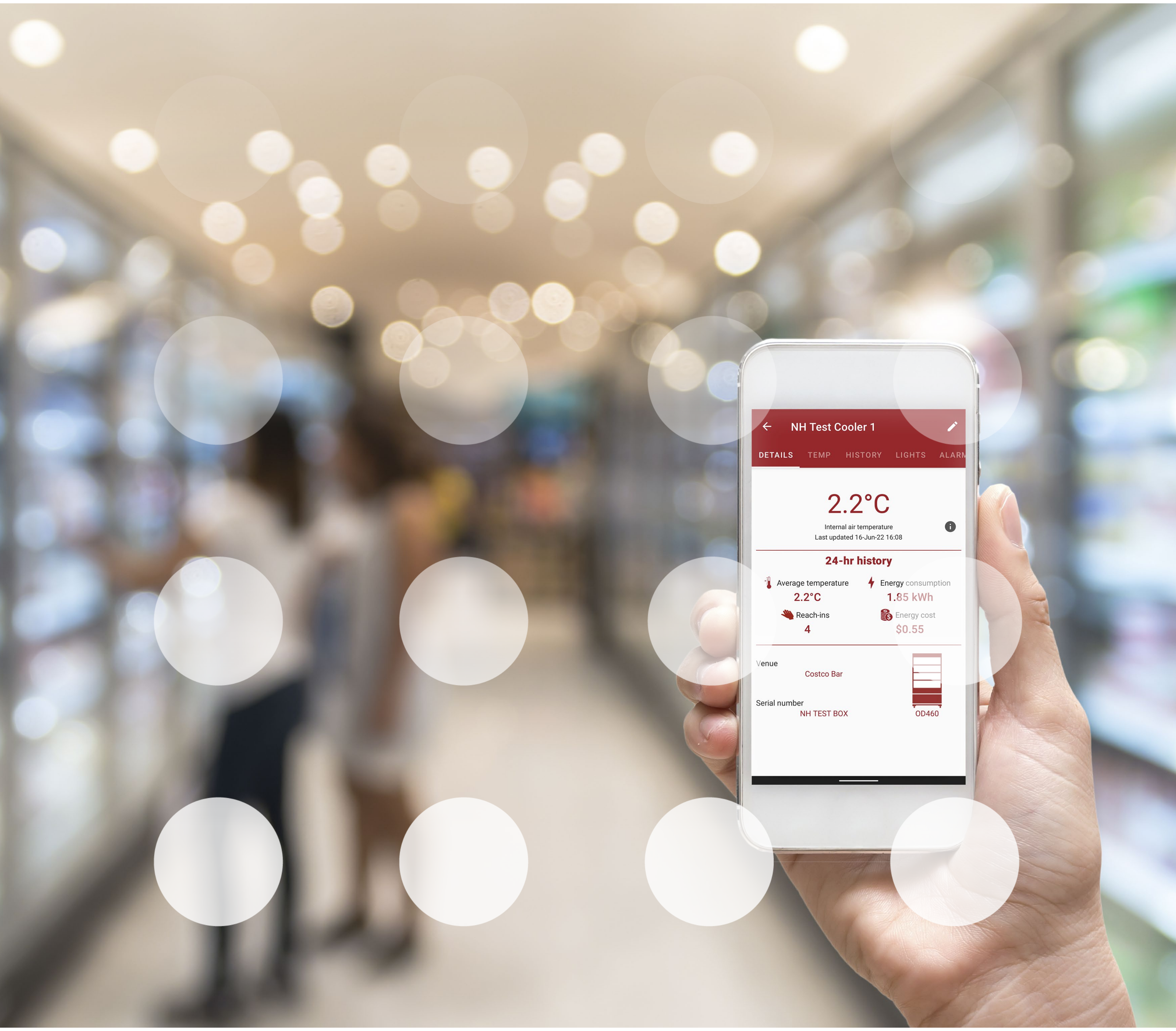
Interim report

2022



Wellington

Contents

There are statements in this document that are “forward-looking statements”. As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Wellington, its operations, the markets in which it competes and other factors (some of which are beyond the control of Wellington). All references in this document to $ or “dollars” are references to New Zealand dollars unless otherwise stated. References to the Company are to Wellington Drive Technologies Limited. Wellington’s financial year end is 31 December.

Revenue

$ 31.9m

H1 FY22 Revenue: $31.9 million, up 4.4% on H1 FY21

EBITDA

$ -0.6m

H1 FY22 EBITDA: -$0.6 million, down from $1.8m in H1 FY21.
Full-year guidance: EBITDA $3.5 – $4.5 million

New product development

70%

70% of new product development time was redirected to support existing products, with component swaps required due to supply chain issues.

NPS

+40

Net Promoter Score +40, beating the NZ industrial B2B benchmark of +25

Market opportunity

90m

Estimated 90 million bottle coolers in operation globally today. Wellington's current solution addresses a market opportunity of 30 million bottle coolers.

Letter from Chair and CEO

Gottfried Pausch
Chairman

Greg Balla
Chief Executive Officer

We are pleased to report that Wellington achieved $31.9 million in revenue for the six months ending 30 June 2022 (H1 FY22), up 4.4% compared to the same period last year (H1 FY21). Given the supply constraints the Company faced, we consider this a solid performance.

Since the beginning of the financial year, we have experienced ongoing supply issues, including electronic component shortages, increased input costs, constraints on shipping and increased shipping costs.

Our focus is growth for the long term, and while supply chain challenges have impacted our bottom line during H1 FY22, we are on track for a strong second half – and expectations of an even stronger FY23.

Financial performance

Earnings before interest, tax, depreciation, and amortisation (EBITDA) was a loss of $0.6m, compared to a $1.8m surplus for the corresponding period last year, before adjustment for non-recurring items.

Our business has been constrained by product availability, and our team has worked hard to manage supply, identify componentry swap-outs, and support our customers as best as we could during these challenging times.

We made the deliberate decision to support our customer experience for the long term. This meant we incurred additional costs for air freight and spot purchase of components, all of which impacted gross profit.

We also incurred higher salary costs to hire and retain key staff in the current environment, and most of our engineering time was spent on component swap-out work at the expense of capitalisable new product development.

The pre-tax result was a loss of $1.9 million, compared to a profit of $0.6 million for the comparable period.

US$ revenue was US$22.4 million, 1.8% lower than last year. The decline in the NZ dollar since last year, relative to the US dollar, meant Wellington's NZ$ reported revenues for the period show an increase.

Operating expenses

Operating expenses for the six months ending 30 June 2022 were $8.9 million, 30% higher than the comparable period last year, consistent with our business plan.

As planned to support product development, staffing has increased from 85 in June 2021 to 98 in June 2022. In addition, team salaries have been adjusted because of global labour market pressure.

The capitalisation of product development time was reduced by $0.7m due to the time required to be spent on redesigns for component swap-outs to mitigate supply chain shortages.

Reconfirming guidance

In response to our H1 challenges, we have recalibrated many aspects of our business to set ourselves up for a strong H2 FY22.

We believe we are through the worst of the supply chain challenges. Customer demand continues to be strong, and the changes we have already made are starting to deliver results.

On the basis there are no material changes in circumstances, Wellington is sufficiently funded, from a combination of cash-on-hand and existing debt facilities, to enable it to meet guidance expectations.

The Board and executive team are pleased to reconfirm full year guidance.

We expect US$ invoiced revenue in the range of US$55 million to US$60 million, which represents YOY growth of 17% at the bottom end of the range up to 27% at the top end. EBITDA earnings are expected to be in the range $3.5 million to $4.5 million, which is significantly above that recorded in FY21.

Trading results for H2 FY22 are expected to show a significant increase over H1 FY22. US$ revenue is expected to be 46% above H1 FY22 at the bottom of the range and 68% at the top end. EBITDA for H2 FY22 is expected in the range $4.1 million to $5.1 million.

We expect three very large revenue months in the last quarter and if we are successful, we would be towards the top end of our guidance.

This forecast remains subject to the higher than usual level of risk that prevails in the current global environment, in particular for unexpected cost increases and unanticipated disruptions to supply.

Business update

We have a clear strategy for our next growth phase – we have transformed the business to become a global hardware-enabled, full-service software as a service (SaaS) company.

While we have had a challenging first half of this financial year, this strategy has already started to deliver, and we are on track to become a NZ$100 million revenue company in 2023.

This strategy is our pathway to lifting recurring IoT SaaS-driven revenue, expanding in existing markets and exploring new export markets.

Supply chain challenges

Demand has outstripped supply on almost all fronts during the first half of the financial year. Our team has worked hard to navigate and offset supply chain issues as best as possible.

Wherever possible, we prioritised protecting our customer relationships during these challenging times.

We have invested in redesign using alternative components to allow variations of the same products to be built. We've also had to update our firmware and software to support these different alternatives.

We have also invested strategically to increase the volume of components we hold in inventory to ensure we can deliver against forecast demand in the back end of FY22.

We have now secured enough stock of our key components to cover what we anticipate manufacturing during the next 12 months.

Navigating the supply chain issues has negatively impacted gross margin across the first six months. Gross margin sat at 26.6% during H1 22, compared to 29.0% last year.

The team had to source some electronic components on the spot market due to regular suppliers being unable to meet contracted quantities and delivery dates. The cost premium of these spot purchases was $0.6m.

We have adjusted customer pricing to reflect increased product and shipping costs, although many of these pricing changes are only effective from the second half of FY22.

Maintaining customer relationships

We've been acutely aware of the risk to client relationships when, due to the global supply chain shortages, we can't supply them with what they need.

However, our recent industry-leading net promotor score (NPS) demonstrates that our sales customer team has done an excellent job managing these challenging times with customers.

NPS is a widely used market research tool that captures the likelihood that customers would recommend a company.

In New Zealand, the benchmark for B2B industrial companies is +25, and Wellington achieved a +40 score.

Alongside maintaining customer relationships, we have also finalised a new brand for Wellington, which will launch in the final quarter of this financial year.

After consulting with our team, clients, and shareholders, we learned our New Zealand heritage is a powerful global differentiator for us. We also learned that we're held in high regard for unearthing powerful customer outcomes and insights through our software and hardware.

During the final quarter of the year, we will rebrand completely, and wrap around the launch a new wave of customer communications to articulate the value we add to companies around the world. Details of the new brand can be found on page 12.

Growing IoT and innovation

As we deliver our IoT vision, the team has been focussed on moving customers from what we call base IoT customers through to engaged IoT customers.

This shifts them from receiving standard reports through to leveraging our consumer engagement, machine learning and Artificial Intelligence (AI) solutions.

Moving customers up these levels translates into recurring software and professional services fees, and is already translating into growth.

Across the first half of the year, we shipped 276,000 Connect™ SCS controllers, an 19% increase on H1 FY21, and we shipped 18,000 of the recently launched Connect™ Monitor, an innovative, retrofittable, battery-powered, multi-sensor device.

The higher IoT hardware volumes have translated into higher Cloud data connection revenue. We invoiced $2.8m for Cloud data connection and software development charges during the first half, a 102.3% increase.

This revenue is multi-year and is recognised in the Income Statement spread across the duration of the contract. On 30 June 2022, we held $9.0 million of deferred revenue for recognition in subsequent periods.

In order to increase customer maturity levels, we have developed a suite of new products. This includes Connect™ Network Pro, which enables us to help customers collect data from remote appliances and communicate the data to the cloud, via cellular or wifi networks, more efficiently and without human involvement.

Additionally, the growth of products such as Connect Monitor is significant – we are seeing encouraging signs of adoption across the refrigeration market.

We have developed new features for IoT customers that will deliver significant benefits over and above what they're already achieving. One example is preventative maintenance alerts where, in the future, we'll be able to alert our customers to what equipment is going to break down and for what reason.

Now that we have worked through redesign of products for componentry swaps, we are able to accelerate research and development of new products.

We are continuing to develop our strategy for entering adjacent markets. We are progressing the rollout of temperature monitoring in supermarket multi-door displays, and we are exploring a food safety solution that combines Connect Network Pro, Connect Monitor, apps and cloud for the food service industry.

Hardware update

We shipped 492,000 motors during the six months to June 30, 2022. This was lower than the 685,000 motors shipped during the corresponding period last year, as motor production was heavily impacted by electronic component shortages.

We also received significant new customer enquiries from companies wanting to diversify their supplier network. This has created valuable sales opportunities as we start overcoming supply chain issues.

Our range of commercial refrigeration fan motor accessories sets the benchmark for efficiency, airflow, and quiet performance, and we are currently investing in expanding our range of high-performance fans.

Sustainability

Wellington's EC motors have saved 2.2TWh (Terawatt hours) of energy to date, which equates to 4.5 years of the power generated by the Huntly Power Station.

But our commitment to sustainability goes beyond what we enable our customers. We are also focused on the impact that manufacturing and distributing our products has and are evaluating options to reduce our carbon footprint. As a part of this, we are underway with developing our Environmental, Social and Governance (ESG) strategy and will share further updates in our annual report.

People and team

Across the first half of the financial year, we've been delighted to hire some incredible new people and grow talent internally.

Just after the end of H1, we were particularly pleased to hire Rami Elbeltagi as Vice President of Engineering.

Summary

As a business, we are in a strong position heading into H2 FY22.

We have reconfirmed our annual guidance of EBITDA of between $3.5 and $4.5 million. As a result of operational improvements such as product re-design and holding increased inventories, we have built the platform for a strong H2.

On behalf of the whole Wellington Board and Executive team, we would like to thank our people across the globe for their efforts.

Together, our future is firmly focused on meeting the needs of our global customers to deliver commercial refrigeration intelligence and a connected advantage.

Gottfried Pausch, Chairman
25 August 2022

Greg Balla, Chief Executive Officer
25 August 2022

AO | MĀORI FOR WORLD
FRIO | SPANISH FOR COLD

As we develop into a hardware-enabled SaaS company, we're rebranding to showcase what we've evolved into. In the final quarter of 2022, we will become AoFrio.

We see a future where hundreds of millions of AoFrio connections drive powerful, purposeful outcomes for customers.

We will make this happen by scaling new heights for commercial refrigeration through sustainable transformative technologies.

We're driven by an immense hunger to unearth powerful customer outcomes and insights through constant technology innovation.

Our future is now firmly focused on meeting the needs of our global customers, shareholders and team to deliver sustainable transformative technologies and a connected advantage.

WELCOME TO OUR WORLD OF COLD, AOFRIO.

Financial Statements

Financial Statements

Consolidated and Condensed Interim Statement of Comprehensive Income

	Note	Six months ended Unaudited 30 Jun 2022 $000s	Six months ended Unaudited 30 Jun 2021 $000s	Year ended Audited 31 Dec 2021 $000s
Revenue	2.1,2.3	**31,892**	30,561	64,218
Cost of sales		**(23,397)**	(21,707)	(46,345)
Gross profit		**8,495**	8,854	17,873
Foreign exchange (losses) / gains		**(250)**	63	74
Other income	2.4	**32**	46	54
Operating expenses		**(8,924)**	(6,840)	(15,052)
Gain / (loss) on remeasurement of contingent consideration	5.1	**68**	(293)	(323)
Earnings before interest, taxation, depreciation, amortisation and impairment		**(579)**	1,830	2,626
Depreciation	3.5	**(283)**	(278)	(578)
Amortisation	3.6	**(908)**	(847)	(2,015)
Impairment	3.6	**-**	-	(393)
(Loss) / profit before interest and taxation		**(1,770)**	705	(360)
Finance income	4.2	**40**	12	11
Finance expenses	4.2	**(136)**	(99)	(207)
(Loss) / profit before income tax		**(1,866)**	618	(556)
Income tax (expense) / credit	2.7	**(1)**	(7)	5,981
(Loss) / profit for the period		**(1,867)**	611	5,425
Other comprehensive income: *Items that may be reclassified subsequently to the profit or loss:* Exchange differences on translating operations		**886**	330	117
Other comprehensive income for the period		**886**	330	117
Total comprehensive income for the period		**(981)**	941	5,542
(Loss) / profit for the period attributable to the Owners of the Company		**(1,867)**	611	5,425
Total comprehensive income attributable to the Owners of the Company		**(981)**	941	5,542
Basic earnings per share – cents	2.6	**(0.43)**	0.14	1.26
Diluted earnings per share – cents	2.6	**(0.43)**	0.14	1.23

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

Consolidated and Condensed Interim Statement of Movements in Equity

	Note	Share capital $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Unaudited for the six months ended 30 June 2022					
Balance at 1 January 2022		**135,555**	**(111,467)**	**(3,800)**	**20,288**
Comprehensive income:					
Loss for the period		**-**	**(1,867)**	**-**	**(1,867)**
Other comprehensive income:					
Exchange differences on translation of foreign operations		**-**	**-**	**886**	**886**
Total comprehensive income		**-**	**(1,867)**	**886**	**(981)**
Share options compensation expensed		**-**	**-**	**47**	**47**
Part paid shares repayment	4.3	**(2)**	**-**	**-**	**(2)**
Contributions of equity net of costs	4.3	**253**		**-**	**253**
Balance at 30 June 2022		**135,806**	**(113,334)**	**(2,867)**	**19,605**

	Note	Share capital $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Unaudited for the six months ended 30 June 2021					
Balance at 1 January 2021		135,555	(116,892)	(3,948)	14,715
Comprehensive income:					
Income for the period		-	611	-	611
Other comprehensive income:					
Exchange differences on translation of foreign operations		-	-	330	330
Total comprehensive income		-	611	330	941
Contributions of equity net of costs	4.3	-	-	-	-
Balance at 30 June 2021		135,555	(116,281)	(3,618)	15,656

Consolidated and Condensed Interim Statement of Movements in Equity - continued

	Note	Share capital $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Audited for year ended 31 December 2021					
Balance at 1 January 2021		135,555	(116,892)	(3,948)	14,715
Comprehensive income:					
Profit for year		-	5,425	-	5,425
Other comprehensive income:					
Exchange differences on translation of foreign operations		-	-	117	117
Total comprehensive income		-	5,425	117	5,542
Share options compensation expensed		-	-	31	31
Balance at 31 December 2021		$135,555	(111,467)	(3,800)	20,288

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

Consolidated and Condensed Interim Statement of Financial Position

	Note	Unaudited 30 Jun 2022 $000s	Unaudited 30 Jun 2021 $000s	Audited 31 Dec 2021 $000s
Current Assets				
Cash and cash equivalents		**4,839**	6,146	5,953
Trade and other receivables	3.1	**15,677**	14,717	17,847
Inventories	3.2	**6,703**	4,765	4,600
Total current assets		**27,219**	25,628	28,400
Non-Current Assets				
Property, plant and equipment	3.5	**1,891**	1,914	1,724
Deferred tax asset		**6,051**	-	6,051
Intangible assets	3.6	**13,275**	13,144	12,619
Total non-current assets		**21,217**	15,058	20,394
Total assets		**48,436**	40,686	48,794
Current Liabilities				
Trade and other payables	3.3	**17,171**	17,315	19,167
Contract liability	2.3	**1,874**	1,209	1,431
Provisions	3.4	**225**	199	205
Derivative financial instruments		**274**	13	21
Borrowings	4.1	**1,029**	1,095	731
Total current liabilities		**20,573**	19,831	21,555
Non-Current Liabilities				
Borrowings	4.1	**1,158**	1,019	1,266
Contract liability	2.3	**7,100**	3,887	5,362
Contingent consideration		**-**	293	323
Total non-current liabilities		**8,258**	5,199	6,951
Total liabilities		**28,831**	25,030	28,506
Net assets		**19,605**	15,656	20,288

Consolidated and Condensed Interim Statement of Financial Position - continued

	Note	Unaudited 30 Jun 2022 $000s	Unaudited 30 Jun 2021 $000s	Audited 31 Dec 2021 $000s
Equity				
Contributed equity	4.3	**135,806**	135,555	135,555
Accumulated losses		**(113,334)**	(116,281)	(111,467)
Other reserves		**(2,867)**	(3,618)	(3,800)
Total equity		**19,605**	15,656	20,288

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

Consolidated and Condensed Interim Cash Flow Statement

	Note	Six months ended Unaudited 30 Jun 2022 $000s	Six months ended Unaudited 30 Jun 2021 $000s	Year ended Audited 31 Dec 2021 $000s
Cash flows from operating activities				
Receipts from customers exclusive of GST / VAT		**37,064**	25,446	57,993
Payments to suppliers and employees exclusive of GST / VAT		**(37,506)**	(23,059)	(54,861)
Foreign exchange (losses) / gains		**(250)**	63	74
Other income		**32**	46	54
Interest paid		**(136)**	(98)	(204)
Interest received	4.2	**40**	12	11
Taxation paid		**(97)**	(5)	(31)
Net GST / VAT received		**303**	717	911
Net cash (outflow) / inflow from operating activities		**(550)**	3,122	3,947
Cash flows from investing activities				
Payments for property, plant and equipment	3.5	**(292)**	(48)	(134)
Proceeds from disposals of property, plant and equipment		**25**	-	-
Payments for intangible assets	3.6	**(554)**	(1,289)	(2,089)
Net cash outflow from investing activities		**(821)**	(1,337)	(2,223)
Cash flows from financing activities				
New loan and drawdowns	4.1	**422**	1,154	2,071
Loan repayments	4.1	**(189)**	(1,152)	(1,902)
Principal payments for right-of-use assets	4.1	**(114)**	(178)	(217)
Net cash inflow / (outflow) from financing activities		**119**	(176)	(48)
Net (decrease) / increase in cash and cash equivalents		**(1,252)**	1,609	1,676
Cash and cash equivalents at the beginning of the financial period		**5,953**	4,610	4,610
Effect of exchange rate movements on cash		**138**	(73)	(333)
Cash and cash equivalents at end of period		**4,839**	6,146	5,953

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

Notes to the Financial Statements

for the six months ended 30 June 2022

1. Basis of preparation

1.1 General Information

1.1 General Information

Wellington Drive Technologies 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, connected controllers and fans for worldwide use.

The Company is a limited liability incorporated and domiciled in New Zealand. The address of its registered office is 21 Arrenway Drive, Rosedale, Auckland 0632 New Zealand. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

These interim financial statements do not include all the notes and disclosures set out in the annual report. As a result, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

These consolidated and condensed financial statements have been approved for issue by the Board of Directors on 24th August 2022 and have not been audited.

1.2 Summary of Significant Accounting Policies

Basis of preparation

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

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

Entities reporting

The financial statements are for the consolidated group which is the economic entity comprising of Wellington Drive Technologies Limited and its subsidiaries.

Historical cost convention

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

New standards, amendments and interpretations not yet adopted

The following accounting standards, amendments and interpretations are mandatory for future periods and are unlikely to have a material impact on the financial statements prepared by the Company:

- Amendments to IAS 1 – Classification of liabilities as Current and Non-Current – effective from 1 January 2023
- Amendments to NZ IAS 8 – Definition of Accounting Estimates – effective from 1 January 2023

Going concern assumption

The Group reported a loss for the six months ended 30 June 2022 year of $1,867,000 (2021: profit of $611,000) and operating cash outflows of $550,000 (2021: Inflows of $3,122,000). Cash at 30 June 2022 was $4,839,000 (2021: $6,146,000) and net cash (defined as cash balances net of borrowings) was $2,652,000 (2021: $4,032,000).

The Group has issued guidance for the year ended 31 December 2022. US$ invoiced revenue is expected in the range of US$55 million to US$60 million and EBITDA is expected in the range $3.5 million to $4.5 million.

The Group remains subject to a higher than usual level of risk in the current global environment including unexpected cost increases, factory closures or capacity reductions due to the COVID-19 virus, suppliers unable to supply some critical components and other unanticipated disruptions to supply.

The Group has managed through these disruptions in 2022 by:

- Increasing pricing to maintain gross margins.
- Actively sourcing alternate components.
- Redesigning products to utilise alternate components where required.
- Extending customer order lead times.
- Engaging with customers to delay deliveries and / or otherwise vary customer orders.

The Board expects these actions to continue to be required throughout 2022. Forecasts have been prepared which make allowance for expected cost increases, product redesign and associated costs. These forecasts are most sensitive to revenue declines due to customer demand and margin pressure, and delays in delivering products to customers due to the impact of macroeconomic supply chain factors. The Board considers that there are actions that would be taken to ensure that the Group would maintain adequate cash reserves.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future from the date of approving the financial statements, and they have assessed it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates

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:

Area of estimation
- Going concern – forecasts – note 1.2

Areas of judgement
- Deferred tax asset – recognition – note 2.7
- Development costs – capitalisation of expenses and testing – note 3.6

2. Results for the period

2.1 Segment information

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

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

(a) Reportable segments

The Group is now organised on a global basis into two operating divisions – Motors and IoT. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's chief executive officer reviews the financial performance of each division at least monthly. Each division is a reportable segment.
There are varying levels of integration between the segments. There are engineering and sales staff that support both segments as well as shared logistical and quality management services.

Information related to each reportable segment is set out below:

June 2022 (six months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	**15,619**	**16,273**	**-**	**31,892**
Cost of goods sold	**13,797**	**9,600**	**-**	**23,397**
Gross profit	**1,822**	**6,673**	**-**	**8,495**
Gross profit %	**11.7%**	**41.0%**	**-**	**26.6%**
Foreign exchange losses	**-**	**-**	**(250)**	**(250)**
Other income	**6**	**3**	**23**	**32**
Operating expenses	**(1,497)**	**(3,346)**	**(4,081)**	**(8,924)**
Gain on remeasurement of contingent consideration	**-**	**68**	**-**	**68**
EBITDA	**331**	**3,398**	**(4,308)**	**(579)**
Depreciation	**(161)**	**(87)**	**(35)**	**(283)**
Amortisation	**(167)**	**(739)**	**(2)**	**(908)**
Profit / (loss) before interest & taxation	**3**	**2,572**	**(4,345)**	**(1,770)**
Finance income	**-**	**-**	**40**	**40**
Finance expense	**-**	**-**	**(136)**	**(136)**
Profit / (loss) before income tax	**3**	**2,572**	**(4,441)**	**(1,866)**
Income tax expense	**-**	**-**	**(1)**	**(1)**
Profit / (loss) for the period	**3**	**2,572**	**(4,442)**	**(1,867)**

Non-current assets				
Property, plant and equipment	**554**	**119**	**1,218**	**1,891**
Deferred tax asset	**-**	**-**	**6,051**	**6,051**
Goodwill	**-**	**3,254**	**-**	**3,254**
Intangible assets	**3,775**	**6,147**	**99**	**10,021**
Total non-current assets	**4,329**	**9,520**	**7,368**	**21,217**

June 2021 (six months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	17,802	12,759	-	30,561
Cost of goods sold	(14,635)	(7,072)	-	(21,707)
Gross profit	3,167	5,687	-	8,854
Gross profit %	17.8%	44.6%		29.0%
Foreign exchange gains	-	-	63	63
Other income	4	25	17	46
Operating expenses	(1,157)	(1,885)	(3,798)	(6,840)
Gain on remeasurement of contingent consideration	-	(293)	-	(293)
EBITDA	2,014	3,534	(3,718)	1,830
Depreciation	(26)	(92)	(160)	(278)
Amortisation	(152)	(685)	(10)	(847)
Profit / (loss) before interest & taxation	1,836	2,757	(3,888)	705
Finance income	-	-	12	12
Finance expense	-	-	(99)	(99)
Profit / (loss) before income tax	1,836	2,757	(3,975)	618
Income tax expense	-	-	(7)	(7)
Profit / (loss) for the period	1,836	2,757	(3,982)	611

Non-current assets				
Property, plant and equipment	582	133	1,199	1,914
Goodwill	-	3,138	-	3,138
Intangible assets	3,937	5,762	307	10,006
Total non-current assets	4,519	9,033	1,506	15,058

December 2021 (12 months)	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	38,985	25,233	-	64,218
Cost of goods sold	(31,875)	(14,470)	-	(46,345)
Gross profit	7,110	10,763	-	17,873
Gross profit %	18.2%	42.7%		27.8%
Foreign exchange gains	-	-	74	74
Other income	4	36	14	54
Operating expenses	(2,539)	(4,508)	(8,005)	(15,052)
Gain on remeasurement of contingent consideration	-	(323)	-	(323)
EBITDA	4,575	5,968	(7,917)	2,626
Depreciation	(301)	(192)	(85)	(578)
Amortisation	(307)	(1,669)	(39)	(2,015)
Impairment	(393)	-	-	(393)
Profit / (loss) before interest & taxation	3,574	4,107	(8,041)	(360)
Finance income	-	-	11	11
Finance expense	-	-	(207)	(207)
Profit / (loss) before income tax	3,574	4,107	(8,237)	(556)
Income tax credit	-	-	5,981	5,981
Profit / (loss) for the year	3,574	4,107	(2,256)	(5,425)
Non-current assets				
Property, plant and equipment	506	111	1,107	1,724
Deferred tax asset	-	-	6,051	6,051
Goodwill	-	3,127	-	3,127
Intangible assets	3,541	5,494	457	9,492
Total non-current assets	4,047	8,732	7,615	20,394

(b) Geographical segments

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

Revenue from external customers by geographic areas	Six months ended 30 Jun 2022 $000s	Six months ended 30 Jun 2021 $000s	Year ended 31 Dec 2021 $000s
Americas	**25,416**	25,117	51,068
Asia / Pacific (APAC)	**3,086**	2,079	4,950
Europe / Middle East / Africa (EMEA)	**3,390**	3,365	8,200
Total	**31,892**	30,561	64,218

Revenue is allocated above based on the country in which the customer is located. APAC revenue includes $597,000 (2021: $589,000) from New Zealand customers.

Total non-current assets	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Americas	**32**	21	2,074
Asia / Pacific - mainly in New Zealand	**21,159**	14,976	18,273
Europe / Middle East / Africa	**26**	61	47
Total	**21,217**	15,058	20,394

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

2.2 Seasonality of operations

Revenues and operating profits are generally expected to be higher in the first six months of a calendar year, lower in the 3rd quarter due to customers in the northern hemisphere shutting down for summer holidays and increasing again in the 4th quarter. This does not appear to be position this year due to supply constraints in the 1st half year pushing delaying revenue to later in the year and current forecasts show a higher 2nd half year and a high 4th quarter.

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

2.3 Revenue

	Six months ended 30 Jun 2022 $000s	Six months ended 30 Jun 2021 $000s	Year ended 31 Dec 2021 $000s
Sales of goods revenue	**30,764**	29,973	62,771
Services revenue	**1,128**	588	1,447
Total	**31,892**	30,561	64,218

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

(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 in-market distributors in China and Brazil to supply goods to buyers in those markets who require local delivery.

These distributors transact as agents. The Group is the principal in these transactions. Sales of product are recognised when these distributors deliver the product to buyers at which point control passes to the buyer.

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

No element of financing is deemed present as the sales are made with a credit term of 30 - 120 days which is consistent with market practice. 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 Connect SCS and Connect Monitor and Connect Click sold and are distinct services from the sale of goods. Revenue from the provision of such services is recognised when services are rendered to the buyer. Contracts typically cover a period from hardware supply of anywhere from 1 to 10 years, dependent on customer requirements. Contracts specify the price for the provision of the services. Revenue from such contracts is recognised on a straight-line basis over the contract term because the customer receives and uses the benefits simultaneously. No explicit element of financing is deemed present.

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

Contract liabilities	Six months ended 30 Jun 2022 $000s	30 Jun 2021 $000s	Year ended 31 Dec 2021 $000s
Carrying amount at start of period	**6,793**	4,196	4,196
Invoiced in the period	**2,768**	1,368	3,860
Recognised in revenue	**(1,128)**	(588)	(1,447)
Exchange adjustment	**541**	120	184
Carrying amount at end of period	**8,974**	5,096	6,793
Current portion	**1,874**	1,209	1,431
Non-current portion	**7,100**	3,887	5,362
	8,974	5,096	6,793

2.4 Other income

	Six months ended 30 Jun 2022 $000s	30 Jun 2021 $000s	Year ended 31 Dec 2021 $000s
COVID-19 government subsidies	**-**	15	15
Other income	**32**	31	39
Total	**32**	46	54

2.5 Operating expenses include

	Six months ended 30 Jun 2022 $000s	30 Jun 2021 $000s	Year ended 31 Dec 2021 $000s
Wages and salaries and other short-term benefits	**6,059**	5,632	11,300
Employer contributions to Kiwisaver and 401K plans	**231**	189	385
Employee share option expenses	**47**	-	31
Employee benefits	**6,337**	5,821	11,716
Payments to contractors	**893**	664	1,591
Capitalisation of labour and expenses to intangible assets	**(526)**	(1,253)	(2,057)

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

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

Wages and salaries in 2021 included $1,109,000 for the reimbursement in the year of 2020 staff salary reductions which were an important component of the Group's COVID response.

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

2.6 Earnings per share

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

Basic EPS of a loss of 0.43 cents (June 2021 – profit of 0.14 cents) is calculated by dividing the loss attributable to equity holders of the Company of $1,867,000 (June 2021 – profit of $611,000) by the weighted average number of ordinary shares in issue during the period of 432,229,459 (June 2021 – 431,914,620).

Diluted EPS for the six months ended 30 June 2022 of a loss of 0.43 cents (June 2021 - profit of 0.14 cents) is calculated by dividing the loss attributable to equity holders of the Company of 1,867,000 (June 2021 - profit of $611,000) by the weighted average number of shares in issue adjusted to reflect any commitments the Group has to issue shares in future that would decrease EPS. The weighted average number of ordinary shares is compared with the number of shares that would have been issued assuming the exercise of share options.

2.7 Income tax

The charge for the period can be reconciled to the result before tax as follows:

	Six months ended		Year ended
	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Reported (loss) / profit before tax	**(1,866)**	618	(556)
Tax at 28%	**(522)**	173	(156)
Effect of different rates of subsidiaries in other jurisdictions	**(7)**	-	(5)
Tax effect of non-deductible / non-assessable items	**(40)**	(14)	(31)
Tax effect of losses incurred / (utilised) not recognised	**568**	(166)	122
Initial recognition of deferred tax asset	-	-	6,051
Income tax (expense) / credit	**(1)**	(7)	5,981

As it is probable that future taxable amounts will be available to utilise temporary differences and losses, a deferred tax asset was recognised at 31 December 2021 for deductible temporary differences and for that portion of the unused tax losses expected to be utilised in the forseeable future. 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 over a longer term. Losses available to be carried forward are subject to the shareholder continuity requirements of the New Zealand Income Tax Act 1994 and the countries in which the losses have arisen.

3. Operating assets and liabilities

3.1 Trade and other receivables

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Trade receivables	**14,289**	13,960	16,498
Provision for loss allowance	**(47)**	(195)	(90)
Net trade receivables	**14,242**	13,765	16,408
Prepayments	**862**	507	837
VAT / GST refunds due	**60**	55	133
Income tax refund due	**310**	250	214
Other receivables	**203**	140	255
	15,677	14,717	17,847

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

The Group takes out trade credit insurance to hedge against some of the credit risk. 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 over the period from 2013 to 2021 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 (2021: 1.5% and 0.1% respectively).

3.2 Inventories

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Finished goods – at cost	**4,627**	3,976	4,727
Work in progress – at cost	**-**	454	-
Raw materials – at cost	**2,477**	721	320
Less inventory provisions	**(401)**	(386)	(447)
Total inventories	**6,703**	4,765	4,600

3.3 Trade and other payables

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Trade payables	**13,877**	13,883	14,508
Employee entitlements	**1,365**	1,544	1,791
VAT / GST payable	**310**	358	353
Accrued expenses	**1,619**	1,530	2,515
	17,171	17,315	19,167

3.4 Provisions

Warranty provisions	**30 Jun 2022 $000s**	30 Jun 2021 $000s	31 Dec 2021 $000s
Carrying amount at start of period	**205**	315	315
Additional provisions recognised	**56**	26	56
Amounts used	**(56)**	(149)	(178)
Exchange adjustment	**20**	7	12
Carrying amount at end of period	**225**	199	205

3.5 Plant and equipment

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Net book amount at start of period	**1,724**	2,083	2,083
Additions	**292**	48	134
Depreciation	**(283)**	(278)	(578)
Disposals	**-**	-	-
Exchange adjustment	**158**	61	85
Net book amount at end of period	**1,891**	1,914	1,724
Depreciation			
Property	**97**	90	167
Plant and equipment	**124**	132	276
Office equipment, furniture & fittings	**62**	56	135
	283	278	578

Capital commitments

Capital commitments contracted at 30 June 2022 amounted to $136,260 (June 2021 $124,000)

3.6 Intangible assets

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Net book amount at start of period	**12,619**	12,397	12,397
Additions	**554**	1,289	2,089
Amortisation	**(908)**	(847)	(2,015)
Impairment	**-**	-	(393)
Exchange adjustment	**1,010**	305	541
Net book amount at end of period	**13,275**	13,144	12,619
Analysis of net book amount			
Internally generated development assets	**9,421**	9,327	9,085
Patents	**235**	218	215
Goodwill	**3,254**	3,138	3,127
Other	**365**	461	192
	13,275	13,144	12,619

Additions in the six months to 30 June 2022 include $526,000 (2021: $1,253,000) for internally generated development costs and $28,000 (2021: $36,000) for patents, trademarks and software. Payments for intangible assets in the period amounting to $554,000 (2021: $1,289,000) are included in the Consolidated and Condensed Interim Cash Flow Statement.
Internally generated development costs include $4,256,000 (2021: $3,289,000) for projects underway and not complete at balance date. This cost is not yet being amortised.

Goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations with indefinite lives has been allocated to the IoT Cash Generating Unit (CGU) which is also an operating and reportable segment for impairment testing. The Group performed an impairment test at 30 June 2022. The recoverable amount of the IoT CGU at 30 June 2022 has been determined based on a 5 year value in use calculation using cash flow projections from forecasts for 2022 and 2023. The pre-tax discount rate applied to the cash flow projections is 14% (2021: 14%) and cash flows beyond 2023 using a 5% growth rate. The calculation of value in use is most sensitive to assumptions on gross margins, completion and launch of new products and retaining volumes to current customer and growth rates used to extrapolate cash flows beyond the forecast period. Gross margins are based on current pricing and product costs. As a result of this analysis, management did not identify an impairment for this CGU.

4. Capital and financing costs

4.1 Borrowings

	30 Jun 2022 $000	30 Jun 2021 $000s	31 Dec 2021 $000s
Current portion			
Bank loan – BNZ trade finance	**134**	576	75
Bank loan – Banco del Bajio	**402**	216	213
Bank loan – SBA	**22**	1	15
Liabilities in respect of right-of-use assets	**233**	225	232
Other Borrowings	**238**	77	196
	1,029	1,095	731
Non-Current portion			
Liabilities in respect of right-of-use assets	**645**	878	760
Bank loan – SBA	**311**	75	284
Other Borrowings	**202**	66	222
	1,158	1,019	1,266

BNZ trade finance facility

The $2.5m trade finance facility has no term, is repayable on demand and is secured. The Company can finance invoices to certain customers over a maximum term of 120 days. Interest is payable on repayment at a 3% margin above bank base lending rate.

Other bank loans

The Company's US subsidiary borrowed US$198,100 under the Small Business Act. The SBA loan has monthly repayments over a 30-year term with repayments commencing in July 2021. Interest is payable at 3.75% pa.

The Company's Mexican subsidiary borrowed 5 million Mexican Pesos from the Banco del Bajio. The loan is repayable after six months and interest is payable at 4% above the Tiee Rate.

4.2 Finance income and expenses

	Six months ended		Year ended
	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Finance income			
Interest income	**40**	12	11
	40	12	11
Finance expense			
Interest expense – Bank loans	**7**	14	27
Other interest expense	**129**	85	180
	136	99	207

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.

	30 Jun 2022 Shares	30 Jun 2021 Shares	**30 Jun 2022 $000s**	30 Jun 2021 $000s
Ordinary shares – fully paid	**433,488,816**	431,914,620	**135,806**	135,553
Ordinary shares – partly paid	**-**	421,980	**-**	2
Total shares on issue	**433,488,816**	432,336,600	**135,806**	135,555

(a) Ordinary shares – fully paid

	30 Jun 2022 Shares	30 Jun 2021 Shares	**30 Jun 2022 $000s**	30 Jun 2021 $000s
Opening balance of ordinary shares on issue	**431,914,620**	431,914,620	**135,553**	135,553
New shares issued	**1,574,196**	-	**253**	-
Share issue costs	**-**	-	**-**	-
Ordinary fully paid shares on issue at period end	**433,488,816**	431,914,620	**135,806**	135,553

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.

(b) Ordinary shares – partly paid

	Six months ended			
	30 Jun 2022 Shares	30 Jun 2021 Shares	**30 Jun 2022 $000s**	30 Jun 2021 $000s
Opening balance of ordinary shares on issue	**-**	421,980	**2**	2
Repayment of part payment	**-**	-	**(2)**	-
Ordinary fully paid shares on issue at period end	**-**	421,980	**-**	2

The part paid shares lapsed in the 2021 year and all payments received were refunded in March 2022.

5. Other information

5.1 Acquisition of iProximity Limited

On 2 July 2018 the Company acquired 100% of the issued share capital of iProximity Pty Limited, an Australian based innovative proximity marketing solutions and consumer intelligence company. The consideration for the acquisition comprised up-front payments of AU$1,250,000 and cash and share-based earn out targets as follows:

- A$500,000 based on meeting specified EBIT targets (for iProximity's existing business) for the 2018 and 2019 financial years.
- The issue of fully paid ordinary shares in the Company in tranches based on meeting specified EBIT targets for the period ending 31 December 2020 (9,448,964 shares) and based on Wellington's Connect SCS System controller unit sales for the same period (9,448,964 shares.

The purchase consideration was:

	$000s
Cash paid	**1,367**
Contingent consideration	**2,327**
Total purchase consideration	**3,694**

EBIT targets were not achieved so the A$500,000 cash consideration was not payable and the 9,448,964 fully paid ordinary shares were not required to be issued in respect of those targets. The Company agreed to extend the period for the SCS Target to be achieved to 31 December 2021 and increased the number of units required to be sold for the remaining shares to be issued. 4,724,482 ordinary shares in the Company have been issued to 31 December 2021 in respect of the Connect SCS targets. A further 1,574,196 shares were issued in April 2022 in respect of the extended and revised target. No further contingent consideration is payable.

Contingent consideration	**30 Jun 2022 $000s**	30 Jun 2021 $000s	31 Dec 2021 $000s
Fair value at start of period	**323**	-	-
Remeasurement recognised in income statement	**(68)**	293	323
Settlement during the period	**(255)**	-	-
	-	293	323

5.2 Related party transactions

(a) Directors

The names of persons who are Directors of the Company are on page 42.

(b) Key management personnel and compensation

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

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Salaries, fees and other short-term benefits	**1,422**	914	1,776
Share based remuneration	**31**	-	31
Directors' remuneration	**119**	259	561
Total	**1,572**	1,173	2,368

(c) Employee share-based remuneration

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

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

(d) East West Manufacturing LLC (East West), a substantial security holder in the Company until 22 December 2021, supplies goods and services to the Company from its manufacturing facility in Vietnam and purchases product for distribution in the USA. All pricing is on an arms-length basis.

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Purchases from East West	**23,207**	19,428	19,865
Sales to East West	**145**	254	459
Cash payments to East West	**23,835**	13,742	26,036
Cash receipts from East West	**274**	128	879
Trade receivable from East West at period end	**77**	171	45
Trade payable to East West at period end	**12,913**	9,970	4,285
Interest receipts from East West for early payments of the trade payable	**34**	-	-
Interest payments to East West for extended credit terms	**-**	-	103

5.3 Contingencies and commitments

There are no material contingent liabilities or assets (June 2020 - $nil).

5.4 Leases

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

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Right-of-use assets			
Properties	**740**	834	765
Plant and equipment	**12**	31	21
Office equipment, furniture and fittings	**4**	7	5
	756	872	791
Additions to right-of-use assets in the period			
Plant and equipment	**-**	-	-
Office equipment, furniture and fittings	**-**	-	-
	-	-	-

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

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Depreciation charge for right-of-use assets			
Properties	**99**	88	180
Plant and equipment	**9**	9	18
Office equipment, furniture and fittings	**2**	2	3
	110	99	201
Interest expense on lease liabilities	**31**	39	75
Expense relating to short-term leases (included in operating expenses)	**26**	21	42

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

	Six months ended		Year ended
	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Total principal payments for right-of-use assets	**114**	178	217

5.5 Financial instruments by category

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Assets per Statement of Financial Position			
Financial assets measured at amortised cost			
Trade and other receivables	**15,307**	14,412	17,500
Cash and cash equivalents	**4,839**	6,146	5,953
Derivatives used for hedging at fair value			
Derivative financial instruments	-	-	-
	20,146	20,558	23,453
Liabilities per Statement of Financial Position at amortised cost			
Trade and other payables	**17,171**	17,315	19,167
Borrowings	**2,187**	2,114	1,997
Liabilities at fair value			
Contingent consideration	-	293	323
Derivative financial instruments	**274**	13	21
	19,632	19,735	21,508

Fair value estimation
The only financial instruments carried at fair value at 30 June 2022 are derivatives comprising forward foreign exchange contracts.

The forward exchange contract has been classified as Level 2.
The different levels have been defined as follows:

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

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

5.6 Maturity analysis

The amounts disclosed are the contractual undiscounted cash flows.

30 June 2022	Trade and other payables $000s	Borrowings $000s	Lease liabilities $000s	Total $000s
Less than 6 months	**17,113**	**679**	**117**	**17,909**
7 to 12 months	**-**	**117**	**116**	**233**
2 to 5 years	**-**	**513**	**645**	**1,158**
	17,113	**1,309**	**878**	**19,300**

30 June 2021	Trade and other payables $000s	Borrowings $000s	Lease liabilities $000s	Total $000s
Less than 6 months	17,270	829	110	18,209
7 to 12 months	-	41	115	156
2 to 5 years	-	141	878	1,019
	17,270	1,011	1,103	19,384

31 December 2021	Trade and other payables $000s	Borrowings $000s	Lease liabilities $000s	Total $000s
Less than 6 months	19,046	394	114	19,554
7 to 12 months	-	105	118	223
2 to 5 years	-	506	760	1,266
	19,046	1,005	992	21,043

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

5.7 Reconciliation of profit for the period to net cash inflow from operating activities

	Six months ended Unaudited		Year ended Audited
	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
(Loss) / profit after taxation for the period	**(1,867)**	611	5,425
Adjustments for:			
Income tax (credit) / expense	**1**	-	(5,981)
Depreciation, amortisation and impairment	**1,191**	1,125	2,986
Share based payments	**47**	-	31
Decrease in Inventory provision	**(46)**	(68)	(7)
(Decrease) / Increase in loss allowance provision	**(43)**	38	(67)
Increase / (decrease) in provision for warranty	**20**	(116)	(110)
Change in fair value of contingent consideration	**(68)**	293	323
Net foreign exchange differences	**(127)**	307	(163)
Decrease / (increase) in trade and other receivables	**2,214**	(6,131)	(9,206)
Increase in contract liabilities	**2,181**	900	2,597
(Increase) / decrease in inventories	**(2,057)**	(1,280)	(1,176)
(Decrease) / increase in trade and other payables	**(1,996)**	7,443	9,295
Net cash (outflow) / inflow from operating activities	**(550)**	3,122	3,947

5.8 Net Cash

	30 Jun 2022 $000s	30 Jun 2021 $000s	31 Dec 2021 $000s
Cash and cash equivalents	**4,839**	6,146	5,953
Borrowings – repayable within one year	**(1,029)**	(1,095)	(731)
Borrowings – repayable after one year	**(1,158)**	(1,019)	(1,266)
Net cash	**2,652**	4,032	**3,956**

5.9 Events after reporting date

There are no events after reporting date requiring disclosure.

Directory

Directors

Gottfried Pausch, *Chairman*

John McMahon, *Independent Director*

John Scott, *Independent Director*

Keith Oliver, *Independent Director*

Greg Allen, *Director*

Executive Team

Greg Balla, *CEO*

Howard Milliner, *CFO & Company Sec*

Laura Bocock, *VP Product (Acting) & Head of Transformation*

Angela Lewis, *Chief People Officer*

David Burden, *Chief Customer Officer*

Peter Barnes, *Global Quality Leader & IT Director*

Marc Tinsel, *Executive Vice President Operations & VP Engineering (Acting)*

Danielle Scott, *Executive Officer*

Phone

Ph: 64 09 477 4500

Internet

Website: www.wdtl.com

Email: info@wdtl.com

Address and Registered Office

21 Arrenway Drive
Rosedale, Auckland 0632, New Zealand
PO Box 302-533, North Harbour,
Auckland 0751, New Zealand

Auditor

Deloitte Limited

80 Queen Street, Auckland 1010, New Zealand

Banker

Bank of New Zealand

Share Registry

Computershare Investor Services Ltd,

Private Bag 92119, Auckland 1142,
New Zealand

Interim report August 2022

www.wdtl.com

WT9430