646)
Total equity		**15,684**	18,318	17,311

The above Consolidated and Condensed Interim 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 2025 $000s	Six months ended Unaudited 30 Jun 2024 $000s	Year ended Audited 31 Dec 2024 $000s
Cash flows from operating activities				
Receipts from customers exclusive of GST / VAT		**40,856**	35,906	81,140
Payments to suppliers and employees exclusive of GST / VAT		**(41,432)**	(32,586)	(74,279)
Foreign exchange (loss) / gain		**(109)**	39	(14)
Other income		**61**	75	591
Interest paid		**(756)**	(816)	(1,683)
Interest received	4.2	**38**	23	48
Taxation paid		**(25)**	-	(16)
Net GST / VAT received		**444**	(370)	(25)
Net cash (outflow) / inflow from operating activities		**(923)**	2,271	5,762
Cash flows from investing activities				
Payments for property, plant, and equipment	3.5	**(466)**	(314)	(483)
Proceeds from disposals of property, plant, and equipment		**-**	27	-
Payments for intangible assets	3.6	**(3,543)**	(2,583)	(5,419)
Net cash outflow from investing activities		**(4,009)**	(2,870)	(5,902)
Cash flows from financing activities				
New loans and drawdowns	4.1	**12,247**	7,083	14,770
Loan repayments	4.1	**(7,309)**	(7,759)	(15,630)
Principal payments for right-of-use assets	5.3	**(138)**	(70)	(186)
Net cash inflow / (outflow) from financing activities		**4,800**	(746)	(1,046)
Net decrease in cash and cash equivalents		**(132)**	(1,345)	(1,186)
Cash and cash equivalents at the beginning of the financial period		**2,093**	3,295	3,295
Effect of exchange rate movements on cash		**10**	1	(16)
Cash and cash equivalents at end of year	5.7	**1,971**	1,951	2,093

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 2025

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 2024.

These consolidated and condensed financial statements have been approved for issue by the Board of Directors on 6th August 2025 and have not been audited.

1.2 Summary of Material 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 adopted

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 2024, except for the adoption of new standards effective as of 1 January 2025.

The amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The amendments did not have a material impact on these interim consolidated financial statements.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 2025 of $1,770,000 (2024: loss of $1,043,000) and operating cash outflows of $923,000 (2024: inflows of $2,271,000). Cash at 30 June 2025 was $1,971,000 (2024: $1,951,000) and net debt (defined as cash balances net of borrowings) was $7,260,000 (2024: $2,508,000).

The Board has reviewed forecasts prepared by management for the period to 31 December 2025 that show revenues and earnings above 2024 levels. The Board is satisfied that if global supply chain or macro-economic conditions adversely impact demand, 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 2025.

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 year

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 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 loss	-	-	(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)

June 2025 (six months)	**Motors $000s**	**IoT $000s**	**Unallocated $000s**	**Total $000s**
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**

June 2024 (six months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	16,595	21,767	-	38,362
Cost of goods sold	(13,796)	(13,048)	-	(26,844)
Gross profit	2,799	8,719	-	11,518
Gross margin %	16.9%	40.1%	-	30.0%
Foreign exchange gain	-	-	39	39
Other income	-	-	75	75
Operating expenses	(2,007)	(3,560)	(4,961)	(10,528)
EBITDA	792	5,159	(4,847)	1,104
Depreciation	(53)	(10)	(349)	(412)
Amortisation	(160)	(781)	(30)	(971)
Profit / (loss) before interest & taxation	579	4,368	(5,226)	(279)
Finance income	-	-	23	23
Finance expense	-	-	(808)	(808)
(Loss) / profit before income tax	579	4,368	(6,011)	(1,064)
Income tax expense	-	-	21	21
Profit / (loss) for the period	579	4,368	(5,990)	(1,043)
Non-current assets				
Property, plant & equipment	204	41	5,352	5,597
Deferred tax asset	-	-	10,363	10,363
Goodwill	-	3,230	-	3,230
Intangible assets	4,625	7,604	579	12,808
Total	4,829	10,875	16,294	31,998

December 2024 (12 months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	36,426	43,264	-	79,690
Cost of goods sold	(30,805)	(25,663)	-	(56,468)
Gross profit	5,621	17,601	-	23,222
Gross margin %	15.4%	40.7%	-	29.1%
Foreign exchange gain	-	-	(14)	(14)
Other income	-	2	589	591
Operating expenses	(4,140)	(7,330)	(9,815)	(21,285)
EBITDA	1,481	10,273	(9,240)	2,514
Depreciation	(103)	(20)	(692)	(815)
Amortisation	(323)	(1,575)	(61)	(1,959)
Profit / (loss) before interest & taxation	1,055	8,678	(9,993)	(260)
Finance income	-	-	48	48
Finance expense	-	-	(1,678)	(1,678)
Profit / (loss) before income tax	1,055	8,678	(11,623)	(1,890)
Income tax expense	-	-	10	10
Profit / (loss) for the year	1,055	8,678	(11,613)	(1,880)
Non-current assets				
Property, plant & equipment	150	30	5,595	5,775
Deferred tax asset	-	-	10,370	10,370
Goodwill	-	3,254	-	3,254
Intangible assets	5,189	9,990	596	15,775
Total	5,339	13,274	16,561	35,174

(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 2025 $000s	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Americas	**37,223**	32,386	67,693
Asia / Pacific (APAC)	**3,038**	2,803	5,606
Europe / Middle East / Africa (EMEA)	**2,783**	3,173	6,391
Total	**43,044**	38,362	79,690

Revenue is allocated above based on the country in which the customer is located. APAC revenue includes $319,000 (2024: $492,000) from New Zealand customers.

Total non-current assets	Six months ended 30 Jun 2025 $000s	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Americas	**1,009**	109	574
Asia / Pacific – mainly in New Zealand	**35,129**	31,865	34,526
Europe / Middle East / Africa	**55**	24	74
Total	**36,193**	31,998	35,174

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

2.2 Seasonality of operations

Revenues and operating profits are generally expected to be higher in the first six months of a calendar year, lower in the 3rd quarter due to customers in the northern hemisphere shutting down for summer holidays and increasing again in the 4th quarter.

This does not appear to be position this year and current forecasts show relatively consistent revenue throughout the year.

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 2025 $000s	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Sales of goods revenue	**41,730**	37,083	77,030
Services revenue	**1,314**	1,279	2,660
	43,044	38,362	79,690

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. As set out in note 2.3(a), 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 2025 $000s**	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Carrying amount at start of period	**16,473**	12,294	12,294
Invoiced in the period	**2,834**	2,540	5,296
Recognised in revenue	**(1,314)**	(1,279)	(2,660)
Exchange adjustment	**(1,235)**	524	1,543
Carrying amount at end of period	**16,758**	14,079	16,473
Current portion	**2,522**	2,312	2,524
Non-current portion	**14,236**	11,767	13,949
	16,758	14,079	16,473

2.4 Other income

	Six months ended **30 Jun 2025 $000s**	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Research & Development tax incentive claims received	**-**	-	452
Other income	**61**	75	139
Total	**61**	75	591

2.5 Operating expenses include

	Six months ended **30 Jun 2025 $000s**	Six months ended 30 Jun 2024 $000s	Year ended 31 Dec 2024 $000s
Wages and salaries and other short-term benefits	**11,146**	9,675	19,828
Employer contributions to Kiwisaver and 401K plans	**345**	304	610
Employee share options expense	**11**	43	71
Total employee benefits	**11,502**	10,022	20,509
Payments to contractors	**596**	315	623
Capitalisation of labour to intangible assets	**(3,193)**	(2,314)	(4,900)

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 $440,000 of contractor payments (2024: $129,000).

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 0.41 cents (June 2024 – loss of 0.24 cents) is calculated by dividing the loss attributable to equity holders of the Company of $1,770,000 (June 2024 – loss of $1,043,000) by the weighted average number of ordinary shares in issue during the period of 432,048,543 (June 2024 – 431,853,006).

Diluted EPS of a loss of 0.41 cents (June 2024 - loss of 0.24 cents) is calculated by dividing the loss attributable to equity holders of the Company of $1,770,000 (June 2024: - loss of $1,043,000) by the weighted average number of shares in issue during the period. No adjustment was made for effects of 12,930,000 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

	Six months ended		Year ended
	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Current year income tax expense	**(20)**	21	3
Deferred tax – recognition of deferred tax asset	**-**	-	7
Income tax (expense) / credit	**(20)**	21	10

The current income tax expense relates to income tax paid in respect of trading activities in Brazil. 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 2024 for deductible temporary differences and for that portion of the unused tax losses expected to be utilised in the five years 2025 through to 2029. No additional deferred tax has been recognised in H1 FY25. 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 payables

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Trade receivables	**21,278**	19,994	19,140
Provision for loss allowance	**(37)**	(69)	(51)
Net trade receivables	**21,241**	19,925	19,089
Prepayments	**319**	577	389
VAT / GST refunds due	**267**	321	300
Income tax refund due	**338**	347	333
Other receivables	**424**	273	364
	22,589	21,443	20,475

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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Finished goods – at cost	**8,095**	8,464	8,113
Raw materials – at cost	**1,539**	2,041	1,638
Less inventory provisions	**(290)**	(297)	(318)
Total inventories	**9,344**	10,208	9,433

3.3 Trade and other payables

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Trade payables	**19,683**	20,621	19,571
Employee entitlements	**2,397**	2,014	2,614
VAT / GST payable	**611**	164	395
Income tax payable	**-**	-	-
Accrued expenses	**1,274**	1,520	1,533
	23,965	24,319	24,113

3.4 Provisions

Warranty provision	**30 Jun 2025 $000s**	30 Jun 2024 $000s	31 Dec 2024 $000s
Carrying amount at start of period	**139**	133	133
Additional provisions recognised	**(18)**	23	107
Amounts used	**18**	(23)	(118)
Exchange adjustment	**(10)**	6	17
Carrying amount at end of period	**129**	139	139

3.5 Property, plant and equipment

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Net book amount at start of period	**5,775**	5,482	5,482
Additions	**842**	314	483
Disposals	**-**	(27)	-
Depreciation	**(429)**	(412)	(815)
Exchange adjustment	**(394)**	240	625
Net book amount at end of period	**5,794**	5,597	5,775

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

Depreciation			
Property	**229**	235	450
Plant and equipment	**118**	111	229
Office equipment, furniture and fittings	**82**	66	136
	429	412	815

Capital commitments

Capital commitments contracted at 30 June 2025 amounted to $652,000 (June 2024 $114,000)

3.6 Intangible assets

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Net book amount at start of period	**19,029**	13,923	13,923
Additions	**3,543**	2,583	5,419
Amortisation	**(1,272)**	(971)	(1,959)
Exchange adjustment	**(1,271)**	503	1,646
Net book amount at end of period	**20,029**	16,038	19,029

Analysis of net book amount			
Internally generated development assets	**16,299**	12,229	15,179
Patents	**189**	221	211
Goodwill	**3,178**	3,230	3,254
Other	**363**	358	385
	20,029	16,038	19,029

Additions in the six months to 30 June 2025 include $3,506,000 (2024: $2,540,000) for internally generated development costs and $37,000 (2024: $43,000) for patents, trademarks and software. Payments for intangible assets in the period amounting to $3,543,000 (2024: $2,583,000) are included in the Consolidated and Condensed Interim Cash Flow Statement.

Internally generated development costs include $7,028,000 (2024: $7,948,000) for projects underway and not complete at balance date. This 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 2024.

The recoverable amount of the IoT CGU at 31 December 2024 was determined based on a value in use calculation using cash flow projections from the approved budget for 2025. The pre-tax discount rate applied to the cash flow projections was 13.5% (2024: 13.5%) and cash flows beyond 2025 used a 12.48% growth rate for IoT revenue over the period from 2019 to 2024.

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 were based on 2025 budget pricing and product costs, and these have not changed significantly. The gross margin for the period to 30 June 2025 was 40.9%, slightly below the 43% budget rate due to customer mix in the period. Operating expenses for the period to 30 June 2025 was 16.4% of sales which is much lower than the % rate assumed in the calculation of recoverable amount.

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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Current portion			
Bank trade finance facility	**8,898**	4,092	4,216
Bank loans	**20**	20	21
Other borrowings	**-**	27	-
	8,918	4,139	4,237
Non-Current portion			
Bank loans	**313**	320	341
	313	320	341

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Liability at start of year	**4,578**	4,985	4,985
New loans and drawdowns	**12,247**	7,083	14,770
Repayments	**(7,309)**	(7,759)	(15,630)
Exchange adjustment	**(285)**	150	453
Liability at end of year	**9,231**	4,459	4,578

Bank trade finance facility

The bank trade finance facility was increased to $10 million from $5 million in April 2025. 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).
- Working Capital Covenant – Inventory and Receivables divided by borrowings under the trade finance facility to be a minimum of 2.5 times.

The requirement was changed in the period to require testing for compliance also at 30 June (previously only at 31 December) for the trailing 12 months. At 30 June 2025, 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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Finance income			
Other interest income	**38**	23	48
	38	23	48
Finance expenses			
Interest expense – Bank loans	**247**	246	482
Other interest expense	**588**	562	1,196
	835	808	1,678

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 2025 Shares	30 Jun 2024 Shares	**30 Jun 2025 $000s**	30 Jun 2024 $000s
Opening balance of ordinary shares on issue	**431,853,006**	431,853,006	**135,578**	135,578
New shares issued	**2,379,036**	-	**239**	-
Ordinary fully paid shares on issue at period end	**434,232,042**	431,853,006	**135,817**	135,578

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. Other information

5.1 Related party transactions

(a). Directors

The names of persons who are directors of the Company are on page 33.

(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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Salaries, fees, and other short-term benefits	**1,490**	1,206	2,431
Share based remuneration	**11**	43	71
Directors' remuneration	**179**	177	357
Total	**1,680**	1,426	2,859

(c). Employee share-based remuneration

In 2021, 12,930,000 options were issued to the Chief Executive Officer. 8,620,000 options (Tranche One) vested on 1 October 2024, and 4,310,000 options (Tranche Two) will vest on 1 October 2025, if the CEO remains a full-time employee on those dates. The exercise price of the Tranche One options is 9.1 cents and of the Tranche Two options is 11.5 cents.

The fair value of the employee services received in exchange for the grant of options are recognised as an expense over the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when options are exercised.

5.2 Contingencies

There are no material contingent liabilities or assets (June 2024 - $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 2025 $000s**	30 Jun 2024 $000s	31 Dec 2024 $000s
Properties	**3,883**	3,891	3,984
Plant and equipment	**48**	20	67
Office equipment and furniture and fittings	**9**	14	12
Total	**3,940**	3,925	4,063
Additions to right-of-use assets in the period			
Properties	**376**	-	-
Plant and equipment	**-**	-	58
Office equipment, furniture and fittings	**-**	-	-
Total	**376**	-	58
Liabilities in respect of right-of-use assets			
Current	**337**	232	268
Non-current	**4,180**	4,092	3,998
Total	**4,517**	4,324	4,266

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

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Liability at start of period	**4,266**	4,394	4,394
New liabilities	**376**	-	58
Repayments	**(138)**	(70)	(186)
Exchange adjustment	**13**	-	-
Liability at end of period	**4,517**	4,324	4,266

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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Depreciation charge for right-of-use assets			
Properties	**206**	193	386
Plant and equipment	**13**	3	15
Office equipment, furniture and fittings	**2**	2	4
	221	198	405
Interest expense on lease liabilities	179	180	358
Expense relating to short-term leases (included in operating expenses)	41	38	73

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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Total principal payments for right-of-use assets	138	70	186

5.4 Financial instruments by category

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Assets per Statement of Financial Position Financial assets measured at amortised cost			
Trade and other receivables	**21,665**	20,198	19,453
Cash and cash equivalents	**1,971**	1,951	2,093
Derivatives used for hedging at fair value			
Derivative financial instruments	**187**	38	-
	23,823	22,187	21,546

Liabilities per Statement of Financial Position at amortised cost			
Trade and other payables	**23,965**	24,319	24,113
Borrowings	**9,231**	4,459	4,578
Liabilities in repect of right-of-use assets	**4,517**	4,324	4,266
Liabilities at fair value			
Derivative financial instruments	**-**	-	295
	37,713	33,102	33,252

Fair value estimation

The only financial instruments carried at fair value at 30 June 2025 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 2025	**Trade and other payables $000s**	**Borrowings $000s**	**Right-of-Use asset Liabilities $000s**	Total $000s
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**
30 June 2024				
Less than 6 months	24,319	4,129	110	28,558
7 to 12 months	-	10	122	132
2 to 5 years	-	320	4,092	4,412
	24,319	4,459	4,324	33,102

31 December 2024				
Less than 6 months	24,113	4,226	131	28,470
7 to 12 months	-	11	137	148
2 to 5 years	-	341	3,998	4,339
	24,113	4,578	4,266	32,957

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 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Loss after taxation for the period	**(1,770)**	(1,043)	(1,880)
Adjustments for:			
Income tax expense / (credit)	**20**	(21)	(10)
Depreciation, amortisation & impairment	**1,701**	1,383	2,774
Share based payments	**11**	43	71
(Decrease) / increase in Inventory provision	**(28)**	11	32
(Decrease) / increase in loss allowance provision	**(14)**	28	10
(Decrease) / increase in provision for warranty	**(10)**	6	6
Net foreign exchange differences	**1,013**	(582)	(1,615)
Increase in trade & other receivables	**(2,100)**	(4,991)	(4,005)
Increase in contract liabilities	**285**	1,785	4,179
Decrease / (increase) in inventories	**117**	(1,416)	(662)
(Decrease) / increase in trade & other payables	**(148)**	7,068	6,862
Net cash (outflow) / inflow from operating activities	**(923)**	2,271	5,762

5.7 Net debt reconciliation

	30 Jun 2025 $000s	30 Jun 2024 $000s	31 Dec 2024 $000s
Cash and cash equivalents	**1,971**	1,951	2,093
Borrowings – repayable within one year	**(8,918)**	(4,139)	(4,237)
Borrowings – repayable after one year	**(313)**	(320)	(341)
Net debt	**(7,260)**	(2,508)	(2,485)

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 decrease in cash during the period of $122,000 (2024: decrease $1,344,000) included a $10,000 increase (2024: $1,000 increase) caused by exchange rate movement.

5.8 Events after reporting date

There are no events after reporting date requiring disclosure.

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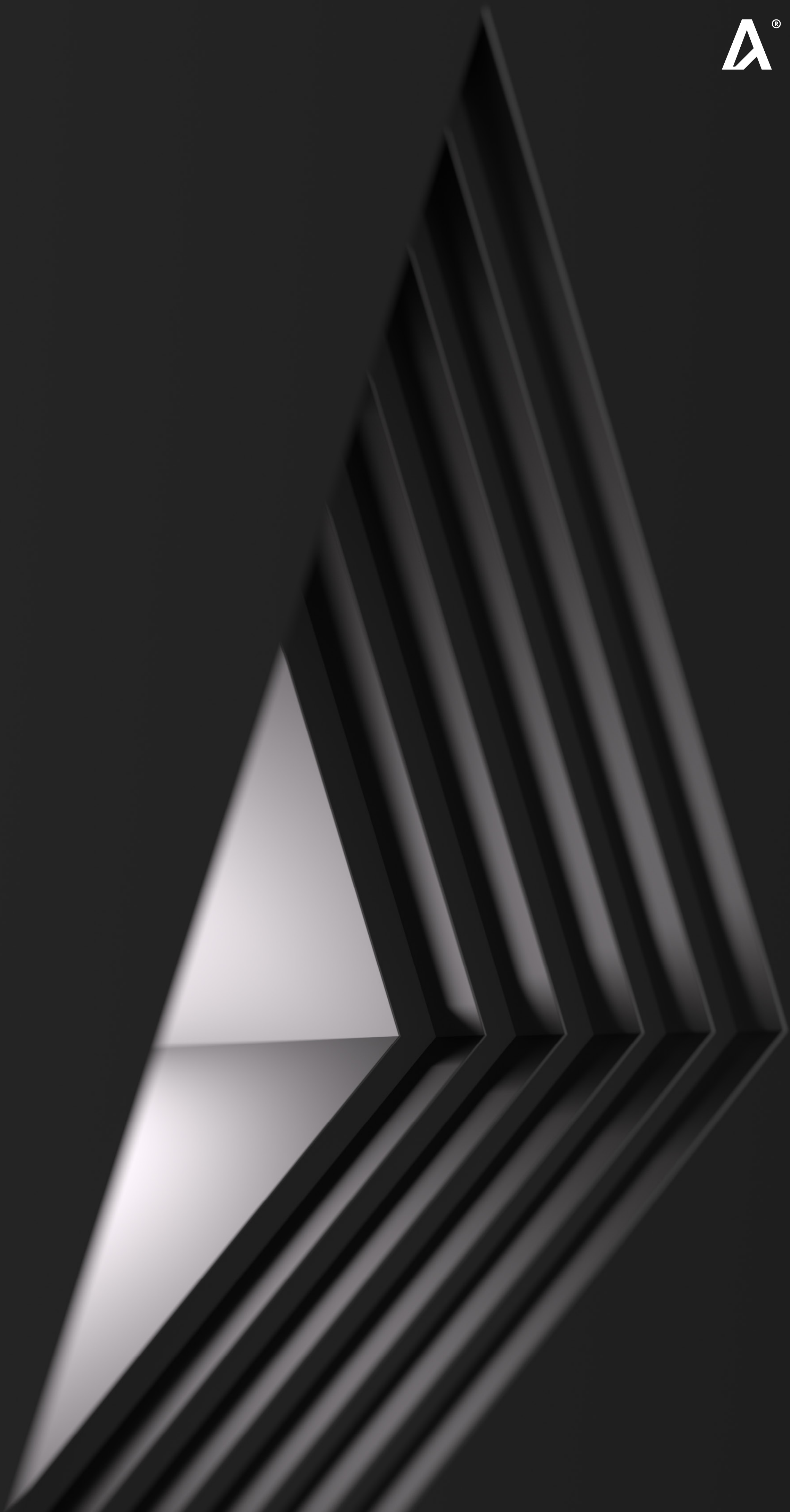
John McMahon, Independent Director
Keith Oliver, Independent Director
Greg Allen, Independent Director
Roz Buick, Independent Director



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