AoFrio
Annual Report 2025

AoFrio®

Results at a glance.

Revenue

Revenue up 4.4%

$83.2million

Gross margin

Gross margin up 2.6pp

31.7%

EBITDA

EBITDA up $1m

$3.5million

App Utilisation

Up 31%

3.0million

Net Promoter Score (NPS)

NPS up 9 points

+62

Average staff engagement score

72%

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Chair and CEO review.

John Scott
Chairman

Greg Balla
Chief Executive Officer

FY25: Record revenue and earnings

We are pleased to provide our annual report that shows FY25 was another year of successful execution for AoFrio, despite macroeconomic headwinds following trade uncertainty with the announcement in April 2025 by the US President of Reciprocal Tariffs.

Revenue for FY25 was $83.2 million, an increase of 4.4% year on year. FY25 EBITDA was consistent with guidance at $3.5 million, up from $2.5 million in FY24.

During the year, our team successfully launched two major new products to support our growth strategy in the Cold Drink Equipment (CDE) market segment for FY26 and beyond, launched two new solutions to support our Motors and Fans business, and closed our first deal in the Food Retail market segment.

In December 2025, AoFrio presented two growth strategy options to investors. The first option was based on using free cash flow generated from ongoing business to support steady growth. The second, and preferred option, outlined an accelerated growth trajectory that would require additional capital investment. The Board and management are continuing to explore options to support the second option.

Financial performance

In September 2025, AoFrio updated market guidance for the full year. The revised expectation was for revenue around $86 million and EBITDA around $3.5 million.

We are now reporting full-year revenue of $83.2 million, up 4.4% on FY24. This is lower than guidance due to reduced US motor demand in Q4-25, the result of tariffs on USA imports.

Revenue and margin performance are direct results of the implementation of our strategy as well as our focus on execution, partially offset by tariff uncertainties that affected some customer buying. The Internet of Things (IoT) segment delivered revenue of $47.1 million, up 8.9% on FY24 at a 42.5% gross margin. Our Motors segment delivered revenue of $36.1 million, consistent with FY24, at a 17.7% gross margin.

We are focused on delivering our longer-term strategic goal of growing revenue at an annual rate of 20% per annum with 50% of the revenue recurring.

Metric (NZ$m)	FY25	FY24	Variance
Revenue	83.2	79.7	+ 3.5
IoT	47.1	43.3	+ 3.8
Motors	36.1	36.4	- 0.3
Gross Margin %	31.7%	29.1%	+ 2.6pp
EBITDA	3.5	2.5	+ 1.0
Loss before tax	(2.0)	(1.9)	-0.1
Loss for year	(2.1)	(1.9)	-0.2
Net operating cash flow	3.8	5.8	-2.0

Revenue
We made significant progress on key strategic initiatives in FY25, which although not yet reflected in revenue growth, is expected to increasingly contribute in FY26 and beyond.

In FY25, AoFrio shipped 661,000 IoT devices (FY24: 671,000) and 934,000 motors (FY24: 963,000).

AoFrio invoiced $4.8 million for cloud data connection and software development charges in FY25 compared to $5.3 million in FY24. This revenue is multi-year and is recognised in the Income Statement over the duration of the data contract. At 31 December 2025, $17.8 million of revenue was deferred for recognition in subsequent periods (FY24: $16.5 million).

North American year-on-year revenue growth was 8.2%. Highlights were:

- Launching IoT in the USA; In FY25, we supplied 5,000 bundled solutions (SCS and Gateway), generating invoiced revenue of $0.9 million. The launch of AoFrio’s always-on connected device in 2026 provides potential to significantly grow IoT revenue in the region.
- ECR® 2 motors into water heaters in the USA; AoFrio has continued to supply our ECR 2 motor to a major USA manufacturer of water heaters. Revenue in FY25 was $4.7 million (FY24: $4.9 million).
- ECR 2 motors to our largest USA motor customer increased from 230,000 in FY24 to 288,000 in FY25.

South American revenue, at $11.9 million, was 12.5% lower than FY24 reflecting reduced CDE demand in the region.

APAC revenue for the year increased by 23.6%. Highlights were:

- Securing the first customer for our Food Retail market segment.
- Securing first significant orders for our ECR 2 26W motor.
- Winning a new CDE customer in the region for our ECR 2 motor.

EMEA revenue at $5.8 million was 8.8% lower than FY24 due to lower demand for motors and aggressive competitor pricing.

Gross margin

FY25 gross margin was higher at 31.7%, compared to 29.1% last year. The margin for IoT products was 42.5%, up from 40.7% in FY24, and 17.7% for motors, compared to 15.4% last year.

Other income

We received a $0.8 million Research and Development Tax Incentive payment in FY25 in respect of research and development expenditure incurred in FY24 (FY24 $0.5 million for FY23 expenditure incurred).

Operating expenses

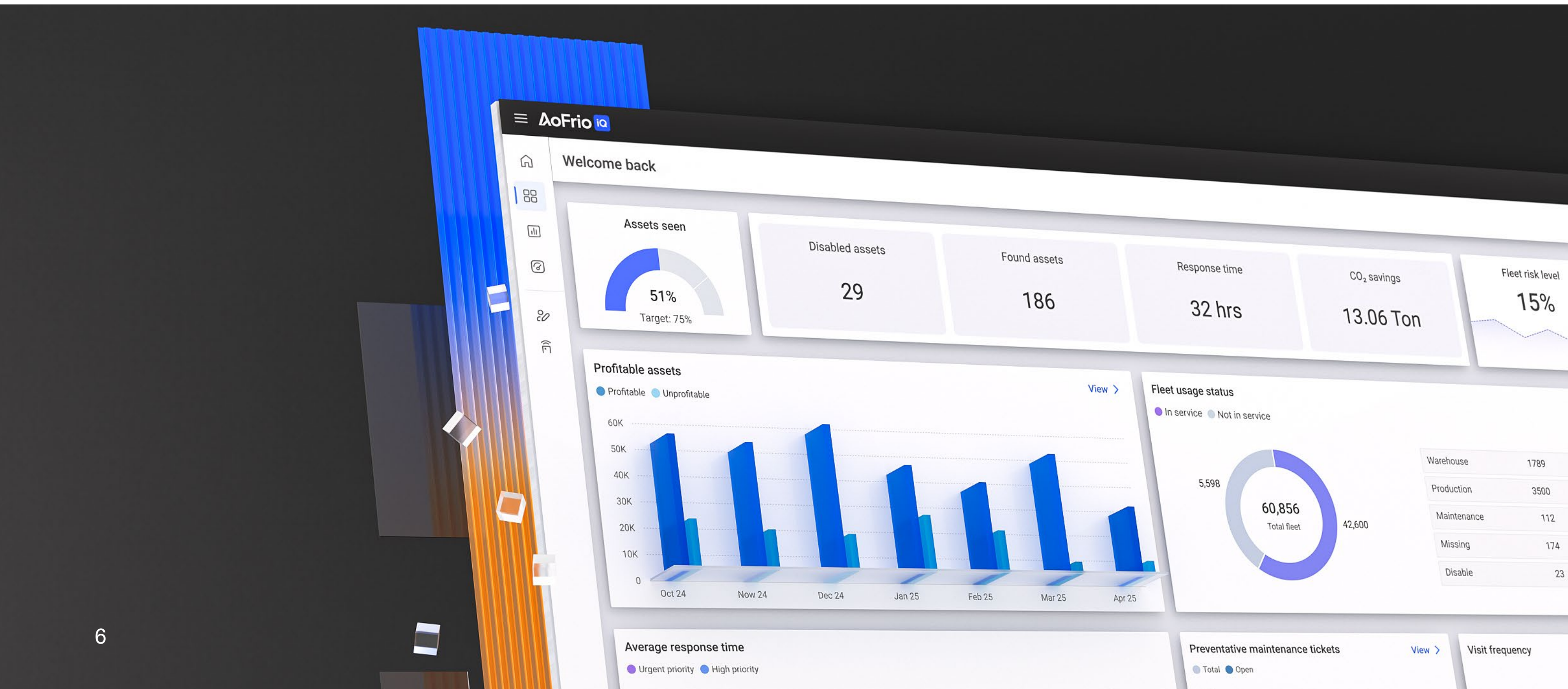
Operating expenses for the year totalled $23.6 million, reflecting an increase of $2.3 million compared to the prior year.

Staff costs (including contractors) of $24.8 million (pre-capitalised development) increased by $3.7 million. New roles were recruited in FY25 to support the business growth plan; not as many as originally planned because spending and investments are being carefully managed within the capability to internally self-fund our growth plan.

Capitalised development time increased to $7.3 million from $4.9 million in FY24. The increase reflects our focus on new product development to progress AoFrio's strategies of protecting and growing the CDE market and diversification into new markets. These initiatives include completing developments of a new connected controller (SCS 800) and motor fan pack range (ECF 2) and launching the initial version of AoFrio iQ. AoFrio iQ is the company's Software as a Service (SaaS) product that transforms coolers into connected, intelligent assets, providing visibility, control, and insights to drive performance, reduce costs, and unlock new value across our customers' entire fleet of bottle coolers.

Finance costs

Finance costs increased $0.3 million compared to FY24, due to increased bank borrowings and extended



payment terms made available by AoFrio's contract manufacturer, East West, to allow AoFrio to manage working capital increases.

Working capital

Cash at 31 December 2025 was $1.3 million compared to $2.1 million at 31 December 2024. Net debt increased from $2.5 million at 31 December 2024 to $8.2 million at 31 December 2025.

There was pressure on working capital due to changes in customer mix (increased sales to customers with longer payment terms and requiring local delivery) and higher inventory (longer shipping times). Some customers have arranged trade financing, which will be available in 2026 and will assist cash flow. Trade receivables were $1.1 million higher than 2024. Inventory was $2.0 million lower than 2024 reflecting initiatives to reduce inventory holdings.

Trade payables at 31 December 2025 were $19.0 million, a $0.5 million decrease compared to 2024.

Segment and SaaS-based reporting

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

Rule of 40

The Rule of 40 is a financial metric used in the SaaS industry to assess a company's performance. It states that the sum of a company's annual revenue growth rate and EBITDA margin should equal or exceed 40. Looking at all our segments, revenue growth in FY25 was 4.4% and EBITDA was 4.2% of revenue, which calculates to a metric of 8.6. This calculation includes the Motors and Fans segment. If the calculation excludes Motors and Fans, which are not part of our SaaS offering, then revenue growth in FY25 was 8.9% and EBITDA (after deduction of a pro-rata share of unallocated overheads) was 11.7%, resulting in a metric of 20.6. AoFrio presented its aspirational growth strategy to investors in December 2025, which showed the path to achieving the metric.

APAC revenue increase 23.6%

Recurring revenue

Associated with the supply of IoT hardware, AoFrio provides a range of data and reporting services, installed on every AoFrio SCS and AoFrio Monitor sold. Revenue from the provision of such services is recognised typically over a period from one to ten years. In FY25 we invoiced $4.8 million of recurring revenue and recognised $3.2 million which is 3.8% of total revenue. Our longer-term target is for recurring revenue to be 50% of total revenue. The Balance Sheet holds $17.8 million, which is deferred for revenue recognition in future periods.

Number of connected devices

There were 3.2 million devices connected to the AoFrio cloud at 31 December 2025, an increase of 578,000 (22%) over 2024. As more devices connect to our cloud, the quality of our fleet insights improves, creating greater opportunities to generate additional revenue from the value-added services in development.

App utilisation

Our app utilisation was 3.0 million. This is a measure of the number of times customers interacted with our software, an increase of 709,000 compared to FY24.

Uptime

This is a measure of the time our platform was available to customers. The rate for FY25 was 99.4%, consistent with the rate achieved in FY24.

Strategy

AoFrio's growth strategy is built on three interconnected pillars designed to improve revenue, resilience, and solve high-value customer problems. Together these pillars guide the company's evolution from a hardware-led business to a hardware-enabled, AI-powered SaaS company.

1. Protect and Grow the Core

The first part of this strategy focuses on strengthening AoFrio's leadership in the CDE market by protecting market share in LATAM and expanding into the USA, Europe, and APAC. We are working towards achieving this by delivering higher-value connected solutions, enabling customers to connect their complete fleets, and providing industry-benchmark customer support.

The second part of this strategy is centred on protecting margin in our Motors and Fans business by introducing new products, expanding into new solution applications, and driving targeted cost-reduction initiatives.

iQ Platform

SCS 800

2. Diversify Our Market Segments
To improve revenue quality and reduce reliance on a single segment, AoFrio is expanding into adjacent markets with similar operational challenges, specifically Food Retail and Chilled and Frozen Foods. This strategy aims to build a higher-margin recurring revenue base by applying AoFrio's proven capabilities to similar use cases.

3. Transform Our Foundations
AoFrio's transformation strategy ensures the organisation has the capabilities, systems, and operating model required for its evolution into a hardware-enabled, AI-powered SaaS business. We are building organisational capability in product development, software engineering, machine learning/AI, and solution selling.

Protect and grow the core

CDE market segment
In FY25, we strengthened leadership in the CDE segment and executed against a clear plan to (1) connect the customer's whole fleet, (2) protect existing market share, and (3) add new value to customer solutions through our hardware-enabled SaaS platform.

1) Connect the customer's whole fleet
In FY25 we broadened the portion of the global CDE fleet we can serve by launching two foundational elements of our innovation roadmap: the SCS 800 cellular-connected controller and AoFrio iQ, our modernised SaaS platform. Together, these extend our addressable footprint and meet major brand requirements for always-on connectivity, real-time insight, and remote fleet management.

The SCS 800 supports entry into Europe and the USA, where cellular has become the preferred standard. Customer trials in both regions commenced in Q3-25 to align with FY26/27 capital purchase cycles.

Through FY25, we also continued to develop our retrofit and integration pathways so bottle cooler data from mixed hardware fleets, including third-party and retrofit hardware, can be unified within AoFrio iQ. This is an important lever for accelerating our ability to connect our customers' whole fleet in a single view.

<u>What this meant in practice in FY25</u>

- Cellular controller was delivered as planned: the SCS 800 was launched in June, enabling real-time visibility and remote management options for customers.
- Geographic expansion under way: trial customer deployments of the SCS 800 took place across US and Europe from FY25 Q3, positioning AoFrio for the FY26 buying window.
- Fleet inclusivity improved: continued work on third-party data integration and retrofit options to bring more of customers' "unconnected" installed base into the platform.

2) Protecting Existing Market Share
We defended our high market share positions in LATAM by pairing our trusted hardware footprint with AoFrio iQ, and by applying strategic pricing in response to market conditions. We helped customers lift data-collection frequency and platform use, directly improving the value of insights they receive and making our solution stickier in day-to-day operations. We also maintained strong in-market support, which remains a differentiator for execution quality and time-to-value in the region. This is reflected in our 2025 Net Promoter Score result of +62, up 9 points year on year.

<u>What this meant in practice in FY25</u>

- Defend market share in core markets: commercial and pricing actions were used to protect positions in South and North LATAM.
- Closer operational engagement: customer programmes focused on increasing data rates and using iQ capabilities to address customer problems such as asset loss, misuse, and out-of-range temperature, plus areas related to sales performance and service cost.

- Execution discipline: AoFrio's local teams supporting iQ customer trials, sustaining the trust we have built with OEMs, bottlers and brands.

3) Adding New Value to Solutions

The launch of AoFrio iQ in FY25 materially advanced how customers access and act on fleet insights. AoFrio iQ delivers clear value across Asset Management, Service & Maintenance, Energy Management, and Commercial Performance, and when paired with the SCS 800, enables a range of remote management options that improve uptime, sales performance, and energy consumption.

<u>What this meant in practice in FY25</u>

- Trials underway: By the end of 2025, iQ was being trialled across 10 customers with pace of adoption expected to accelerate through 2026.

- Operational impact: SCS 800 + iQ enabled always-on visibility and remote actions that lower service cost and risk while improving availability.

- Commercial impact: iQ surfaced "where to act first" insights (e.g., zero-sale coolers, temperature outliers, suspected misuse), supporting revenue protection and better fleet ROI.

- Energy impact: iQ and our connected controller stack supported energy-efficiency initiatives consistent with customers' ESG goals, building on independently validated savings potential in AoFrio solutions.

- Economics at scale: Large, fully connected fleets can deliver meaningful lifetime savings through fewer service visits, reduced asset loss, and improved energy discipline. Our internal estimates suggest that a bottler using the full AoFrio iQ solution operating 150,000 connected coolers could achieve annual savings of approximately US$9.1 million, a 5.1× return on investment over the life of the cooler.

2025 Net Promoter Score was +62, up 9 points year on year

Solving the **customers' problem.**

AoFrio iQ has been built upon a deep understanding of the issues faced by the commercial refrigeration industry.

Asset management

6% of coolers are lost or stolen annually

Commercial performance

Only **25%** of coolers operate in the ideal temperature range for optimum sales rate

Service and maintenance

20% of coolers require a costly service visit annually

Energy and sustainability

Refrigeration equipment accounts for approximately **35%** of a cold drink's carbon footprint

Motors and Fans strategy execution
In FY25, AoFrio's Motors and Fans business continued to perform strongly as a core contributor to our strategy. Our objective in FY25 was to protect the gross profit we generate, and this was achieved. While significant price pressure and tariff changes impacted this commoditised category, our disciplined focus on innovation, cost management and targeted application wins ensured we maintained competitiveness and protected margin, despite tariff uncertainties impacting negatively on revenue.

Portfolio expansion and innovation
Building on the success of the ECR 2 motor, we expanded our offering with new fan pack sizes that unlocked additional commercial opportunities, while the ECR 2 continued to open doors in new market applications.

During FY25 we released eight new fan pack products, which delivered initial sales in Q3 and Q4. Uptake is expected to accelerate through 2026 as customer qualification programmes progress.

We also secured a new opportunity for the Motors portfolio through the introduction of the ECR 2 into agitators for chiller units used in soda and draft beer dispensers. Selected for its energy efficiency, reliability and robustness, the first customer order was placed in Q3, with initial deliveries completed in Q4.

Diversify our market segments

Beyond our core CDE market, there are adjacent sectors with similar customer pain points that AoFrio is uniquely positioned to solve. In FY25, we continued to focus on two priority segments: Food Retail and Chilled and Frozen Foods (previously referred to as the Ice Cream segment).

The purpose of this diversification strategy is to build a higher-margin recurring revenue base while reducing dependence on the CDE segment. Although this strategy remains critical to AoFrio's long-term growth, in FY25 we prioritised delivery of two major product launches (SCS 800 and iQ) under our Protect and Grow the Core strategy. As a result, investment in diversification progressed at a measured pace, with several important milestones achieved.

Developing the first Food Retail solution
During the year, we advanced development of the software required for the first release of our Food Retail solution, which is on track for completion in Q1 FY26. We also released the first version of the AoFrio Food Retail iOS and Android mobile apps to their respective app stores, providing an essential interface for operators in retail environments.

Supporting early customers and proof-of-concept trials
We secured our first multi-year Food Retail customer agreement in FY25, covering 115 outlets with an average of 10 assets per store. In addition, we signed a second customer in the Chilled and Frozen Food sector to connect approximately 3,500 pet-food storage freezers. Throughout the year, we continued to support these customers to ensure successful deployment and validate product-market fit.

We also progressed two additional trials with large Food Retailers in Thailand and Chile. Both customers have signalled interest in advancing to the next stage following the completion of their evaluation phases.

Transforming our foundations

AoFrio's evolution from a hardware manufacturer to an IoT innovator, and now to a hardware-enabled SaaS business, has required significant uplift in our capabilities, processes, and systems. This transformation is foundational to delivering our strategic ambitions and adapting to rapidly changing market conditions. It is about ensuring we have the right people empowered by the right environment, tools, and systems to execute our strategy.

In 2025, we undertook a comprehensive program of work that strengthened our business and positioned us for scale. This included delivering high-quality, impactful product launches, achieving a strong staff engagement score of 72% and enhancing our resilience through ongoing IT and cyber security initiatives and responsible AI adoption. We also continued to advance our ESG and sustainability commitments, ensuring our operations and innovation pathways support long-term environmental and social value.

In FY25 we made progress against each of the elements of this strategy:

Organisation Process Effectiveness: AI, Lean and Design

- Scaling the practical use of artificial intelligence across the business in everyday workflows.
- Continued investment in Lean and Agile ways of working, to build a culture of continuous improvement.

Environmental, Social and Governance (ESG)

- Maintaining our EcoVadis certification, a global environment, social and governance rating system.
- Rollout of a new global OSH reporting system.
- Completion of a CIS v8 security assessment.
- Introduction of a Sustainable Supplier Policy to embed clearer environmental and ethical standard requirements across new supplier relationships.

A detailed report on our progress against our sustainability strategy and ESG initiatives can be found on page 22 of this report.

People and Culture

- Maintaining an engaged workforce, as reflected by our Employee Engagement Score of 72%, Increased resources and capabilities in our software and platform teams.
- Introduced new employee health and wellness benefits.
- Increased engagement between regional teams and head office.
- Work around pay equity reviews and workforce planning.

Outlook for FY26

At the Investor Day in December 2025, AoFrio set out two future options for growth, one funded from its own operating cash flows, to grow revenue at a 10% CAGR and one aspirational path with additional capital to grow revenue at a 25% CAGR.

The aspirational target is for revenue to more than triple over the next five years to reach $300 million by FY30. This can be achieved through an expansion of AoFrio's smart refrigeration solutions into new territories and through the diversification of the business into adjacent markets. Under this scenario, EBITDA is targeted to reach $50 million in FY30.

Several of the Company's shareholders have indicated support for the higher growth strategy. The Board is continuing to investigate options for capital to support the Company's higher-growth strategy.

There will be opportunities in FY26 to deliver revenue growth:

- SCS 800, the Company's cellular controller has been released for customer trials and is undergoing final testing and certification. We expect to have the product commercially released in May 2026. We initially expected the adoption of cellular over Bluetooth connectivity in Latin America to occur slowly, however, there are encouraging signs that adoption may be more rapid. Unit revenues for cellular products are more than double Bluetooth products.
- AoFrio iQ, our modernised SaaS platform is being trialled by early-adopter customers. We expect to have the base solution available commercially in Q3-26.
- At the close of FY25, new sizes for fan packs were launched.

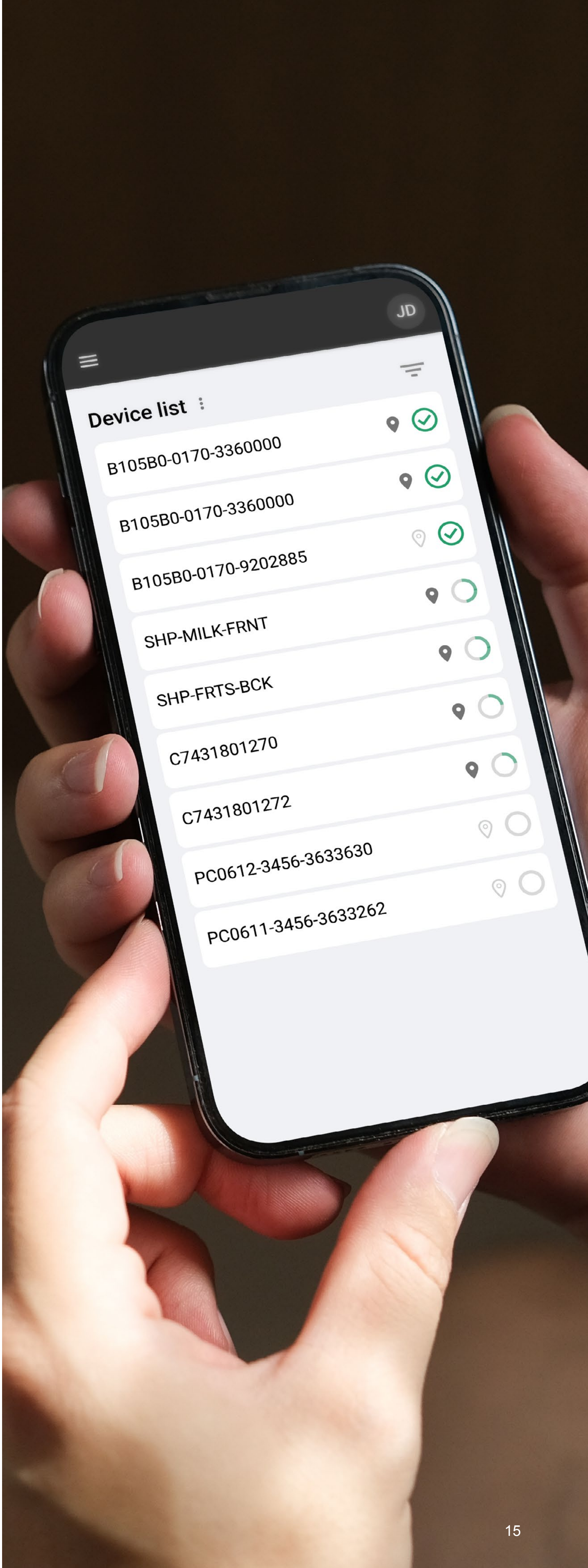
There are also challenges in 2026:

- USA tariffs are expected to impact motor volumes in FY26. Our largest motor customer in the USA has advised that they will onshore motor supply in FY26 to avoid the tariff that applies on our Vietnam-supplied ECR 2 motors. In FY25 this customer's revenue was US$5.6 million. We are in discussions to mitigate the impact of this on FY26.
- The expected strengthening of the NZD against the USD adversely impacts reported revenues and profit. AoFrio's FY26 expectations are based on a 0.606 NZD / USD exchange rate.

Given the impacts of trade and currency volatility, providing a guidance range is challenging. However, we are expecting an improvement in revenue and EBITDA in FY26 over FY25 and we will update our outlook as the year progresses.

John Scott
Chairman

Greg Balla
Chief Executive Officer



AoFrio **Board.**

John Scott | *Chairman, Independent Director*

John Scott, Chairman of the AoFrio board, brings extensive experience in global technology, digital transformation, and business strategy. Based in New Zealand, John has been instrumental in leading innovative technology companies to international success. As the former CEO of Invenco and a key executive at Navico, he has driven high-growth teams, scaled global businesses, and spearheaded strategic change. His strong background in technology, product innovation, and business transformation has positioned him as a leader in the industry.

As AoFrio continues to grow its share in core markets and expand into new ones, John's experience in scaling world-beating technology companies will be critical. Recognised as a strategic long-term thinker, he will play a pivotal role in guiding AoFrio through its next phase of expansion and market leadership. His ability to offer strategic insights has been acknowledged as a key factor in AoFrio's success, particularly in driving rapid growth and market entry.

John McMahon | *Independent Director*

John McMahon brings over 30 years of experience in the Australasian equity markets, with a focus on telecommunications, media, gaming, transport, and industrials. His previous roles include Head of Research and Head of Equities for ABN AMRO NZ and Managing Director of ASB Securities. John currently serves as Director and Chair of Solution Dynamics Ltd (SDL) and NZX Ltd (NZX). His extensive expertise in equity analysis and leadership in major financial institutions positions him as an asset to AoFrio's strategic direction and growth.

Greg Allen | *Independent Director*

Greg Allen is a Partner at Chrysalix Venture Capital, a global venture capital firm headquartered in Vancouver, Canada, specialising in deep tech, industrial innovation, and resource productivity. He serves on the Board of Directors of HaiLa Technologies, a Canadian semiconductor start-up, and acts as a board observer for several international growth-stage companies. In addition, Greg is a member of the Economic Advisory Committee for the City of Richmond, British Columbia. He began his career in electronics and radio systems through service in the New Zealand Army, later earning an MBA from Edinburgh Napier University. Greg also holds the ICD.D designation from the Institute of Corporate Directors, reflecting his commitment to strong governance and board leadership.

Keith Oliver | *Independent Director*

Keith Oliver is the Chairman of Blackhawk.io and a director at VWork Limited and Alto Capital. His previous roles include Executive Chairman at high-tech company Compac Sorting Ltd and the science-led Crown Research Institute ESR. Keith's extensive experience in leading high-tech companies and his strategic vision in technology and innovation make him a critical contributor to AoFrio's board, guiding the company towards sustained growth and industry leadership.

Roz Buick | *Independent Director*

With 27 years of experience, Roz Buick has led digital transformation and workflow reengineering across hardware, SaaS, and software platforms. As a catalyst for change, she has driven growth through strategic product and market strategies in various sectors. Previously a Senior Vice President at Oracle and Trimble Inc, Roz now consults and serves on boards of global tech companies, including ikeGPS, FRAMECAD, and Propeller Aero, bringing invaluable expertise to AoFrio's growth plans.

AoFrio **Board Skill Set.**

AoFrio’s Board Skill Set Matrix highlights the distribution of skills across the board, indicating how many directors contribute expertise in each domain. This helps the board understand its overall capability profile and informs future succession and development planning.

Strategic & Growth Leadership — 5/5

- Experience in developing and implementing successful and sustainable growth strategies across diverse markets and industries.
- Proven ability to assess strategic options and guide long-term value creation initiatives.
- Experience in marketing strategy and brand positioning, increasing market visibility, customer engagement and commercial impact.

Global Market & Channel Development — 4/5

- Experience and understanding of international business dynamics across North America, Europe, LATAM, and APAC including exposure to CDE and Food Retail markets.
- Proven capability in building and managing global distribution channels and strategic partnerships.
- Experience in scaling technology platforms and navigating commercial models across diverse geographies.

Transformation & Change Leadership — 5/5

- Experience in leading organisational transformation, including cultural change and digital enablement.
- Understanding of agile leadership, innovation culture, and high-performance team development.
- Experience navigating differing business models and the potential for disruptive practices to reshape customer expectations, operational structures, and supply chains.

SaaS & Data-Driven Business Expertise — 3/5

- Experience leading transformation of traditional businesses into SaaS-enabled platforms, including the adoption of cloud-native architectures to support scalability, integration and global deployment.
- Understanding of recurring revenue models, data monetisation, and platform scalability with emphasis on leveraging cloud infrastructure

Solution Selling & Customer Relationship Management — 4/5

- Experience in strategic account management and solution selling to global brands and OEMs.
- Understanding of customer advocacy, marketing strategy, and value-based selling.

ESG & Sustainability Leadership — 3/5

- Experience in developing and overseeing ESG frameworks and sustainability strategies aligned with global standards.
- Understanding of governance, stakeholder engagement, and circular economy principles.

AL, ML & Data Science Literacy 4/5

- Understanding of AI and machine learning applications in commercial environments for predictive analytics, customer insights and operational optimisation.
- Experience supporting the deployment of AI-powered platforms for fleet optimisation, autonomous service models, and intelligent asset management, with a focus on monetising data insights through scalable, recurring revenue models.
- Experience applying AI and data tools to enhance organisational productivity, streamline workflows and enable scalable managed services and automation.

Innovation & Product Development 4/5

- Experience leading product innovation and agile development cycles including the ability to deliver differentiated solutions to anticipate customer needs and market shifts.
- Understanding of customer-centric design, product-market fit, and integration of emerging technologies, with a focus on co-creating value through strategic partnerships and ecosystem collaboration.
- Experience in managing and protecting intellectual property (IP) as a strategic asset, including IP licensing, commercialisation and innovation governance in technology-driven environments.

Governance & Investor Relations 5/5

- Experience overseeing boards from a financial and governance oversight perspective, including the ability to evaluate and manage enterprise risk, ensure regulatory compliance, and uphold fiduciary responsibilities.
- Experienced leadership in listed entity and capital markets: including NZX compliance and corporate governance.
- Understanding of human resources and organisational leadership, including experience in people strategy, performance structures, and executive development aligned with governance best practices.
- Experience in investor relations and shareholder engagement, with a focus on transparent communication, capital strategy, and aligning board decisions with investor expectations.

Capital Structure 5/5

- Experience with a range of capital structures and management of capital within an organisation, including equity, debt, and alternative financing models.
- Understanding of capital markets and investor expectations, including public and private funding environments, valuation dynamics, and capital allocation strategies.
- Experience in financial strategy and scenario planning, supporting long-term sustainability, liquidity management, and alignment with strategic objectives.

Cybersecurity & IT Governance 4/5

- Experience in IT governance and cybersecurity oversight, including cloud security and data protection.
- Understanding of digital infrastructure resilience and compliance frameworks.
- Awareness of the opportunities and risks presented by emerging technologies, including AI, IoT, and automation.

Operational Excellence & Supply Chain 4/5

- Experience overseeing global supply chain operations, including manufacturing quality assurance and logistics optimisation.
- Understanding of quality systems, continuous improvement frameworks, and operational scaling.

AoFrio **Executive.**

Greg Balla | *Chief Executive Officer*

Greg Balla joined AoFrio in 2021, bringing extensive leadership and commercial experience within complex organisations. He has been pivotal in executing the initial stages of a multiyear plan for AoFrio focused on expansion and technological advancement. Greg's leadership has seen AoFrio significantly strengthen its market position and global reach.

Prior to AoFrio, Greg spent eight years at Orion Health, as Executive Vice President of Clinical Workflow and Business Transformation, and later Chief Operating Officer. He has also held senior roles at Auckland District Health Board, BHPB and 3M.

Genevieve Clark | *Vice President, Product*

Genevieve Clark joined AoFrio in November 2022, bringing with her a wealth of experience from leading technology companies such as Orion Health, Vista Entertainment Solutions, and Qrious. Tasked with expanding and accelerating AoFrio's product vision and roadmap, Genevieve has been instrumental in driving innovation and strategic growth.

Under Genevieve's leadership, AoFrio has positioned itself as a market leader in the IoT space, directly reflected in the quality of the solutions that AoFrio have been able to roll out to their customers.

Howard Milliner | *Chief Financial Officer / Company Secretary*

Howard has played a key role in transforming AoFrio into a hardware-enabled SaaS business. He oversees all financial and administrative operations, drawing on his past experience as CFO and CEO of Mercer Group (now MHM Automation) to support AoFrio's growth and strategic initiatives. In his role as CFO, Howard has guided the company's journey towards profitability, delivering improvements in operational efficiency and process management for AoFrio's continued success.

Rami Elbeltagi | *Vice President, Engineering and IT*

With wide-ranging experience, including his role as Group Chief Engineer at Fisher and Paykel Appliances, Rami brings strong leadership in developing high-performing teams, product design, and agile innovation. At AoFrio, he has restructured the engineering team to drive ambitious product development and has been pivotal in launching innovative solutions. Rami's strategic vision and direction to the teams to keep AoFrio at the forefront of both AI and ML exploration have directly contributed to the company's market-leading position.

James Rice | *Chief Revenue Officer*

James Rice joined AoFrio in 2024 as Chief Revenue Officer, bringing extensive experience from leading high-performing teams at iSOFT, DXC, and Orion Health. James has been instrumental in driving commercial strategy, capturing market share in AoFrio's core sectors and facilitating expansion into adjacent markets to position AoFrio for sustained growth and innovation.

Danielle Scott | *Manager People, Sustainability and Executive Operations*

Danielle joined AoFrio in April 2022. With a background in managing strategic projects at Tesla and Workday, she has driven AoFrio's performance culture through innovative workforce development programs. This has included a critical focus on leadership and mindset development as well as employee engagement. As the leader of AoFrio's sustainability strategy, she has significantly contributed to developing customer solutions that position AoFrio as an industry leader in sustainability.

Marc Tinsel | *Executive Vice President Operations*

Marc Tinsel joined AoFrio in 2013 and oversees the day-to-day leadership of supply chain and operations, ensuring the seamless delivery of all hardware. With a background in managing international product safety testing and certification, Marc is experienced in managing multiple projects, budgets, and multidisciplinary teams. His leadership sees AoFrio maintaining customer satisfaction through manufacturing quality, reliable supply and product performance.

Sustainability report.

Our ongoing commitment to sustainable growth

Purpose

AoFrio is a hardware-enabled SaaS company that is leading the charge towards a more sustainable and efficient food and beverage industry.

Values

Guided by our values of:

- Explore together
- Thrive together
- A better world together.

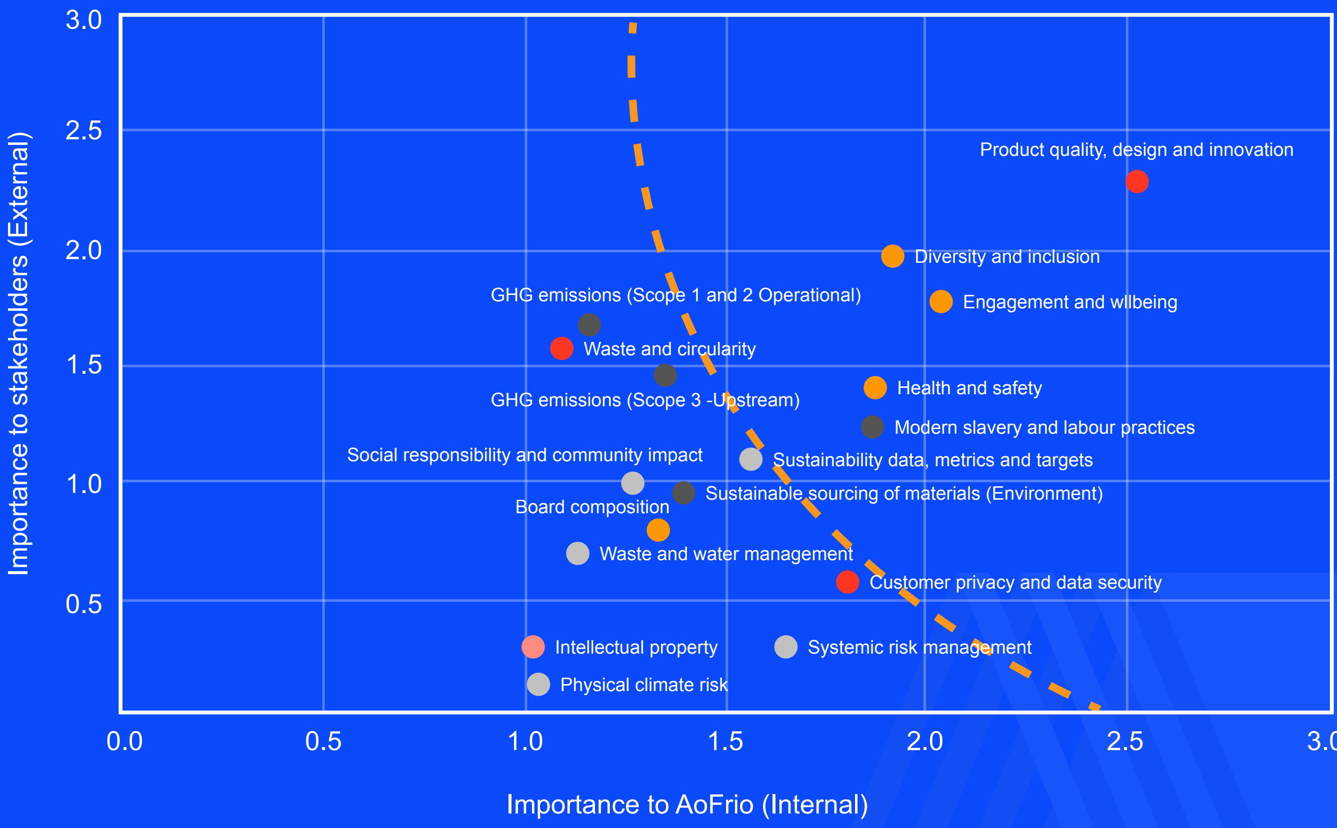
Vision

We envision a future where our innovative solutions empower customers to significantly reduce their environmental impact and enhance their profitability.

How we deliver?

- Minimise environmental impact
- Drive customer efficiency
- Partner for success.

Our Approach to Sustainability



AoFrio's sustainability strategy is underpinned by three core pillars that guide how we prioritise our initiatives, embed sustainability across the organisation, and ensure our actions reflect the areas of greatest impact. As global expectations and stakeholder priorities evolve, these pillars provide a consistent, long-term direction for our approach.

To ensure our strategy remains aligned with urgent global priorities, we also use the United Nations (UN) Sustainable Development Goals (SDGs) and EcoVadis framework as ongoing reference points to measure progress and achieve alignment with the sustainability reporting of our customers.

Our Approach to Sustainability

While aligning with global standards, our key focus areas:

Pillars	Our TEAM	Our OPERATIONS	Our PRODUCTS
Objectives	Foster a diverse, strong and healthy workplace culture across all levels of the business where individuals feel respected, challenged and included.	Work with our supply chain partners to ensure first-rate treatment of workers and the environment, while reducing greenhouse gas emissions across the entirety of our value chain.	Provide high-quality and secure products and services that generate positive outcomes for our customers, society and the environment throughout the entirety of the lifecycle.
Material topics	▪ Health, safety and wellbeing ▪ Diversity, equity and inclusion ▪ Engagement and connection	▪ Modern slavery and labour practices ▪ Sustainable sourcing of materials ▪ Greenhouse gas emissions (Scope 1, 2 and 3)	▪ Product quality, design and innovation ▪ Waste and circularity ▪ Customer privacy and data security
UN goals	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 7 Affordable and Clean Energy 10 Reduced Inequalities 13 Climate Action 16 Peace, Justice and Strong Institutions	3 Good Health and Well-Being 7 Affordable and Clean Energy 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 13 Climate Action 16 Peace, Justice and Strong Institutions	7 Affordable and Clean Energy 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production 13 Climate Action 17 Partnerships for the Goals
EcoVadis theme	Labor & Human Right Ethics	Labor & Human Right Ethics Environment Sustainable Procurement	Ethics Environment Sustainable Procurement

United Nations (UN) Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals (SDGs) provide a global framework for sustainable development across economic, social, and environmental dimensions. At AoFrio, we use the SDGs to ensure our sustainability actions remain aligned with our material topics and strategic priorities. By mapping our areas of focus to the SDGs, we can clearly identify our direct contributions to global sustainability and ensure our efforts support the issues that matter most to our customers, stakeholders, and business.

EcoVadis

EcoVadis is a leading provider of business sustainability ratings, assessing companies on their environmental, social, and ethical performance. At AoFrio, the annually updated EcoVadis methodology enables us to consistently monitor, quantify, and evaluate our progress against our objectives, material topics, UN Goals, and overall sustainability strategy. This structured approach supports continuous improvement, helps us meet evolving expectations, and strengthens our ability to advance our sustainability performance year on year.

COMMITTED
ecovadis
Sustainability Rating
MAY 2025

Pillars	Our TEAM
Objectives	Foster a diverse, strong and healthy workplace culture across all levels of the business where individuals feel respected, challenged and included.
Material topics	▪ Health, safety and wellbeing ▪ Diversity, equity and inclusion ▪ Engagement and connection
UN goals	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 7 Affordable and Clean Energy; 10 Reduced Inequalities; 13 Climate Action; 16 Peace, Justice and Strong Institutions
EcoVadis theme	Labor & Human Right; Ethics

Our Team

Our thriving, connected, and continuously learning team is a critical driver of our sustainability journey. This year we lifted our Employee Engagement Score to 72%, with retention at 92.2%. Contributors to these results include Diversity & Inclusion activities driven by our AoWLead (AoFrio Women Leaders) group, as well as uptake of our language scholarship programmes and remote-working benefits. We also expanded our peer-to-peer learning culture through a full calendar of Skill Share sessions, enabling employees across AoFrio to learn directly from internal experts.

Pillars	Our OPERATIONS
Objectives	Work with our supply chain partners to ensure first-rate treatment of workers and the environment, while reducing greenhouse gas emissions across the entirety of our value chain.
Material topics	▪ Modern slavery and labour practices ▪ Sustainable sourcing of materials ▪ Greenhouse gas emissions (Scope 1, 2 and 3)
UN goals	3 Good Health and Well-Being; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 16 Peace, Justice and Strong Institutions
EcoVadis theme	Labor & Human Right; Ethics; Environment; Sustainable Procurement

Our Operations

This year we took meaningful steps to strengthen sustainability across our operations and supply chain. Notably, we achieved the EcoVadis Committed Badge, recognising our ESG foundations across Environment, Labour & Human Rights, Ethics, and Sustainable Procurement.

Underpinning our progress for this pillar, we took steps to strengthen operational governance of our global health and safety practices, including introducing a new reporting platform; completed a CIS v8 security assessment as part of ongoing work to strengthen our cyber security posture; and completed a Supplier Code of Conduct to formalise ethical and sustainable expectations across our supply chain.

Pillars	Our PRODUCTS
Objectives	Provide high-quality and secure products and services that generate positive outcomes for our customers, society and the environment throughout the entirety of the lifecycle.
Material topics	▪ Health, safety and wellbeing ▪ Diversity, equity and inclusion ▪ Engagement and connection
UN goals	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS
EcoVadis theme	Ethics; Environment; Sustainable Procurement

Our Product

This year we launched two new products that reflect our commitment to designing and delivering solutions that help our customers operate more sustainably, without compromising on our quality or security.

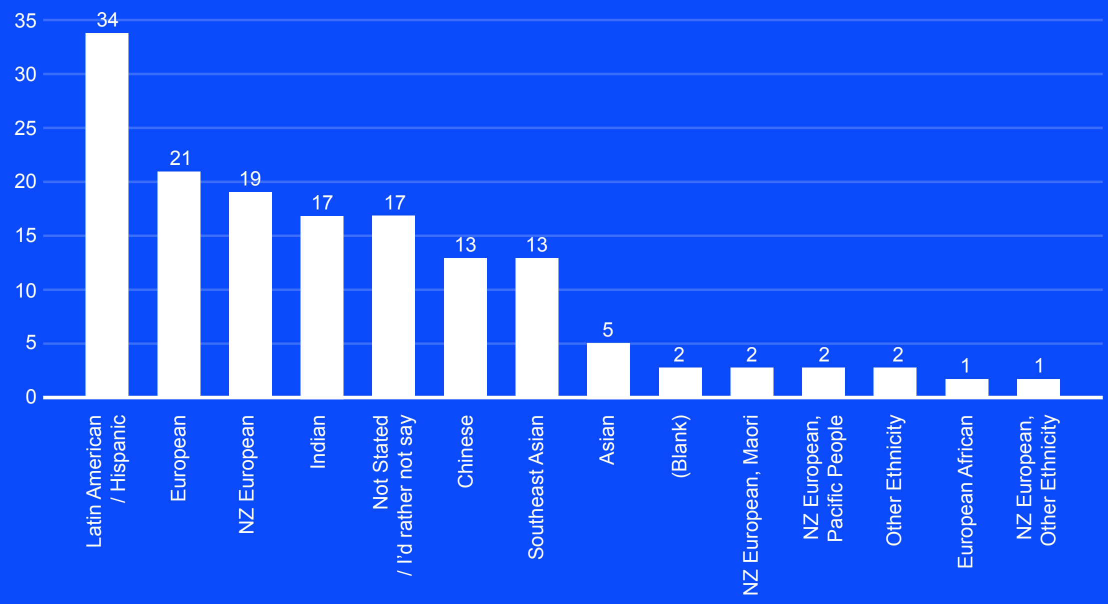
AoFrio iQ, our new SaaS insights platform, provides real-time asset visibility and insights that enable customers to make better decisions around service, maintenance, commercial activities, and energy efficiency. This enhances our customers' ability to achieve lower emissions across their entire cooler fleet.

In terms of IoT innovation, the newly launched SCS800 Cellular Controller provides always-on connectivity, data capture, remote diagnostics, and power-backup location tracking. These capabilities help customers reduce unnecessary service visits and improve energy efficiency.

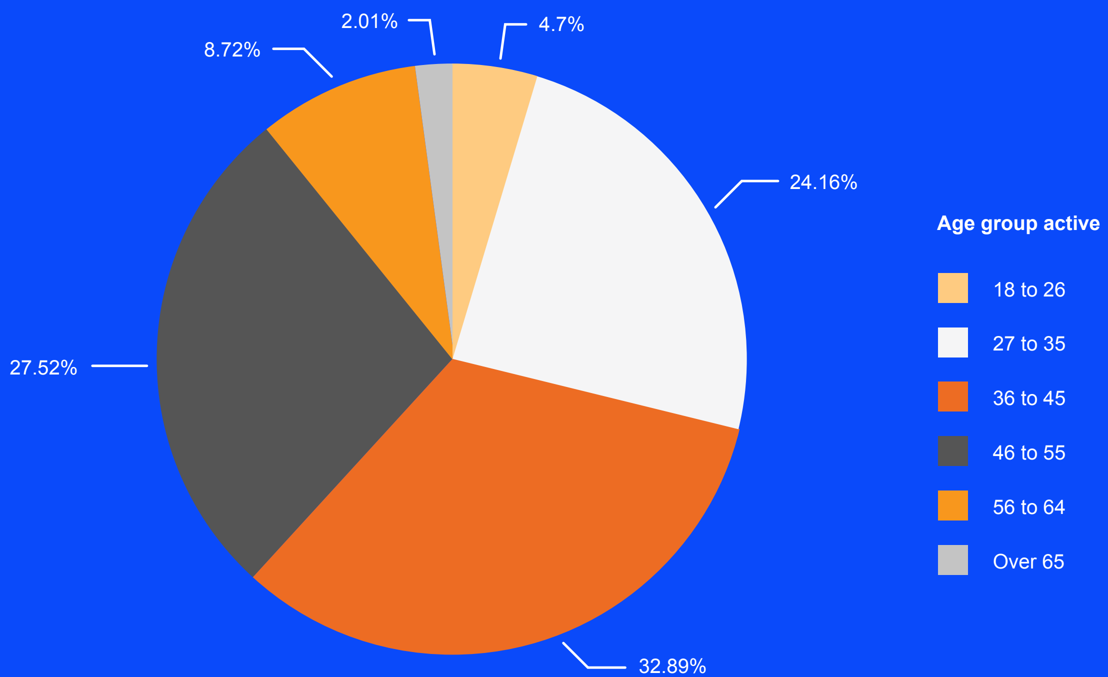
Our workforce

By the numbers (full time equivalents).

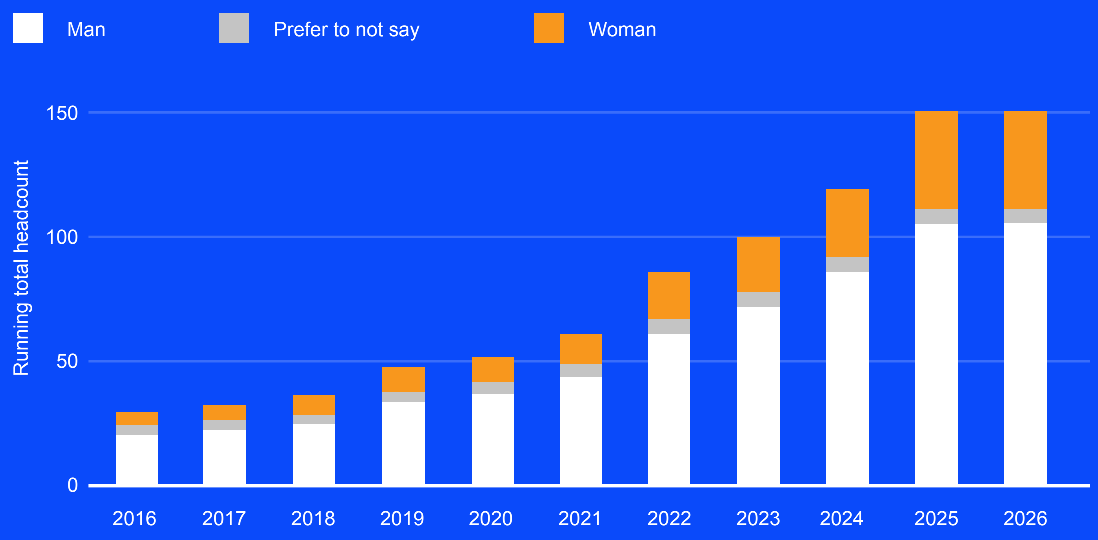
Count by ethnicity



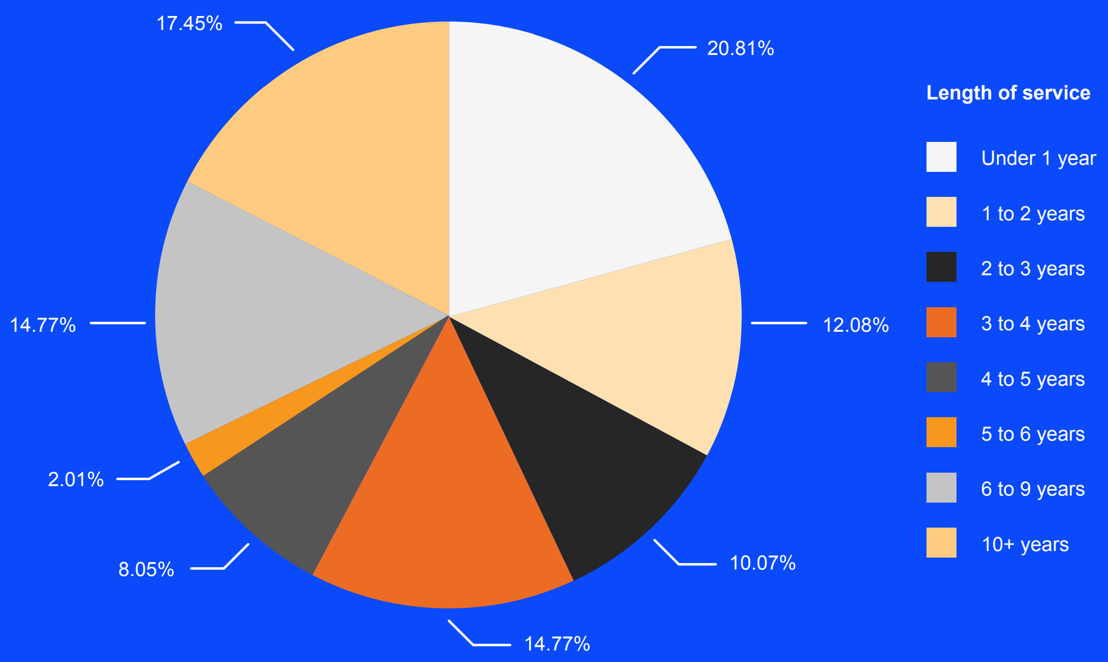
Age group



Gender diversity



Length of service



Looking Forward

Our aspirational roadmap and progress.

Current

T — Health & Safety Global Review
Continuous improvements

T — Language Scholarship Program
Continuing

T — Leadership Development Program
Leadership DNA designed and program design in progress

T — Diversity Targets
In progress

O — Implement a Sustainable Supplier Policy & Supplier Code of conduct
Sustainable Code of Conduct completed and implemented, Sustainable Supplier Policy in progress

O — Review physical and transition risks likely to have a material effect on AoFrio
On roadmap

O — Identify climate-based scenarios for AoFrio and conduct a scenario analysis process
On roadmap

P — Complete a test case LCA
On roadmap

P — Begin Data collection of product components for GHG Reporting
On roadmap

Planned

T — Track and improve diversity
On roadmap

O — Set Emissions reduction target and begin reporting Scope 1 & 2 emissions
On roadmap

O — Track Suppliers EcoVadis Rating
On roadmap

O — Describe the scenario analysis process externally
On roadmap

O — Develop a conflict minerals policy
Move to Current – In Progress

P — Invest in Research and Development (R&D) aimed at continuing reductions of emissions intensities
On roadmap

P — Establish a process for tracking energy intensity savings for clients that have purchased IoT services
Move to Current – In Progress

Financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2025

	Note	2025 $000s	2024 $000s
Revenue	2.2	**83,186**	79,690
Cost of sales		**(56,782)**	(56,468)
Gross profit		**26,404**	23,222
Net foreign exchange loss		**(157)**	(14)
Other income	2.3	**864**	591
Operating expenses	2.4	**(23,608)**	(21,285)
Earnings before interest, taxation, depreciation, amortisation and impairment		**3,503**	2,514
Depreciation	3.2	**(949)**	(815)
Amortisation	3.3	**(2,672)**	(1,959)
Loss before interest & taxation		**(118)**	(260)
Finance income	4.2	**62**	48
Finance expenses	4.2	**(1,975)**	(1,678)
Loss before income tax		**(2,031)**	(1,890)
Income tax (expense) / credit	2.5a	**(55)**	10
Loss for the year		**(2,086)**	(1,880)
Other comprehensive income: Items that may be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations	4.5b	**394**	(423)
Other comprehensive income / (loss) for the year		**394**	(423)
Total comprehensive loss for the year		**(1,692)**	(2,303)
Loss for the year attributable to the Owners of the Company		**(2,086)**	(1,880)
Total comprehensive loss attributable to the Owners of the Company		**(1,692)**	(2,303)
Basic (loss) profit per share – cents	2.6	**(0.48)**	(0.44)
Diluted (loss) profit per share – cents	2.6	**(0.48)**	(0.44)

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

Consolidated Statement of Movements in Equity

for the year ended 31 December 2025

2025	Note	Contributed equity $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Balance on 1 January 2025		**135,578**	**(113,621)**	**(4,646)**	**17,311**
Comprehensive income					
Loss for year		**-**	**(2,086)**	**-**	**(2,086)**
Other comprehensive income					
Exchange differences on translation of foreign operations	4.5b	**-**	**-**	**394**	**394**
Total comprehensive income		**-**	**(2,086)**	**394**	**(1,692)**
Share option compensation expensed	4.5a	**-**	**-**	**16**	**16**
Contributions of equity, net of costs	4.3	**239**	**-**	**-**	**239**
Balance on 31 December 2025		**135,817**	**(115,707)**	**(4,236)**	**15,874**

2024	Note	Contributed equity $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Balance on 1 January 2024		135,578	(111,741)	(4,294)	19,543
Comprehensive income					
Loss for the year		-	(1,880)	-	(1,880)
Other comprehensive income					
Exchange differences on translation of foreign operations	4.5b	-	-	(423)	(423)
Total comprehensive income		-	(1,880)	(423)	(2,303)
Share option compensation expensed	4.5a	-	-	71	71
Balance on 31 December 2024		135,578	(113,621)	(4,646)	17,311

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

Consolidated Statement of Financial Position

as at 31 December 2025

	Note	**2025 $000s**	2024 $000s
Current Assets			
Cash and cash equivalents	3.1a	**1,342**	2,093
Trade and other receivables	3.1b	**21,102**	20,475
Derivative financial instruments	6.4	**-**	-
Inventories	3.1c	**7,481**	9,433
Total current assets		**29,925**	32,001
Non-Current Assets			
Property, plant and equipment	3.2	**6,143**	5,775
Deferred tax asset	2.5b	**10,576**	10,370
Intangible assets	3.3	**24,121**	19,029
Total non-current assets		**40,840**	35,174
Total assets		**70,765**	67,175
Current Liabilities			
Trade and other payables	3.1d	**23,009**	24,113
Contract liability	2.2	**3,068**	2,524
Provisions	3.1e	**135**	139
Derivative financial instruments	6.4	**24**	295
Liabilities in respect of right-of-use assets	6.5	**366**	268
Borrowings	4.1	**9,228**	4,237
Total current liabilities		**35,830**	31,576
Non-Current Liabilities			
Borrowings	4.1	**325**	341
Liabilities in respect of right-of-use assets	6.5	**4,026**	3,998
Contract liability	2.2	**14,710**	13,949
Total non-current liabilities		**19,061**	18,288
Total liabilities		**54,891**	49,864
Net assets		**15,874**	17,311

Consolidated Statement of Financial Position - continued

as at 31 December 2025

	Note	**2025 $000s**	2024 $000s
Equity			
Contributed equity	4.3	**135,817**	135,578
Accumulated losses	4.4	**(115,707)**	(113,621)
Other reserves	4.5	**(4,236)**	(4,646)
Total equity		**15,874**	17,311

For and on behalf of the Board

Director
27 February 2026

Director
27 February 2026

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

Consolidated Cash Flow Statement

for the year ended 31 December 2025

	Note	2025 $000s	2024 $000s
Cash flows from operating activities			
Receipts from customers exclusive of GST / VAT		**83,527**	81,140
Payments to suppliers and employees exclusive of GST / VAT		**(79,739)**	(74,279)
Foreign exchange loss		**(157)**	(14)
Other income		**864**	591
Interest paid		**(1,875)**	(1,683)
Interest received	4.2	**62**	48
Taxation paid		**(36)**	(16)
Net GST / VAT received / (paid)		**1,173**	(25)
Net cash inflow from operating activities		**3,819**	5,762
Cash flows from investing activities			
Payments for property, plant, and equipment		**(1,100)**	(483)
Payments for intangible assets	3.3	**(7,978)**	(5,419)
Net cash outflow from investing activities		**(9,078)**	(5,902)
Cash flows from financing activities			
New loans and drawdowns	4.1	**28,044**	14,770
Loan repayments	4.1	**(23,225)**	(15,630)
Principal payments for right-of-use assets	6.5	**(302)**	(186)
Net cash inflow / (outflow) from financing activities		**4,517**	(1,046)
Net decrease in cash and cash equivalents		**(742)**	(1,186)
Cash and cash equivalents at the beginning of the financial period		**2,093**	3,295
Effect of exchange rate movements on cash		**(9)**	(16)
Cash and cash equivalents at end of year	3.1a	**1,342**	2,093

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

Notes to the Consolidated Financial Statements.

1. Basis of preparation

This section sets out the Group's material accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a note, that policy is stated in the note to which it relates.

1.1 General Information

AoFrio Limited (the "Company") and its subsidiaries (together the "Group") develop Internet of Things (IoT) solutions and manufacture, market and sell energy saving, electronically commutated (EC) motors and fans for worldwide use.

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 consolidated financial statements have been approved for issue by the Board of Directors on 27 February 2026.

1.2 Summary of Significant Accounting Policies

(a). Basis of preparation

These consolidated 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 financial statements comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with IFRS Accounting Standards (IFRS).

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

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 these 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 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 consolidated financial statements of the Group.

Effective 1 January 2025, the Group adopted the amendments to NZ IAS 21 *The Effects of Changes in Foreign Exchange Rates issued by the IASB* in August 2023. These amendments clarify how to determine whether a currency is exchangeable into another and, when it is not, how to estimate the spot exchange rate for translation purposes.

The amendments require:

- Identification of circumstances where exchangeability is lacking.
- Estimation of a spot exchange rate when observable rates are not available.
- Additional disclosures about the nature and financial impact of non-exchangeability.

The adoption of these amendments did not have a material impact on the Group's consolidated financial statements for the year ended 31 December 2025. The Group does not currently operate in jurisdictions where exchangeability is restricted. Accordingly, no significant changes were made to the measurement of foreign currency transactions or balances. The Group will continue to monitor developments in markets where exchangeability may become limited and will apply the guidance as required.

Going concern assumption

The Group reported a loss for the year ended 31 December 2025 of $2,086,000 (2024: loss of $1,880,000) and operating cash inflows of $3,819,000 (2024: inflows of $5,762,000). Cash at 31 December 2025 was $1,342,000 (2024: $2,093,000) and net debt (defined as cash balances net of borrowings) was $8,211,000 (2024: $2,485,000).

The Board approved budget for 2026 includes key assumptions on revenue growth, maintaining stable customer pricing and costs of manufacture, stable gross margin with improved profitability delivered from increased revenues and positive operating cash flows. In addition the Board assumes that the bank will continue to provide a trade facility of at least $10m for at least 12 months beyond the approval of these financial statements.

The Board is satisfied that if global supply chain or macro-economic conditions adversely impact demand for the Group, the Group can and will manage its planned increases in operating and capital expenditure to ensure the Group maintains adequate cash reserves for at least the next 12 months after reporting date.

The Board closely monitors the Group's compliance with banking covenants.

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.

(b). Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect these returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets transferred and equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

(c). Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is US Dollars because its purchase and sale of product is mainly denominated in US Dollars. Subsidiaries and operations in the USA, Brazil, Turkey, Mexico, Italy, Australia and Singapore use their local currency as the functional currency.

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand, which is the Group's presentation currency. The presentation currency remains New Zealand dollars due to the Company's shareholder base being concentrated in New Zealand.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(iii) Foreign operations

The results and balance sheets of all foreign operations that have a functional currency different from New Zealand dollars are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the Statement of Financial Position.
- income and expenses for each Statement of Comprehensive Income are translated at the rates prevailing on the transaction dates; and
- all resulting exchange differences are recognised in other comprehensive income as a separate component of equity.

(d). 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.

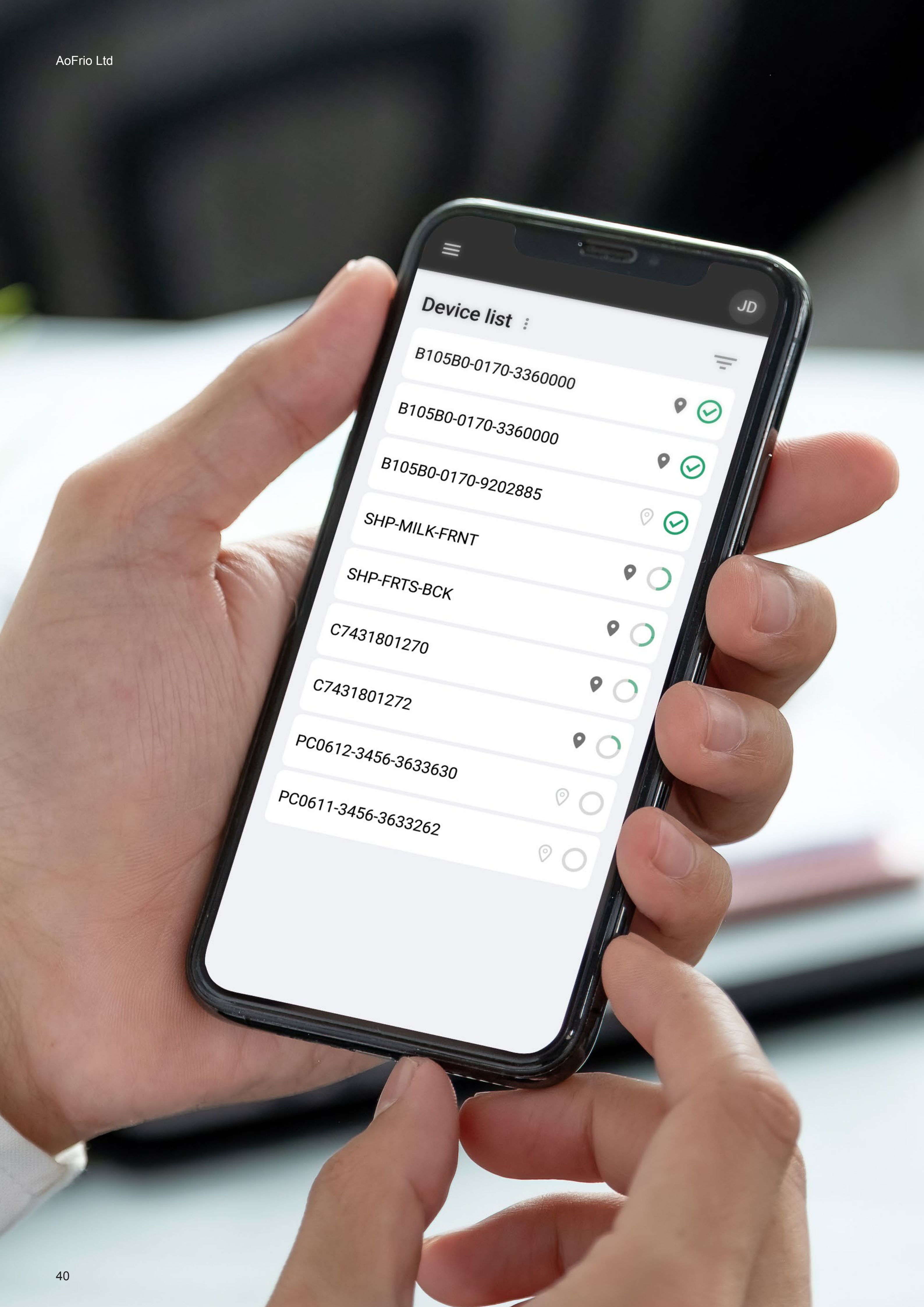
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities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

Areas of estimation

- Going concern – forecasts – note 1.2a
- Development costs – impairment testing – note 3.3

Areas of judgement

- Development costs – capitalisation of expenses and economic life – note 3.3
- Deferred tax asset – recognition – note 2.5b


Device list
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B105B0-0170-3360000
B105B0-0170-9202885
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SHP-FRTS-BCK
C7431801270
C7431801272
PC0612-3456-3633630
PC0611-3456-3633262
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2. Results for the year

This section focuses on the results and performance for the Group and how those numbers are calculated.

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:

2025	**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)**
(Loss) / profit before interest & taxation	**1,893**	**9,094**	**(11,105)**	**(118)**
Finance income	**-**	**-**	**62**	**62**
Finance expense	**-**	**-**	**(1,975)**	**(1,975)**
(Loss) / profit before income tax	**1,893**	**9,094**	**(13,018)**	**(2,031)**
Income tax expense	**-**	**-**	**(55)**	**(55)**
(Loss) / profit for the year	**1,893**	**9,094**	**(13,073)**	**(2,086)**

2025	**Motors $000s**	**IoT $000s**	**Unallocated $000s**	**Total $000s**
Non-current assets				
Property, plant & equipment	**52**	**9**	**6,082**	**6,143**
Deferred tax asset	**-**	**-**	**10,576**	**10,576**
Goodwill	**-**	**3,416**	**-**	**3,416**
Other intangible assets	**5,146**	**14,998**	**561**	**20,705**
Total	**5,198**	**18,423**	**17,219**	**40,840**

2024	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 loss	-	-	(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)
(Loss) / profit before interest & taxation	1,055	8,678	(9,993)	(260)
Finance income	-	-	48	48
Finance expense	-	-	(1,678)	(1,678)
(Loss) / profit before income tax	1,055	8,678	(11,623)	(1,890)
Income tax expense	-	-	10	10
(Loss) / profit 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
Other 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	**2025 $000s**	2024 $000s
Americas	**70,427**	67,693
Asia / Pacific (APAC)	**6,930**	5,606
Europe / Middle East / Africa (EMEA)	**5,829**	6,391
Total	**83,186**	79,690

Revenue is allocated above based on the country in which the customer is located.

APAC revenue includes $779,000 (2024: $758,000) from New Zealand customers.

Major Customers

The Group has four major customers (defined as customers representing 10% or more of revenues) accounting for invoiced revenues of $40,505,000 (2024: two customers accounting for invoiced revenues of $21,800,000), all within the Americas geographic segment.

Total non-current assets	**2025 $000s**	2024 $000s
Americas	**1,356**	574
Asia / Pacific – mainly in New Zealand	**39,442**	34,526
Europe / Middle East / Africa	**42**	74
Total	**40,840**	35,174

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

2.2 Revenue

	2025 $000s	2024 $000s
Motors		
Sales of goods revenue – recognised at a point in time	**36,062**	36,426
IoT		
Sales of goods revenue – recognised at a point in time	**43,961**	40,604
Services revenue – recognised over time	**3,163**	2,660
	47,124	43,264
	83,186	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 revenue from contracts with customers 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 who require local delivery. The distributor transacts as agent. The Group is the principal in these transactions. Sales of product are recognised when the distributor delivers 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 extended 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. A receivable is recognised when the goods are delivered as this is the point of time that the consideration is unconditional because only the passage of time is required before the payment is due.

(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 and AoFrio Monitor 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 over the time period. No explicit element of financing is deemed present as the purpose of the advance payment 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	**2025 $000s**	2024 $000s
Carrying amount at start of year	**16,473**	12,294
Invoiced in the year	**4,798**	5,296
Recognised in revenue	**(3,163)**	(2,660)
Exchange adjustment	**(330)**	1,543
Carrying amount at end of year	**17,778**	16,473
Current portion	**3,068**	2,524
Non-current portion	**14,710**	13,949
	17,778	16,473

2.3 Other income

	2025 $000s	2024 $000s
Research & Development tax incentive claims received	**775**	452
Other income	**89**	139
	864	591

2.4 Operating expenses include

	2025 $000s	2024 $000s
Wages and salaries and other short-term benefits	**22,823**	19,828
Employer contributions to Kiwisaver and 401K plans	**735**	610
Employee share options expense	**16**	71
Total employee benefits	**23,574**	20,509
Payments to contractors	**1,221**	623
Capitalisation of labour and expenses to intangible assets	**(7,331)**	(4,900)

The amount disclosed above for wages and salaries is stated before capitalisation of labour to intangible assets.

Liabilities 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 a past practice that has created a constructive obligation.

2.5 Income tax expense

Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current period's taxable income (based on the national income tax rate for each jurisdiction) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Goods and Services Tax (GST) and Value Added Tax (VAT)

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST and VAT. All items in the Statement of Financial Position are stated net of GST and VAT, except for receivables and payables, which include GST and VAT invoiced.

(a). Income tax

	2025 $000s	2024 $000s
Current year income tax (expense) / credit	**(261)**	3
Deferred tax – recognition of deferred tax asset	**206**	7
Income tax (expense) / credit	**(55)**	10

The income tax credit for the year can be reconciled to the result before tax as follows:

	2025 $000s	2024 $000s
Reported loss for the year before tax	**(2,031)**	(1,890)
Tax at 28%	**(569)**	(529)
Adjustment of losses brought forward	**685**	(527)
Effect of different tax rates in other jurisdictions	**(18)**	-
Tax effect of non-deductible / non-assessable items	**18**	(225)
Recognition of carried forward tax losses	**(171)**	1,291
Income tax (expense) / credit for the year	**(55)**	10

(b). Deferred tax

As it is probable that future taxable amounts will be available to utilise temporary differences and losses, based on projection of taxable income, a deferred tax asset is recognised for deductible temporary differences and for that portion of the unused tax losses that are expected to be utilised in the five years 2026 through to 2030. 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset, and they relate to the same tax authority. The tax rate applicable to each group company has been used to determine the below recognised and unrecognised deferred tax assets:

	2025 $000s	2024 $000s
Doubtful debts	**1**	15
Inventory provisions and unrealised profit eliminations	**218**	252
Employee benefits	**383**	518
Internally generated development	**(3,199)**	(3,626)
Warranty provision	**38**	39
Contract liabilities	**4,392**	3,793
Rebates	**68**	277
Fixed assets	**(1,064)**	(1,040)
Right of use lease liability	**1,227**	1,205
Other timing differences	**11**	-
Total temporary differences	**2,075**	1,433

	2025 $000s	2024 $000s
Tax losses to carry forward	**24,997**	25,880
Total temporary differences and tax losses to carry forward	**27,072**	27,313
Deferred tax asset recognised for:		
Temporary differences	**1,897**	1,214
Carry forward tax losses recognised	**8,679**	9,156
Total recognised	**10,576**	10,370

The benefit of unrecognised tax losses is $16,318,000 (2024: $16,724,000). Of the total consolidated losses available to carry forward to future years, $3,616,000 (2024: $3,336,000) arises in the USA and is subject to their continuity requirements. USA Federal tax losses expire after 15 to 20 years, depending on when those losses were incurred. During 2025 no USA Federal tax losses expired (2024: None).

(c). Imputation credits

The Group has no imputation credits available (2024: $nil) and no movements occurred in the Imputation Credit Account (2024: $nil).

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 (2024: loss of 0.44 cents) is calculated by dividing the loss attributable to equity holders of the Company of $2,086,000 (2024: loss of $1,880,000) by the weighted average number of ordinary shares in issue during the year of 433,052,301 (2024: 431,853,006).

Diluted EPS of a loss of 0.48 cents (2024: loss of 0.44 cents) is calculated by dividing the loss attributable to equity holders of the Company of $2,086,000 (2024: loss of $1,880,000) by the weighted average number of shares in issue during the year. No adjustment was made for effects of 12,930,000 dilutive potential ordinary shares, refer to note 6.2(c), because the effect would have been anti-dilutive.

3. Operating assets and liabilities

This section focuses on the assets used to generate the Group's trading performance and the liabilities incurred as a result.

3.1 Working capital

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.

(a). Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

	2025 $000s	2024 $000s
Cash on hand and at bank	**569**	1,734
Call deposits	**420**	5
Short term bank deposit	**353**	354
	1,342	2,093

The carrying amount of the Group's cash and cash equivalents is denominated in the following currencies:

NZD	**484**	411
USD	**495**	1,627
Other	**363**	55
	1,342	2,093

(b). Trade and other receivables

Trade receivables are recognised initially at the value of the invoice sent to the customer. The Group generally holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables are generally due for settlement no more than 120 days from the date of recognition.

The Group applies the simplified approach permitted by NZ IFRS 9 which requires expected lifetime 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.

NZ IFRS 9 requires the Group to calculate expected credit losses on trade receivables using a provision matrix. The Group has reviewed its credit loss experience and has determined that the probability weighted credit loss experience over that period was approximately 0.1% of revenue. Consideration has been given to market environmental factors to determine whether future conditions will impact. The provision for expected credit loss at balance date has been calculated at 1.5% for customers assessed as higher risk and 0.1% for all others (2024: 1.5% and 0.1% respectively).

	2025 $000s	2024 $000s
Trade receivables	**20,189**	19,140
Provision for loss allowance	**(34)**	(51)
Net trade receivables	**20,155**	19,089
Prepayments	**444**	389
VAT / GST refunds due	**130**	300
Income tax refund due	**108**	333
Other receivables	**265**	364
	21,102	20,475

The carrying amount of the Group's trade and other receivables is denominated in the following currencies:

NZD	**144**	191
USD	**19,940**	18,591
EUR	**500**	111
MXP	**143**	352
BRL	**267**	746
Other	**108**	484
	21,102	20,475

Provision for loss allowance		
Carrying amount at start of year	**51**	41
Decrease in loss allowance	**(15)**	2
Exchange adjustment	**(2)**	8
Carrying amount at end of year	**34**	51

The decrease in provision is recognised within 'Operating expenses' in the Statement of Comprehensive Income.

(c). Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory based on first in first out. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Management reviews inventory on a line-by-line basis. Judgments are made about expected selling prices and obsolescence based on forecast sales. A provision is recognised for inventory which is expected to sell for less than cost.

	2025 $000s	2024 $000s
Finished goods – at cost	**6,850**	8,113
Raw materials – at cost	**641**	1,638
Less inventory provisions	**(10)**	(318)
Total inventories	**7,481**	9,433

Cost of inventories recognised as an expense and included in cost of sales $54,445,000 (2024: $53,704,000).

(d). Trade and other payables

Trade payables are recognised at the value of the invoice received from a supplier. These amounts represent liabilities for goods and services provided to the Group prior to balance date. The amounts are unsecured and are usually paid within 90-120 days of recognition.

	2025 $000s	2024 $000s
Trade payables	**19,047**	19,571
Employee entitlements	**2,061**	2,614
GST / VAT payable	**1,032**	395
Accrued expenses	**869**	1,533
	23,009	24,113

The carrying amount of the Group's trade and other payables is denominated in the following currencies:

NZD	**2,856**	2,948
USD	**18,813**	20,455
Other	**1,340**	710
	23,009	24,113

(e). Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group sells goods with warranty periods of up to five years. The terms of the warranty provide that the Group will repair or replace items that fail to perform satisfactorily. A provision has been recognised based on historical data and average levels of repairs and warranty claims experienced by the Group. It is expected that the provision will be utilised within one year as any product failures are typically exhibited within one year of sale.

Warranty provision	**2025 $000s**	2024 $000s
Carrying amount at start of year	**139**	133
Additional provisions recognised	**7**	107
Amounts used	**(7)**	(118)
Exchange adjustment	**(4)**	17
Carrying amount at end of year	**135**	139

3.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items and the costs of bringing the asset to the location and condition for it to be capable of operating in the manner intended.

Costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Depreciation of owned plant and equipment is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives, as follows:

	Useful Life
Plant and equipment	3 – 15 years
Property	12 years
Office equipment, furniture and fittings	3 – 15 years

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Plant and equipment can be analysed as follows:

	Plant & equipment $000s	Office equipment, furniture & fittings $000s	Properties $000s	Total $000s
Year ended 31 December 2024				
Opening net book amount	713	411	4,358	5,482
Additions	314	143	26	483
Depreciation	(229)	(136)	(450)	(815)
Disposals	-	-	-	-
Exchange adjustment	59	43	523	625
Closing net book amount	857	461	4,457	5,775

	Plant & equipment $000s	Office equipment, furniture & fittings $000s	Properties $000s	Total $000s
At 31 December 2024				
Cost	5,228	987	4,855	11,070
Accumulated depreciation and impairment	(4,390)	(508)	(783)	(5,681)
Exchange adjustment	19	(18)	385	386
Net book amount	857	461	4,457	5,775
Year ended 31 December 2025				
Opening net book amount	**857**	**461**	**4,457**	**5,775**
Additions	**527**	**400**	**549**	**1,476**
Depreciation	**(257)**	**(215)**	**(477)**	**(949)**
Disposals	**-**	**-**	**-**	**-**
Exchange adjustment	**(50)**	**(16)**	**(93)**	**(159)**
Closing net book amount	**1,077**	**630**	**4,436**	**6,143**
At 31 December 2025				
Cost	**5,755**	**1,387**	**5,404**	**12,546**
Accumulated depreciation and impairment	**(4,647)**	**(723)**	**(1,260)**	**(6,630)**
Exchange adjustment	**(31)**	**(34)**	**292**	**227**
Net book amount	**1,077**	**630**	**4,436**	**6,143**

The above amounts include those relating to right-of-use assets. Refer to note 6.5 for further disclosures.

Capital commitments

Capital commitments contracted for at 31 December 2025 amounted to $357,000 (2024: $471,000).

3.3 Intangible assets

Research, development and patent costs

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design to produce new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. This involves the use of judgement. Development costs are capitalised once it can be demonstrated that the asset is supported by future economic benefits. Management considers the following criteria when making its judgment as to when it is appropriate to commence capitalisation of development costs:

- Technical feasibility of completing the development so that it will be available for use or sale.
- Intention to complete the development.
- Ability to use the developed asset or sell it.
- Existence of a market.
- Availability of adequate technical, financial, and other resources to complete and commercialise the development; and
- Ability to measure reliably the expenditure attributable to the development.

All capitalised development costs met the criteria as outlined above.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

Development expenditure which does not meet the criteria for capitalisation is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, up to a maximum of 10 years for motors and up to a maximum of 5 years for IoT hardware. Judgment is involved in determining this period of benefit. For motors, the Group considered the earlier versions of motors and the length of time from completion to continued sales contribution; whereas for IoT hardware, the Group considered that 5 years is an appropriate life given the inherent risk of rapid technological change.

Patents

Capitalised patent costs are amortised on a straight-line basis over the period of expected benefit no longer than the life of the patent, up to a maximum of 20 years.

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Impairment testing of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Goodwill is tested annually for impairment, or immediately if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

	Internally Generated Development $000s	Patents $000s	Goodwill $000s	Other $000s	Total $000s
Year ended 31 December 2024					
Opening net book amount	10,189	211	3,190	333	13,923
Additions	5,372	32	-	15	5,419
Amortisation	(1,898)	(57)	-	(4)	(1,959)
Exchange adjustment	1,516	25	64	41	1,646
Closing net book amount	15,179	211	3,254	385	19,029
At 31 December 2024					
Cost	29,370	1,726	3,219	1,035	35,350
Accumulated amortisation & impairment	(16,639)	(1,588)	-	(686)	(18,913)
Exchange adjustment	2,448	73	35	36	2,592
Net book amount	15,179	211	3,254	385	19,029
Year ended 31 December 2025					
Opening net book amount	**15,179**	**211**	**3,254**	**385**	**19,029**
Additions	**7,934**	**31**	**-**	**13**	**7,978**
Amortisation	**(2,611)**	**(60)**	**-**	**(1)**	**(2,672)**
Exchange adjustment	**(359)**	**(6)**	**161**	**(10)**	**(214)**
Closing net book amount	**20,143**	**176**	**3,415**	**387**	**24,121**
At 31 December 2025					
Cost	**37,304**	**1,757**	**3,219**	**560**	**42,840**
Accumulated amortisation & impairment	**(19,250)**	**(1,648)**	**-**	**(199)**	**(21,097)**
Exchange adjustment	**2,089**	**67**	**196**	**26**	**2,378**
Net book amount	**20,143**	**176**	**3,415**	**387**	**24,121**

Goodwill relates to the iProximity Pty Limited which is a component of the IoT reportable segment.

Internally generated development costs include **$11,393,000** (2024: $11,559,000) for projects underway and not complete at balance date. This cost is not yet being amortised.

Movement in intemally generated development costs	2025 $000s	2024 $000s
Opening net book amount - projects not completed	**11,559**	5,193
Additions	**7,934**	5,372
Completed	**(7,852)**	(23)
Exchange adjustment	**(248)**	(1,017)
Closing net book amount - projects not completed	**11,393**	11,559
Amortisation and impairment		
Amortisation of intangible assets	**2,672**	1,959
Impairment of intangible assets	**-**	-
	2,672	1,959

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 its impairment test at 31 December 2025.

The recoverable amount of the IoT CGU at 31 December 2025 has been 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 cash flow projections is 13.5% (2024: 13.5%) and cash flows beyond 2026 using the 11.48% growth rate for IoT revenue over the period from 2019 to 2025 (2024: 12.48%).

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 are based on the 2026 budget pricing and product costs. The gross margin in 2025 was 42.5% and is forecast at 40.4% for 2026 and later years. Operating expenses for 2026 are budgeted $0.2 million higher than 2025 and increase proportional to revenue in later years. In the 2026 annual operating budget, the ratio of operating expenses to revenue is 16.8% and this is expected to be maintained in later years.

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

A reasonable possible change in the assumtions will not result in an impairment.

4. Capital and financing costs

This section sets out the Group's capital structure and shows how it finances its operations and growth.

To finance the Group's activities (now and in the future) the Board monitors and determines the appropriate capital structure for AoFrio to execute strategy and to deliver its business plan.

4.1 Borrowings

	2025 $000s	2024 $000s
Current portion		
Bank trade finance facility	**9,207**	4,216
Bank loans	**21**	21
Liability at end of year	**9,228**	4,237
Non-Current portion		
Bank loans	**325**	341
Liability at end of year	**325**	341

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right at the end of the reporting period to defer settlement of the liability for at least 12 months after balance date. Borrowing costs are expensed when incurred.

Movements in bank and other loans during the year were:

	2025 $000s	2024 $000s
Liability at start of year	**4,578**	4,985
New loans and drawdowns	**28,044**	14,770
Repayments	**(23,225)**	(15,630)
Exchange adjustment	**156**	453
Liability at end of year	**9,553**	4,578

Bank trade finance facility

The bank trade finance facility is $10m, repayable on demand and is secured. The Company can finance invoices to certain customers over a maximum term of 120 days. Interest is payable at a 3.25% margin above bank base lending rate. The weighted average interest rate charged in 2025 was 8.80% (2024: 9.86%). Refer to note 5.1(d) for covenants details.

Bank term loans

The Company's US subsidiary loan is US$199,800 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

	2025 $000s	2024 $000s
Finance income		
Other interest income	62	48
	62	48
Finance expenses		
Interest expense – Bank loans	1,037	482
Other interest expense	938	1,196
	1,975	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.

	2025 Shares	2024 Shares	**2025 $000s**	2024 $000s
Opening balance of ordinary shares on issue	**431,853,006**	431,853,006	**135,578**	135,578
Issue of ordinary shares during the year (note 6.2b)	**2,379,036**	-	**239**	-
Ordinary fully paid shares on issue at year 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.

4.4 Accumulated losses

	2025 $000s	2024 $000s
Opening balance	**(113,621)**	(111,741)
Loss for the year	**(2,086)**	(1,880)
Accumulated losses at end of year	**(115,707)**	(113,621)

4.5 Other reserves

	2025 $000s	2024 $000s
Share option compensation reserve	**612**	596
Currency translation reserve	**(4,848)**	(5,242)
	(4,236)	(4,646)

(a). Share Option Compensation Reserve

	2025 $000s	2024 $000s
Share based compensation recognised at start of year	**596**	525
Net compensation expensed	**16**	71
	612	596

(b). Currency Translation Reserve

	2025 $000s	2024 $000s
Opening balance	**(5,242)**	(4,819)
Exchange loss on translation of foreign operations	**394**	(423)
	(4,848)	(5,242)

5. Risk

This section presents information about the Group's exposure to financial and commercial risks; the Group's objectives, policies and processes for managing those risks.

5.1 Key financial risks

The Group's principal financial instruments comprise receivables, payables, cash and cash equivalents, borrowings, and derivatives.

The Group manages its exposure to the key financial risks – market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group enters into derivative transactions (principally forward currency contracts) to manage currency risks.

(a). Financial market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Presently the Group's revenue is based on USD pricing and invoicing is substantially USD denominated. The Company's functional currency is USD. The majority of the Group's product, manufacturing and logistics cost is invoiced and settled in USD. This provides a strong natural hedge position between revenues and costs. USD funds are converted to NZD to meet New Zealand operational costs as required.

The Group is primarily exposed to changes in other currencies against the USD exchange rate. The Group's exposure to foreign currency risk at the end of the reporting period for currencies other than USD, expressed in NZD was:

2025	**EUR $000s**	**NZ $000s**	**Brazilian Real $000s**	**Mexican Peso $000s**	**Other $000s**
Cash	**311**	**484**	**-**	**38**	**14**
Trade and other receivables	**500**	**144**	**267**	**143**	**108**
Trade and other payables	**(29)**	**(2,856)**	**(65)**	**(1,206)**	**(40)**
Liabilities in respect of right-of-use assets	**-**	**(4,392)**	**-**	**-**	**-**
Derivative financial instruments	**-**	**4,500**	**-**	**-**	**-**
2024					
Cash	11	411	-	27	17
Trade and other receivables	111	191	746	352	484
Trade and other payables	(49)	(2,948)	(94)	(500)	(67)
Liabilities in respect of right-of-use assets	-	(4,195)	-	-	-
Derivative financial instruments	-	5,000	-	-	-

The sensitivity of profit or loss to changes in the exchange rates arises mainly from changes in currencies against the local functional currency of the group company. The impact on post tax profit holding all other variables constant, at 10% movement in the USD against the functional currency is as follows:

	2025 $000s	2024 $000s
Gain from decrease relative to the functional currencies	**150**	36
Loss from increase relative to the functional currencies	**(150)**	(36)

The impact on other components of equity is not material because of minimal foreign forward exchange contracts designated as cash flow hedges.

Interest Rate Risk

The interest rate on the bank trade finance facility is at variable rates. All other debt is fixed interest.

The Group has cash deposits in various currencies to facilitate trading in the countries in which it has a presence. Most of the cash deposits are held in either NZD or USD.

The impact of a 1% increase / decrease in interest rates over a one-year period on the closing cash balance is not significant.

(b). Credit risk

The Group generally trades with customers and banking counterparties who are well established. While there are individually significant customers, the Group takes out trade credit insurance to provide better security. Receivables balances are managed by and reported regularly to senior management according to credit management policies and procedures. The amount outstanding at balance date represents the maximum exposure to credit risk.

At balance date, the Group had seven major debtors (defined as debtors representing 10% or more of trade receivables) accounting for outstanding debt of $13,739,000 (2024: six debtors accounting for outstanding debt of $11,797,000).

At balance date, trade receivables of $733,000 were past due but not considered impaired (2024: $547,000). Of this amount $499,000 (2024: $284,000) was 3 months or more overdue.

The Group enters into forward foreign exchange contracts within specified policy limits and only with counterparties approved by Directors.

Cash and cash equivalents are deposited with several financial institutions in New Zealand and overseas. $513,000 is deposited with a major NZ trading bank with a Standard & Poors rating of AA- (2024: $411,000 AA-) and $78,000 (2024: $628,000) with Convera with a Standard & Poors rating of BBB/A-2. The remaining balance of $751,000 (2024: $1,054,000) is held across several territories and non-performance of obligations by the relevant banks is not expected due to the credit rating of the counter parties considered.

(c). Liquidity risk

The Group maintains regular forecasts of liquidity based on expected cash flows. The table below analyses the Group's financial liabilities into relevant groups based on the remaining period at the reporting date to the end of the contractual date.

The amounts disclosed are the contractual undiscounted cash flows.

2025	Trade and other payables $000s	Borrowings $000s	Right-of-use liabilities $000s	Total $000s
Less than 6 months	**23,009**	**9,218**	**358**	**32,585**
7 to 12 months	**-**	**10**	**360**	**370**
2 to 5 year	**-**	**325**	**5,493**	**5,818**
	23,009	**9,553**	**6,211**	**38,773**
2024				
Less than 6 months	24,113	4,226	304	28,643
7 to 12 months	-	11	305	316
2 to 5 year	-	341	5,701	6,042
	24,113	4,578	6,310	35,001

Trade and other payables above exclude any liabilities for tax (including payroll taxes), statutory liabilities and contract liabilities. The 2024 amounts for right-of-use liabilities have been restated.

(d). Capital risk management

The Company closely monitors its cash requirements.

Gearing ratio	2025 $000s	2024 $000s
Total borrowing	**9,553**	4,578
Total equity	**15,874**	17,311
Gearing	**60.2%**	26.4%

The Group is required to comply with the following financial covenants under the bank trade finance facility:

EBITDA / Interest covenant – EBITDA to be a minimum of 1.5 times gross interest expense and 3.0 times BNZ interest expense (calculated as if NZ IFRS16 does not apply).

Working capital covenant - Inventory and receivables / debt under the trade finance facility to be a minimum of 2.5 times.

Compliance to be tested on the last day of each financial half year.

At 30 June 2025 the Group was not in compliance with the 1.5 times gross interest expense. On 15 August 2025, the bank waived it’s right to take further action in respect of this breach.

At 31 December 2025 the Group complied with all financial covenants.

6. Other information

This section includes other information that must be disclosed to comply with accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

6.1 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.2b.

	Country of incorporation	Class of shares	**2025**	2024
Wellington Drive Sales Ltd	New Zealand	Ordinary	**100%**	100%
Wellington Drive Technologies US, Inc	USA	Ordinary	**100%**	100%
Wellington Motor Teknolojileri San Tic Ltd Sti	Turkey	Ordinary	**100%**	100%
Wellington Italia Srl	Italy	Ordinary	**100%**	100%
Wellington Drive Technologies Pte Ltd	Singapore	Ordinary	**100%**	100%
Wellington Latin America Services SA de CV	Mexico	Ordinary	**100%**	100%
iProximity Pty Limited	Australia	Ordinary	**100%**	100%

All subsidiaries have a common balance date of 31 December.

6.2 Related party transactions

(a). Key management personnel and compensation

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

	2025 $000s	2024 $000s
Salaries, fees, and other short-term benefits	**2,977**	2,431
Share based remuneration	**255**	71
Directors' remuneration	**337**	357
Total	**3,569**	2,859

(b). 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) vested on 1 October 2025. 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 part paid shares or 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 the partly paid share proceeds are received, or options are exercised.

Fair value is assessed at the date that the share options are issued using a binomial option pricing model that takes into account the exercise price, the term of the options, the exercise criteria, the likelihood of staff turnover, the non-tradable nature of the option, the share price at the issue date, the volatility of the returns on the underlying share and the risk-free interest rate for the term of the options.

2,379,036 ordinary shares were issued on 30 May 2025 in settlement of agreed amounts owing to certain employees. The number of shares being issued was determined using the VWAP for AoFrio ordinary shares over 10 business days prior to the issue.

(c). East West Manufacturing LLC

East West Legacy LLC, a substantial security holder in the Company, is considered a related party under NZX Listing Rules. The Group does not transact with East West Legacy LLC. The Group transacts with East West Manufacturing LLC, East West Industries Vietnam LLC and EW China Limited which are independent from East West Legacy LLC and are not related parties.

6.3 Contingencies

There are no material contingent liabilities or assets (2024 - $nil).

6.4 Financial instruments by category

	2025 $000s	2024 $000s
Assets per Statement of Financial Position Financial assets measured at amortised cost		
Trade and other receivables	**20,420**	19,453
Cash and cash equivalents	**1,342**	2,093
Derivatives used for hedging (at fair value)		
Derivative financial instruments	**-**	-
	21,762	21,546
Liabilities per Statement of Financial Position at amortised cost		
Trade and other payables	**23,009**	24,113
Borrowings	**9,553**	4,578
Liabilities in repect of right-of-use assets	**4,392**	4,266
Derivatives used for hedging (at fair value)		
Derivative financial instruments	**24**	295
	36,978	33,252

Fair value estimation

The only financial instruments carried at fair value 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.

6.5 Leases

Property, plant and equipment in the Statement of Financial Position shows the following amounts related to leases of right-of-use assets:

Right-of-use assets	**2025 $000s**	2024 $000s
Properties	**3,849**	3,984
Plant & equipment	**36**	67
Office equipment and furniture & fittings	**7**	12
Total	**3,892**	4,063

Additions to right-of-use assets		
Properties	**376**	-
Plant & equipment	**-**	58
Total	**376**	58

Liabilities in respect of right-of-use assets		
Current	**366**	268
Non-current	**4,026**	3,998
Total	**4,392**	4,266

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

	2025 $000s	2024 $000s
Liability at start of year	**4,266**	4,394
New liabilities	**376**	58
Repayments	**(302)**	(186)
Exchange adjustment	**52**	-
Liability at end of year	**4,392**	4,266

The Consolidated Statement of Comprehensive Income shows the following amounts related to right-of-use leases:

Depreciation charge for right-of-use assets		
Properties	**431**	386
Plant & equipment	**24**	15
Office equipment and furniture & fittings	**4**	4
Total	**459**	405
Interest expense on liabilities in respect right-of-use assets	**366**	358
Expense relating to short-term leases (included in operating expenses)	**92**	73

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

Total principal payments on liabilities in respect right-of-use assets	**302**	186

The Group leases property, equipment, and cars. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms for equipment and cars tend to be industry standard. Other leases are negotiated on an individual basis.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Statement of Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments based on an index or rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments or penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets of a value of US$5,000 or less.

Lease renewal options are included in the property lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the renewal option. Renewal options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

6.6 Other disclosures

Auditors' remuneration	**2025 $000s**	2024 $000s
Audit and review of financial statements		
- Audit of the Group (Deloitte)	**205**	200
- Audit of a subsidiary (Thong & Lim)	**5**	4
Other services		
- Tax compliance (Deloitte)	**64**	39
	274	243

6.7 Cash flow information

(a). Reconciliation of loss for the year to net cash inflow from operating activities

	2025 $000s	2024 $000s
Loss for the year	**(2,086)**	(1,880)
Adjustments for:		
Income tax expense / (credit)	**55**	(10)
Depreciation, amortisation & impairment	**3,621**	2,774
Share based payments	**16**	71
(Decrease) / increase in inventory provision	**(308)**	32
(Decrease) / increase in loss allowance provision	**(17)**	10
(Decrease) / increase in provision for warranty	**(4)**	6
Net foreign exchange differences	**691**	(1,615)
Increase in trade and other receivables	**(610)**	(4,005)
Increase in contract liabilities	**1,305**	4,179
Decrease / (increase) in inventories	**2,260**	(662)
(Decrease) / increase in trade and other payables	**(1,104)**	6,862
Net cash inflow from operating activities	**3,819**	5,762

(b). Net debt reconciliation

	2025 $000s	2024 $000s
Cash and cash equivalents	**1,342**	2,093
Borrowings – repayable within one year	**(9,228)**	(4,237)
Borrowings – repayable after one year	**(325)**	(341)
Net cash / (debt)	**(8,211)**	(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 year of $742,000 (2024: $1,186,000) included a $9,000 decrease (2024: $16,000) caused by exchange rate movement.

6.8 Events after reporting date

There are no events after reporting date requiring disclosure.


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Independent Auditor's Report

To the Shareholders of AoFrio Limited

Opinion

We have audited the consolidated financial statements of AoFrio Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, statement of movements in equity and cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 32 to 68, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* ('PES 1') issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code') as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

Our firm carries out other assignments for the Group in the area of taxation advice, including tax compliance. These services have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $1,000,000.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of internal development costs The Group capitalised $7.9 million of internal development costs (2024: $5.4 million), as set out in note 3.3 'Intangible assets'. This includes capitalised employee and contractor time. Judgement is required when determining if the recognition criteria to capitalise costs of development under NZ IAS 38 Intangible Assets have been met. This includes demonstrating technical feasibility to complete the asset so that it will be available for use, the viability of resources and availability of funding to complete the asset, and the likelihood of generating future economic benefits. We have included capitalisation of internal development costs as a key audit matter due to the level of judgement required.	We have evaluated the appropriateness of internal development costs capitalised by: • Obtaining an understanding of the nature of the projects, including how the intangible assets will be used in the business, the stage of development, and the likelihood of the development being successfully completed and used to generate revenue. We then challenged the Group's determination of which development costs met the criteria to be capitalised under NZ IAS 38; • Checking capitalisation of cost calculations for mathematical accuracy; • Agreeing the amounts capitalised on a sample basis to underlying evidence, including, for employee and contractor costs allocated to development projects, testing a sample of hours worked on each project and the relevant wage rates; and • Challenging the recoverability of capitalised costs by assessing the reasonableness of the forecast and revenues in relation to each product.

Evaluation of the cash flow forecast supporting the use of the going concern assumption
 	
The consolidated financial statements have been prepared on a going concern basis as discussed in note 1.2(a).
 	
In determining whether the use of the going concern assumption is appropriate, the Board prepared a cash flow forecast to assess the Group's ability to settle their liabilities as they fall due for a period of at least 12 months from the date of approval of these consolidated financial statements.
 	
Therefore, the evaluation of the cash flow forecast supporting the use of going concern assumption is a key audit matter due to the key inputs and assumptions present within the forecast.
	In evaluating the cash flow forecast used in supporting the use of the going concern assumption, our procedures included:
	
	• Obtaining an understanding of the Group's processes and related controls in place for preparing and approving the 2026 cash flow forecast for the period of at least 12 months from the date of approval of the consolidated financial statements;
	• Obtaining an understanding of the key assumptions present within the cashflow forecast;
	• Checking the mechanical accuracy of the cash flow forecast;
	• Checking the appropriateness of the going concern disclosure in note 1.2(a) of the consolidated financial statements; and
	• Assessing the appropriateness of the key inputs and assumptions present within the cashflow forecast by:
	• Assessing the reasonableness of forecasted revenue growth rates, gross profit margins including planned employee costs, movements in borrowings and capital expenditure of the Group over the forecast period;
	  - Assessing the reliability of the Group's forecasting by performing a retrospective review of previous forecasts in comparison to actuals;
	  - Understanding the bank facility key terms, and challenging the Group's ability to comply with covenant requirements; and
	  - Assessing the sensitivity of the forecast to reasonably possible changes in assumptions to assess their impact on banking covenant compliance and ability of the Group to continue as a going concern should circumstances change.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Andrew Dick, Partner
for Deloitte Limited
Auckland, New Zealand
27 February 2026

Statutory information.

Introduction

Directors have resolved that no dividend be declared.

The Company does not have a credit rating.

Remuneration of Directors

During the year the following remuneration was paid or payable to directors:

	2025	2024
Mr J. Scott	**$96,000**	$96,000
Mr G Allen [1]	**$55,000**	$55,000
Ms Roz Buick [2]	**$55,000**	$45,833
Ms M Clark-Reynolds [3]	**$20,833**	$55,000
Mr J. McMahon [4]	**$55,000**	$55,000
Mr K Oliver [5]	**$55,000**	-

Note.

1. Fees for Mr G Allen are paid to RJ-Alpha Advisory Services Ltd.
2. Fees for Ms R Buick are paid to 5280 Lodge Ltd.
3. Fees for Ms M Clark-Reynolds are paid to Purple Dragon Ltd.
4. Fees for Mr J. McMahon are paid to Meta Capital Ltd.
5. Fees for Mr K Oliver are paid to Alto Capital Ltd.

Interested transactions

The Directors have disclosed the following transactions with the Company:

- Interested transactions: There have been no transactions during the year with interested or related parties of the Directors.
- Directors' remuneration: Remuneration details of Directors are provided above.
- Indemnification and insurance of Officers and Directors: The Company indemnifies Directors and Executive Officers of the Group against all liabilities which arise out of the performance of their normal duties as director or executive officer, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of this insurance expensed during the year ended 31 December 2025 was **$131,410** (2024: $129,205).
- Directors' share transactions: Details of numbers of shares held by Directors are shown below.
- Directors' loans: There were no loans by the Company to Directors.
- The Board received no notices during the year from Directors requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

Directors' shareholding

	31 December 2025	31 December 2024
Ordinary shares	**Total Relevant Interest**	Total Relevant Interest
Mr J. McMahon	**19,178,253**	19,178,253
Mr J Scott	**3,165,923**	2,350,000
Mr G Allen	**7,493,382**	7,493,382

Employees

The number of employees, other than Directors, within the Group receiving remuneration and benefits above $100,000, as is required to be disclosed in accordance with section 211(1) (g) of the Companies Act 1993, is indicated in the following table.

	Group			Group	
	2025	2024		**2025**	2024
$100,000 - $109,999	**6**	8	$260,000 - $269,999	**-**	1
$110,000 - $119,999	**2**	8	$270,000 - $279,999	**1**	-
$120,000 - $129,999	**19**	12	$280,000 - $289,999	**2**	1
$130,000 - $139,999	**8**	10	$290,000 - $299,999	**-**	1
$140,000 - $149,999	**11**	10	$300,000 - $309,999	**-**	1
$150,000 - $159,999	**5**	4	$310,000 - $319,999	**-**	1
$160,000 - $169,999	**5**	5	$330,000 - $339,999	**-**	1
$170,000 - $179,999	**3**	2	$340,000 - $349,999	**1**	-
$180,000 - $189,999	**9**	6	$360,000 - $369,999	**1**	1
$190,000 - $199,999	**5**	7	$380,000 - $389,999	**1**	-
$200,000 - $209,999	**10**	4	$400,000 - $410,000	**1**	-
$210,000 - $219,999	**3**	1	$410,000 - $420,000	**1**	-
$220,000 - $229,999	**1**	1	$420,000 - $430,000	**2**	-
$230,000 - $239,999	**-**	3	$480,000 - $490,000	**1**	-
$240,000 - $249,999	**2**	-	$490,000 - $499,999	**-**	1
$250,000 - $259,999	**1**	3	$560,000 - $570,000	**1**	-

Donations

No donations have been made by the Company during the year ended 31 December 2025 (2024: Nil).

Diversity by gender statistics

In accordance with NZX Listing Rule 3.8.1 the Company makes the following diversity disclosures:

	Male #	%	Female #	%	Total
31 December 2025					
Board	**4**	**80%**	**1**	**20%**	**5**
Senior management team*	**5**	**71%**	**2**	**29%**	**7**
Total	**9**	**75%**	**3**	**25%**	**12**
31 December 2024					
Board	4	67%	2	33%	6
Senior management team*	5	56%	2	29%	7
Total	9	69%	4	31%	13

*The senior management team comprises of the Chief Executive Officer (CEO) and all the senior executives who report directly to the CEO. The senior management team are “officers” for the purpose of the NZX Listing Rules.


AoFrio

Shareholder information

Shareholders

On 31 December 2025 there were **1,236** shareholders holding **434,232,042** fully paid ordinary shares.

Share issues

On 30 May 2025, AoFrio Limited issued 2,379,036 ordinary shares to executives recognising long term incentive scheme performance from 2016 to 2024.

On 15 April 2025, AoFrio Limited issued 10,119,760 share rights pursuant to the AoFrio Limited New Zealand Restricted Stock Unit Scheme.

Shareholder details

The ordinary shares of AoFrio Limited are listed on the New Zealand Stock Exchange. The information in the disclosures below has been taken from the Company's share register on 21 January 2026:

20 largest shareholders	Ordinary shares
1. East West Legacy LLC.	55,149,807
2. Wairahi Investments Ltd	26,597,278
3. Ballynagarrick Investments Ltd	21,185,103
4. ASB Nominees Ltd (Meta Capital Ltd)	19,178,253
5. Forsyth Barr Custodians Ltd	18,635,854
6. Graham Trustees Ltd	16,592,744
7. HSBC Nominees (New Zealand) Ltd	15,443,235
8. Accident Compensation Corporation	14,862,480
9. New Zealand Depository Nominee Ltd	14,244,625
10. FNZ Custodians Ltd	13,717,558
11. BNP Paribas Nominees (NZ) Ltd	12,676,549
12. Apex Custodian Nominees (NZ) Ltd	10,117,278
13. Gregory Charles Allen	6,488,049
14. Flynn No 2 Trustees Ltd	6,054,758
15. Lean Holdings Pty Ltd	4,125,123
16. Wairahi Holdings Ltd	4,100,000
17. Howard Duncan Milliner	4,074,004
18. JP Morgan Chase Bank NA NZ Branch	3,936,787
19. FNZ Custodians Ltd	3,711,500
20. Stephen Christopher Montgomery	3,350,000

Distribution of equity securities

Size of holdings on 21 January 2026

			Shareholders		Fully paid Ordinary Shares	
			Number	%	Number	%
1	-	999	55	4.48	21,766	0.01
1,000	-	1,999	31	2.52	39,896	0.01
2,000	-	4,999	37	3.01	111,177	0.03
5,000	-	9,999	194	15.80	1,402,257	0.32
10,000	-	49,999	458	37.30	10,219,926	2.35
50,000	-	99,999	159	12.95	10,771,613	2.48
100,000	-	499,999	199	16.21	42,191,078	9.72
500,000	-	999,999	36	2.93	23,679,149	5.45
over		1,000,000	59	4.80	345,795,180	79.63
			1,228	100.00	434,232,042	100.00

56 (or 4.56%) shareholders, holding 90,056,468 shares (or 20.74%) reside outside of New Zealand.

Substantial product holders

Pursuant to section 26 of the Securities Markets Act 1988, details of substantial product holders and their total relevant interests as per their most recent notices are:

Name	Number of shares[2]	Date of notice
First Cape Group Ltd	40,773,071	1 May 2024
Wairahi Holdings Ltd & Wairahi Investments Ltd	30,697,278	16 January 2026
East West Legacy, LLC	55,149,807	24 December 2021

[2] Number of shares is taken from notices received. No adjustments have been made for changes that may have subsequently occurred from the dates of notices stated. The definition of “relevant interest” in the Securities Markets Act 1988 provides that more than one relevant interest can exist in respect of the same securities.

Shareholder enquiries

Shareholders should send changes of address to Computershare Investor Services Limited at the address noted in the directory on page 95. Notification must be in writing. Questions relating to shareholdings should also be addressed to Computershare Investor Services Limited. For information about the Group please contact the Company at the registered office by sending an email to info@aofrio.com or visit our website www.aofrio.com.

Announcements to shareholders

The Company has established an email list of shareholders that wish to receive announcements made by the Company to the New Zealand Stock Exchange. Announcements are emailed to shareholders who wish to receive them shortly after they are released to the NZX. This will include the annual meeting addresses. If you wish to be added to this listing, please email info@aofrio.com and advise us of your email address. Your email details will be kept confidential.

Announcements are also posted on our website www.aofrio.com.

Corporate Governance Statement.

The Board of AoFrio Limited (**AoFrio** or the **Company**) is responsible for the management oversight, supervision and direction of the AoFrio Group and considers "best practice" corporate governance to be essential to the achievement of strong and sustainable Company performance and to the maintenance of the trust and confidence of shareholders. Integrity and high standards of behaviour and accountability are expected from all the Company's Directors, officers, employees and contractors.

The Board's primary objective is the enhancement of shareholder value by following a set of core principles, appropriate governance and ethical strategies and ensuring effective and innovative use of Company resources. The Board has delegated to the Chief Executive Officer responsibility for implementing the strategic objectives of the Board and for otherwise managing the day-to-day affairs of the Company in accordance with formal delegations of authority from the Board.

The governance principles adopted by the Board are designed to meet best practice recommendations for listed companies to the extent that they are appropriate to the size and nature of AoFrio's operations. The Board endorses the overall principles embodied in the NZX Corporate Governance Code (**NZX Code**) and believes the Company's corporate governance principles, policies and practices are appropriately aligned with the NZX Code.

The Company's governance framework is recorded in various policies, charters, and processes, many of which are discussed below. These are reviewed and approved at regular intervals by the Board and standing Committees to ensure they continue to meet the high standards required by the Board and reflect regulatory changes and developments in corporate governance practices. The Company has integrated the governance policies into employee induction and training, and monitors compliance with the policies.

The NZX Listing Rules require the Company to report against the NZX Code. This Corporate Governance Statement follows the structure of the NZX Code and describes below the corporate governance policies and practices AoFrio has in place and highlights the small number of areas of the NZX Code where AoFrio has not fully followed the Code's recommendations.

The Company's Constitution, Board and Committee Charters and many of the policies referred to in this document are available to view on the Company's website – www.aofrio.com/investors (the Company's Website).

This statement is current to 25 February 2026 and has been approved by the AoFrio Board of Directors.

NZX Code

Principle 1 – Ethical Standards

AoFrio's reputation as a trusted respected company is one of its most valuable assets and the Company is committed to being ethically and socially responsible and ensuring that our business decisions should reflect our values, acting within the laws of the countries in which we operate. The Company expects its people to maintain high standards of ethical conduct and to act legally, ethically and with integrity in a manner consistent with the Company's policies. These include the following:

Code of Conduct

The Board has adopted a Code of Conduct, which is a formal statement designed to help guide and support employees in their day-to-day work at AoFrio, to ensure they “do the right thing”.

The Code of Conduct brings together all our policy principles and provides a working guide for our people when making decisions in our daily activities, and in relation to:

- Acting safely, ethically, and responsibly.
- Prioritising AoFrio’s best interests in accordance with the law.
- Safeguarding the confidentiality of AoFrio’s business information.
- Declaring conflicts of interest and proactively advising of potential conflicts.
- Upholding legal, regulatory, and ethical obligations.
- Holding their colleagues accountable for ethical conduct.
- Avoiding actions that could harm AoFrio’s reputation.
- Ensuring honesty in dealings with all stakeholders.
- Executing duties with diligence and care.
- Respecting individual and cultural differences.
- Nurturing a work environment that encourages open dialogue for resolving ethical concerns, free from fear of retaliation.
- Maintaining accuracy in records and reports.
- Adhering to Company policy around giving and receiving of gifts.
- Speaking out against and reporting unsafe or unethical behaviours.
- Adhering to Company policy regarding whistleblowing.

AoFrio takes the Code of Conduct seriously. It is the responsibility of all AoFrio people globally to promptly bring suspected violations to the attention of the Company, for the benefit of all.

The Code of Conduct was updated in September 2025 and is available on the Company’s website. All AoFrio employees will be trained on the updated Code of Conduct by September 2026.

Diversity and Inclusion Policy

AoFrio’s Diversity and Inclusion Policy records the Company’s commitment to creating a workplace that embraces diversity and welcomes differences in cultures, backgrounds, experiences, and perspectives. We believe that a diverse, equitable and inclusive company makes our culture stronger, our products richer, our customers happier, and is critical to our success as a thriving global business.

Everyone at AoFrio is responsible for supporting and fostering an inclusive environment where each individual, regardless of gender, age, nationality, sexual orientation, ethnicity, religion, disability status, veteran status, family status, or other protected category, whether visible or not visible, can succeed, and feel welcomed, valued, and included.

The Company recognises our people are critical to our business. AoFrio has a small number of employees, a significant number of whom are based outside of New Zealand, which makes it challenging for the Company to adopt any formal targets in relation to diversity as is recommended by the NZX Code. While we do not have any such formal targets, AoFrio values and respects the contributions, ideas, and experiences of people from all backgrounds and is proud to have a diverse company with staff from around the world and from many cultures. Attracting the best person for a role may involve a global search for a suitable candidate and that selection may add to our diversity. AoFrio recognises diversity brings a range of ideas, skills, and innovation to the Company, which is important to the achievement of our objectives.

AoFrio is committed to attracting, developing, and advancing the best person for the role. Selection processes for recruitment and employee development are unbiased and based on merit. Any form of discrimination, bullying or harassment is not tolerated.

The Board is generally satisfied with the Company's performance in relation to diversity but considers that the Company could improve its diversity at the senior management and board level and is conscious of the benefits a diverse leadership team can provide to the business.

The Diversity and Inclusion Policy is available on the Company's website.

Rules for Staff Trading in AoFrio Securities Policy

The Company's Rules for Staff Trading in AoFrio Securities Policy provides guidance and sets out the rules for all trading in AoFrio securities on the NZX by directors, officers, employees, and contractors.

Staff members wishing to trade in AoFrio securities must obtain the written consent of the Company before trading in Company securities (which must occur outside of certain blackout periods relating to the Company's half-year and full year financial results and public offerings of securities in the Company).

Company-wide internal training is also provided to all employees on the key themes of the policy and its application.

The Rules for Staff Trading in Securities Policy are available on the Company's website.

Health and Safety Policy

AoFrio's Health and Safety Policy records the Company's commitment to maintaining a safe and healthy environment in all our workplaces around the world, and putting the health, safety and well-being of our employees, visitors, and contractors first. We operate our business so that we meet or exceed statutory health and safety requirements and relevant codes of practice, and we establish additional standards where required. The Health and Safety Policy governs what we will do to keep everyone safe and healthy at work and to continuously improve our workplace health and safety management practices.

The Health and Safety Policy is available on the Company's Website.

Whistleblowing Policy

The Company's Whistleblowing Policy applies to all employees, contractors, consultants, officers, interns, casual and agency workers at AoFrio. It sets out what they should do if they have reason to believe that something dangerous, unlawful, or unethical is going on at work and it is affecting (or risks affecting) them or other colleagues. The Company will support any person who reports any legal or policy breach in good faith.

The Whistleblowing Policy is available on the Company's Website

Conflicts of Interest

The principles that govern the management of conflicts of interest are addressed in several governance documents, including the Company's Constitution, the Board Charter and Code of Conduct (all of which are available on the Company's website. Collectively these policies provide guidance to both directors and employees as to when a conflict of interest may arise and set out the procedures for managing a conflict of interest.

The Company has an ongoing programme to maintain employee awareness and understanding of Company policies.

Principle 2 – Board composition and performance

The AoFrio Board comprises directors with an appropriate range and mix of skills and experience; who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and who can effectively review and challenge the performance of management and exercise judgment independent of management. The Board's structure and governance arrangements are set out in the AoFrio Board Charter, which is available to view on the Company's website.

The AoFrio Constitution requires the Company to comply with the minimum Board composition requirements of the NZ Stock Exchange which are that there must be at least three directors, and at least two directors must be independent directors and two ordinarily resident in New Zealand. We assess director independence against the "disqualifying relationship" criteria in the NZX Listing Rules. The Board currently has five directors, all of whom are considered independent.

Profiles of all directors and their dates of appointment are set out in the Directors section of this Annual Report on pages 16 to 17 and are available on the Company's website.

Attendance at meetings held during 2025 was:

Directors' meetings	John Scott	Greg Allen	Roz Buick	Melissa Clark-Reynolds	John McMahon	Keith Oliver
Meetings held whilst a director	11	11	11	4	11	11
Attendance	11	11	10	4	10	9

Audit Committee meetings	John McMahon	Keith Oliver	Greg Allen	Melissa Clark-Reynolds
Meetings held whilst a committee member	3	3	3	1
Attendance	3	2	3	1

Executive Appointment & Remuneration Committee meetings	Keith Oliver	John Scott
Meetings held whilst a committee member	4	4
Attendance	4	4

Technology & Innovation Committee meetings	John Scott	Roz Buick	Melissa Clark-Reynolds
Meetings held whilst a committee member	3	3	1
Attendance	3	3	1

As the Board is small, the Company has not established a separate nomination committee as recommended under the NZX Corporate Governance Code, believing these matters are best dealt with by the full Board of Directors. Periodically the Board evaluates its performance, composition, size, diversity and mix of skills. The method of review is determined by the chairperson annually and may include interviews, questionnaires and/or external review. The Board is satisfied that it is operating well and that the performance processes we have used are both effective and suited to the Company.

When a decision is made to recruit a new director, the Board identifies candidates with a mix of capabilities and perspectives considered necessary for the Board to carry out its responsibilities effectively. The Board also considers the skills of the existing directors to ensure that the skills of the new director will complement and add to the effectiveness of decision making. Appropriate pre-appointment checks are made on the background and suitability of all directors.

New Board members enter into a written agreement establishing the terms of their appointment. A director appointed by the Board must stand for election at the next annual meeting. Listing Rule 2.7.1 requires directors to stand for re-election on the later of three years and the third annual shareholders' meeting after their appointment. Retiring directors are eligible for re-election.

Directors undertake to attend appropriate education to remain current in how to best perform their duties as directors. Directors are encouraged to attend courses and maintain membership of relevant bodies, such as the Institute of Directors.

Directors receive information independently from management in relation to specific issues relevant to AoFrio, the markets in which the Company operates and to NZX listed companies generally. All directors have access to management for any additional information they consider necessary for informed decision making.

Director Independence

The independence of directors is determined under the NZX Listing Rules and the NZX Code.

In considering whether a director is independent, the Board has regard to the factors described in the NZX Code that may impact director independence (if applicable) and considers all the circumstances including the history of the relationship between the director and the company and the director's tenure on the Board. In summary this means that they are not (or associated in any way with) existing or former suppliers, customers or substantial shareholders or recent former executives of AoFrio and they are free of any direct or indirect interests or relationships or length of tenure (under the NZX Code, a period of 12 years or more is a factor that may affect independence) with AoFrio that could reasonably interfere, or reasonably be seen to interfere, in a material way, with the independent exercise of their judgement on issues before the Board and their acting in the best interests of AoFrio and representing the interests of the holders of the Company's financial products generally.

Directors must immediately disclose to the Company a change in the status of a director's independence.

The roles of Chair and Chief Executive Officer are exercised by different persons. The Chair is appointed by the Board from amongst the independent directors.

In discharging their respective duties, individual directors may, with the prior approval of the Chair seek advice from external professional advisors from time to time, with any costs being met by the Company. In 2025, no costs were incurred by the Company.

Indemnity and Insurance

In accordance with section 162 of the Companies Act and the Company's Constitution, and to the extent permitted by law, AoFrio has indemnified and arranged insurance for all current and former directors and executive officers of the Company and its subsidiary companies. The indemnity and insurance protect the directors and executive officers against liabilities that arise when they carry out their normal duties. The indemnity and insurance do not apply to liabilities which cannot be insured or indemnified by law, or that relate to conduct involving a lack of good faith.

Principle 3 – Board committees

The Board has established three standing committees to guide and assist them with overseeing certain aspects of corporate governance. These committees are the Audit & Risk Committee, the Technology and Innovation Committee and the Executive Appointments, Remuneration and Nomination Committee. Each Committee operates under a Board-approved charter that sets out its delegations and responsibilities. These Committees play a crucial part in the governance framework and review matters on behalf of the Board, subject to the terms of each Committee's charter. The Board appoints the members of the Committees, and members are selected based on relevant skills and experience. Each Committee is empowered to seek any information it requires from employees in pursuing its duties and to obtain independent legal or other professional advice. In practice, employees only attend meetings of the Committees at the invitation of the relevant Committee.

Audit & Risk Committee

The Audit & Risk Committee operates under a charter approved by the Board and assists the Board in overseeing; the quality and integrity of external financial reporting including the accuracy, completeness, and timeliness of financial statements; the appropriateness of accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements; the business's relationship with, and the independence of, the external auditor; and enterprise risk management.

The committee also approves any non-audit work carried out by the Company's auditor and ensures that the lead partner in the audit firm is rotated every five years.

The committee currently comprises three non-executive directors, all of whom independent and at least one of whom has a financial or accounting background. The Chair of the Committee is not also the Chair of the Board.

The current members are John McMahon (Committee Chair), Keith Oliver and Greg Allen.

Executive Appointments, Remuneration and Nomination Committee

The Executive Appointments, Remuneration and Nomination Committee operates under a charter approved by the Board and assists the Board in; the remuneration and appointment of the senior executive team; management succession planning; reviewing and approving compensation arrangements; establishing employee incentive schemes and the remuneration of the Board. The Committee also advises on proposals for significant company-wide remuneration policies and programmes. In carrying out this role, the sub-committee operates independently of senior management of the Company and, where appropriate, obtains independent advice on remuneration policy and packages.

The Committee must be comprised of at least a majority of independent directors. Employees only attend meetings at the invitation of the Committee.

The current members are independent directors Keith Oliver (Committee Chair) and John Scott.

Technology & Innovation Committee

The Technology & Innovation Committee operates for the primary purpose of overseeing and providing counsel on matters of innovation and technology. The current members are Roz Buick (Committee Chair) and John Scott.

Other committees

From time-to-time the Board may establish a Committee to assist in the management of a matter or project.

Whilst not a committee of Board members, AoFrio has a Health and Safety Committee that meets monthly and reports to the Board. The Company is strongly committed to maintaining a safe and healthy workplace and believes all accidents are preventable. The Committee is made up of a mix of senior management and staff from key operational areas. The Committee strives to; maintain and continually improve our health and safety systems; proactively identify hazards and take all steps to eliminate or mitigate these; consult and actively promote participation in health and safety matters throughout the Company.

Control Transaction Protocols

The Company has established protocols for dealing with a control transaction should an offer be received.

Principle 4 – Reporting and disclosure

The Board is committed to the promotion of investor confidence by timely, balanced, accurate and meaningful reporting of financial and non-financial information, including both positive and negative news. As a listed company there is an imperative imperative to ensure the market is informed and that the Company's listed securities are being fairly valued by the market.

The integrity of the Company's financial reporting and disclosures is supported through several mechanisms, including:

Continuous Disclosure

The Board seeks to promote investor confidence by ensuring that dealing in its securities take place in an efficient, competitive and informed market. The Company strives to ensure that all investors have equal and timely access to market sensitive information. The Company considers that evenly balanced disclosure (during good times and bad) is fundamental to building shareholder value and earning the trust of staff, customers, suppliers, communities, and shareholders.

The Company has a Board-approved Group Market Disclosure Policy (available on the Company's website) and established disclosure procedures, which aim to ensure directors and staff are aware of and fulfil the Company's disclosure obligations in accordance with best practice and the NZX Listing Rules.

The Board has delegated responsibility for the day-to-day oversight of the Company's continuous disclosure obligations to a Disclosure Committee comprising the Chair of the Board, the Chair of the Audit & Risk Committee, the Chief Executive Officer and the Chief Financial Officer. In addition, the Group Market Disclosure Policy requires directors and management to regularly consider if there is any information that may require disclosure, and there is a standing agenda item at Board meetings regarding continuous disclosure. All market disclosures are made to the NZX and are available on the Company's website.

The Board promptly reviews and approves material announcements and specifically considers with management at each Board meeting whether there are any issues which might require disclosure to the market under the NZX continuous disclosure requirements.

The Company operates an Investor website which is designed to provide relevant public information to all Investors. For further details on how the Company engages with its shareholders and investors, refer to the Group Market Disclosure Policy which is available on the Company's website.

Financial Reporting

The Board has overall responsibility for ensuring the integrity of the Company's reporting to shareholders, including for financial statements that comply with generally accepted accounting practice. The Audit & Risk Committee assists the Board to fulfil its responsibilities in this area. The Committee makes enquiries of management and the external auditors (including requiring management representations) so that the Company can be satisfied as to the validity and accuracy of all aspects of AoFrio's financial reporting.

The Company's financial results are reported in its Annual Report in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards (**IFRS**). The Annual Report includes detailed financial commentary and notes to the financial statements which also explain any changes to financial reporting.

The Board receives formal assurances from the Chief Executive Officer and Chief Financial Officer that the annual financial statements for the group present fairly, in all material respects, the financial position of the AoFrio Group at 31 December and the financial performance and cash flows for the financial year, and that they comply with IFRS.

AoFrio strives to improve the clarity and readability of its financial statements, while continuing to comply with all the requirements of the financial reporting standards including the Companies Act 1993, the Financial Markets Conduct Act 2013, and the NZX Listing Rules.

The Company ensures that financial information reported in investor materials for road shows, Company overviews and other documents is portrayed in an accurate, fair, and understandable format, and is disclosed to the NZX in accordance with the Company's Group Market Disclosure Policy.

Climate Reporting

The Company is not a climate reporting entity under Part 7A of the Financial Markets Conduct Act 2013 and is therefore not required to prepare a climate-related disclosure statement.

Non-Financial Reporting

The Company provides non-financial disclosures on environmental, social and governance (ESG) practices and performance in its Annual Report.

Balanced Disclosures

The Company's aim is that its reporting is balanced, clear and objective and includes consideration of material environmental, economic, and social factors and explains how operational and non-financial objectives are measured.

The Company discloses its Code of Conduct, its Board and Committee Charters and certain key governance documents and policies on the Company's website.

Information for investors

The Company's website includes the Company's reports, investor communications, audio and video releases and the governance policies and charters referred to in this document. The Annual and Interim Reports are available in electronic and hard copy format.

Principle 5 – Remuneration

The Executive Appointment and Remuneration Committee is responsible for ensuring directors and executives receive the appropriate rewards to support AoFrio in achieving its commercial and stakeholder goals. The Executive Appointment and Remuneration Committee has a formal charter. Its membership and role are set out under Principle 3 above.

Approach to Remuneration

The Company's remuneration strategy aims to attract, motivate, and retain talented employees at all levels of the Company and seeks to align the interests of its shareholders and employees, whilst driving performance and growth in shareholder value and return. This strategy is supported by a performance-based remuneration system that, among other things, seeks to align individual employee objectives with the Company's strategic and business goals.

The Executive Appointments, Remuneration and Nomination Committee is responsible for ensuring directors and executives receive the appropriate rewards to support AoFrio in achieving its commercial and stakeholder goals. The Committee has a formal charter. Its membership and role are set out under Principle 3 above.

Director Remuneration

Directors' fees are intended to be aligned with other organisations of similar scale and complexity. Directors' fees are currently set at a maximum aggregate cap of $400,000 per annum. This was approved by shareholders at the 2019 Annual Meeting. Directors' fees paid in the 2025 financial year amounted to $336,833 due to the small size of the Board. Full disclosure of director remuneration is set out on page 74. Other than as disclosed here, no director is entitled to any other remuneration or retirement benefits from AoFrio. Directors are entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with AoFrio business.

The Executive Appointments, Remuneration and Nomination Committee conducts a regular review of directors' fees, to determine whether the level of fees paid to the Company's chair and other non-executive directors is aligned with other organisations of similar scale, scope, and complexity. Fees are normally subject to an overall cap, approved by the shareholders. At the 2022 Annual Meeting, shareholders approved increases to fees paid to directors but within the $400,000 aggregate cap. The fees payable to directors was most recently reviewed by the Executive Appointments, Remuneration and Nomination Committee in 2025 which recommended that no change to directors fees be made. Any increases in fees paid to directors must be authorised by the Board and be within the above aggregate cap approved by shareholders.

Executive Remuneration Policy

AoFrio's approach is to pay a base salary and a performance-based bonus that includes a short-term and a long-term incentive component. This ensures executive motivation is aligned with the goals of the Company in the short and long term.

As stated above, the Company recognises our people are critical to our business and its growth strategies. AoFrio's remuneration strategy is to pay executives a remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company. Salaries are determined for their current position in the market using relevant and up to date market benchmark data and an individual's performance and are reviewed annually. Many of our employees are based outside of New Zealand and remuneration varies by location in accordance with the local market.

Chief Executive's Remuneration

The following tables sets out the payments made to the CEO during FY2025.

Greg Balla – CEO	
Fixed remuneration	$485,915
Short term incentive payment for 2025	$62,235
Employer contributions to KiwiSaver	$16,444
Total remuneration	$564,594

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

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

Principle 6 – Risk Management

AoFrio is a global, complex business that is exposed to a range of strategic, financial and operational risks. Risk management is ingrained in AoFrio's strategic and operational activities and is a priority for the Board.

The Audit & Risk Committee assists the Board with its oversight, monitoring, and review of risk. Bi-annually there is a review of the entire risk landscape to establish a forward-looking perspective on business risks, both financial and non-financial, in both the internal and external environment. The Committee provides a forum for discussion of risk, including the Board's appetite for risk, with the Chief Executive Officer and management. The Chief Executive Officer and senior management team are required to regularly identify the major risks affecting the business and to develop strategies to mitigate these risks. Significant risks are discussed at each Board meeting, or as required.

The Company maintains insurance policies that it considers adequate to meet the insurable risks of the Group. Exposure to any foreign exchange risk is managed in accordance with policies laid down by the Board.

Safety and Wellness

The health, safety, and wellbeing of our people (employees, contractors, customers, and members of the public whom we interact with) is paramount.

Management's Health and Safety Committee meets monthly and reports to the Board on health, safety, and wellbeing matters. Minutes of the Health and Safety Committee are a priority agenda item at all Board meetings and specific reviews are sought as required. The committee continuously reviews health and safety risks and systems used to identify and manage those risks, ensuring they are fit for purpose, are being effectively implemented, regularly reviewed, and improved. The frequency of incidents has been low and no Accident Compensation claims involving the Company have been recorded for several years. The Board undertakes ongoing health and safety education and regularly visits key operational sites.

Principle 7 – Auditors

The Audit Committee has oversight responsibility for the Company's external audit arrangements and the Board appoints the external auditor.

The NZX Listing Rules require rotation of the lead audit partner at least every five years and this requirement is reflected in the Audit Committee's Charter, available on the Company's website.

The Company has adopted a policy, set out in the Audit Committee's Charter, to ensure that audit independence is maintained, both in fact and appearance, so that AoFrio's external financial reporting is both reliable and credible. The Committee must pre-approve and monitor all audit-related services and non-audit services to be provided by the Company's audit firm to ensure that these services comply with the requirements of Professional & Ethical Standards 1, Code of Ethics for Assurance Practitioners in maintaining the independence of the external auditors. The external auditor must monitor its independence and report to the Board that it has remained independent.

To ensure full and frank dialogue between the Audit Committee and the auditor, the auditor's senior representatives meet separately with the Committee (without management present) at least twice a year, including immediately before finalisation and release of the Company's half-year and full-year financial results to the market.

Representatives of the Company's external auditor, Deloitte, are invited to attend the annual shareholders meeting where they are available to answer shareholders' questions relevant to the audit.

For a copy of the Company's most recent audit report, relating to the last financial year, refer to the Annual Report available at www.aofrio.com/investors.

The Audit Committee also has oversight responsibility for the Company's climate-related assurance requirements.

Internal Audit

The Audit Committee has oversight of the internal audit function. Due to its small size, the Company does not have an internal audit function as is recommended by the NZX Code. As discussed above, the Chief Executive Officer is accountable for all operational and compliance risks across the Company's operations and businesses. The Chief Executive Officer has management accountability for the effective control, implementation and improvement of internal systems and controls.

Principle 8 – Shareholder rights and Relations

The Board's policy is to ensure, in an open and transparent manner, that shareholders are informed of all major and strategic developments affecting the Company.

We provide information about who we are, including our governance policies, on our website for investors to access at any time.

The Company releases all material information via the NZX in accordance with its continuous disclosure requirements. All major disclosures are also posted on the Company's website on a timely basis.
The Company provides a printed copy of its annual report to shareholders who have elected to receive a printed copy.

The Annual Report is available on the Company's website in accordance with the requirements of the NZ Companies Act 1993.

The Company's share register is managed and maintained by Computershare. Shareholders can access their shareholding details or make enquiries about their current shareholding interests online or by contacting Computershare by mail or by telephone.

Company Website and Material

The Company's website is used actively to complement the official release of material information to the market, enabling broader access to Company information by investors and stakeholders. The Company's website has copies of all presentations, media releases and reports.

Electronic Communications

The Company seeks to continually improve its online and electronic communications and improve the functionality of its website. The Company encourages shareholders to provide email addresses to enable the receipt of shareholder communications by electronic means, and the option to receive the Annual Report in electronic format. As at 22 January 2026, approximately 77% of AoFrio's shareholders and investors had elected to receive communications electronically from the Company's registrar, Computershare Investor Services Limited.

Shareholder Voting Rights

In accordance with the Companies Act 1993, the Company's Constitution and the NZX Listing Rules, the Company refers the election of directors and major decisions that may change the nature of the Company to shareholders for approval. Voting at shareholder meetings is based on one share, one vote and voting is conducted by poll. Shareholders may lodge postal votes and appoint a proxy to vote on their behalf at the meeting. Voting outcomes are announced to the market in accordance with the NZX Listing Rules.

Capital Raisings

If the Company seeks additional equity capital, the Board will ensure it considers the interests of existing shareholders and, where that is reasonable and in the best interests of the Company, permit shareholders to participate on a pro-rata basis.

Annual Shareholders' Meetings

Details of the Company's Annual Shareholders Meetings are made available on the Company's website. The Company targets to have its notices of the annual meeting available on the Company's website at least 20 working days prior to the meeting.

The Board encourages active participation by shareholders at the meetings and shareholders may present questions during the meeting. Consistent with best practice, the external auditor is available to answer questions from shareholders at the Annual Shareholders Meetings and in attendance are the Company's legal advisers and share registry provider.

The Annual Shareholder Meeting presentation materials are made available on the Company's website.

The materials provided to shareholders prior to the meeting describe the arrangements for the meeting, the timing for the return of voting and proxy forms and how shareholders can propose questions and vote at the meeting. Notices of meeting sent to shareholders describe how shareholders can send questions in advance of the meeting which are then addressed at the meeting.

The Company's 2025 Annual Shareholders Meeting was held on a hybrid basis, with shareholders participating in the meeting either in person or via an online service through an internet connection established by Computershare using a computer, laptop, tablet, or smartphone. The Company intends to continue to provide this online capability to shareholders in conjunction with physical meetings.

Differences in Practice to NZX Code

Under the NZX Listing Rules, the Company is required to disclose the extent to which its corporate governance practices materially differ from the above principles set out in the NZX Code. The Board-approved differences relating to the period up to the date of this Corporate Governance Statement are described below.

The Company has not published standalone remuneration policies for its directors and executives because it publishes details of its remuneration policies for directors and executives in AoFrio's Corporate Governance Statements and Annual Reports, which are available on the Company's website. The disclosures outline the relative weightings of remuneration components and relevant performance criteria.

As stated above, given the size of the Company, we have not established a separate Nomination Committee to deal with director nominations, as recommended under the NZX Corporate Governance Code, but in September 2023 we combined the functions typically associated with such a committee within a reconstituted Executive Appointments, Remuneration and Nomination Committee.

Recognising the small size of the Company, we have not previously published diversity targets, as recommended by the NZX Code. However, the Company's Diversity and Inclusion Policy adopted by the Board in September 2023 provides for the Company to track diversity, equity and inclusion statistics and report on them in our Annual Report as appropriate. See the latest Annual Report for details of targets and performance against those targets in the 2025 financial year.

This Corporate Governance Statement was approved by the Board of AoFrio on 25 February 2026.

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