AoFrio®

AoFrio
Annual Report 2024

Results at a glance

Revenue

Revenue up 19.7%

$79.7million

Net Promoter Score (NPS)

NPS up 14 points

FY 22 **+40** FY 24 **+54**

Gross margin

Gross margin down 0.9pp

29.1%

Average staff engagement score

12pp increase

67% to 79%

EBITDA

EBITDA up $1.5m

$2.5million

App utilisation

up 66%

2.3million

Contents

Chair and CEO review

John Scott
Chairman

Greg Balla
Chief Executive Officer

FY24: Strong growth, stronger future

We are pleased to provide our annual report that shows FY24 was a year of successful execution for AoFrio.

Opening FY24 market guidance was for revenue between $70-$80 million and EBITDA around $2.5 million. AoFrio delivered on both the revenue and EBITDA guidance.

While squarely focused on revenue growth, AoFrio delivered a FY24 EBITDA surplus of $2.5 million, consistent with guidance, and up from $1.0 million in FY23.

Our team also successfully delivered on our growth strategy, entering new geographies for the Cold Drinks Equipment (CDE) market, launching new solutions for our CDE and Motors and Fans businesses and taking three proof-of-concept trials to commercial proposals for a new market segment: Food Retail.

We also invested in our core data and analytics platform, our sustainability plan and people development as part of our strategy to transform AoFrio's foundations.

Financial performance – all segments contributing, operating costs under control

In December 2024, AoFrio updated market guidance for the full year. Revenue was expected to be around $79 million at the top end of the previously advised range.

We are now reporting full-year revenue of $79.7 million, up 19.7% on FY23.

Revenue and margin performance are direct results of the implementation of our strategy as well as our focus on execution. All major business segments reported strong growth, with Internet of Things (IoT) delivering revenue of $43.3 million, up 23.4% on FY23 at a 40.7% gross margin. Our Motors segment delivered revenue of $36.4 million, up 15.6% from FY23 at a 15.4% 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)	FY24	FY23	Variance
Revenue	**79.7**	**66.6**	**+13.1**
IoT	43.3	35.1	+8.2
Motors and Fans	36.4	31.5	+4.9
Gross Margin %	29.1%	30.0%	-0.9pp
EBITDA	2.5	1.0	+1.5
Loss before tax	(1.9)	(3.3)	+1.4
Loss for year	(1.9)	(3.5)	+1.6
Net operating cash flow	5.8	3.9	+1.8

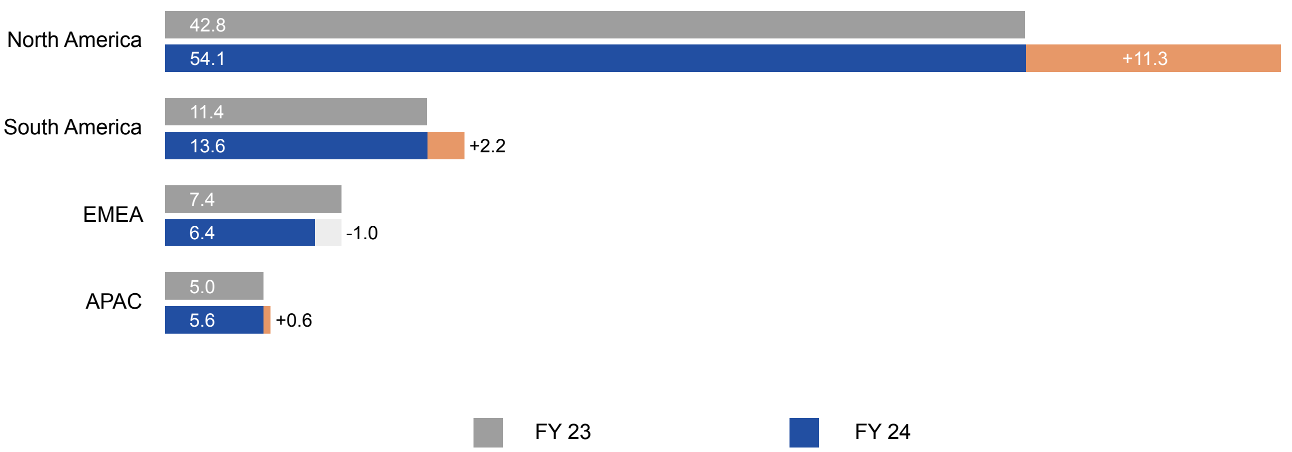
Revenue

We made significant progress across key strategic initiatives, which translated into solid revenue growth.

In FY24, AoFrio shipped 682,000 IoT devices (FY23: 519,000) and 963,000 motors (FY23: 834,000). This resulted in a 23.4% increase for IoT revenue and 15.6% for motors compared to FY23.

AoFrio invoiced $5.3 million for Cloud data connection and software development charges in FY24 compared to $4.4 million in FY23. This revenue is multi-year and is recognised in the Income Statement over the duration of the data contract. At 31 December 2024, $16.5 million of revenue was deferred for recognition in subsequent periods (FY23: $12.3 million).

Revenue (NZ$m) by geography



Strong revenue growth in the Americas was due to a series of sales initiatives and, in part, because FY23 was adversely impacted by higher inventories carried over from FY22. North American year-on-year growth was 26.4% and South America was 19.1%. There were significant market share wins during the period:

- Launching IoT in the USA – the launch of AoFrio's always-on connected device opened this market to AoFrio's connectivity solution. AoFrio's IoT invoiced revenue for the USA market was $1.3 million and there is significant potential to grow this further.
- ECR® 2 motors into the USA – AoFrio has been working with its USA distributor to secure ECR 2 motor demand with a major USA manufacturer of water heaters. First orders were received in May 2024 and revenue in FY24 was $4.9 million.
- IoT in Brazil – AoFrio won volume from a local competitor during the first half of the year and is now providing its IoT solution to one of the biggest Coca-Cola bottlers in the country.

APAC revenue for the year showed a modest increase. EMEA revenue declined due to aggressive competitor motor pricing. We are hiring additional sales staff in both regions to pursue significant opportunities for IoT solutions.

Gross margin

FY24 gross margin was slightly lower at 29.1% compared to 30.0% last year due to higher product costs and strategic pricing. The margin for IoT products was 40.7% and 15.4% for motors compared to 41.7% and 17.1% last year.

Operating expenses

Operating expenses for the year were $21.3 million, a $1.5 million increase compared to last year.

Staff costs (including contractors) of $21.1 million (pre-capitalised development) increased $3.1 million, in line with revenue. New roles were recruited in FY24 to support the business growth plan; not as many as originally planned because spending and investments are being carefully managed.

Capitalised development time increased to $4.9 million from $3.0 million in FY23. 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 development of a new higher power motor (ECR 2 26W), a new energy solution (AoFrio® INSIDE™) a new range of Gateways for connectivity and new solutions for Food Retail customers.

Finance costs

Finance costs increased $0.4 million compared to FY23, in part due to the higher interest rate environment in 2024 but also arising from 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 2024 was $2.1 million compared to $3.3 million at 31 December 2023.

Throughout the year, 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). Trade receivables were $3.6 million higher than 2023 and inventory was $0.6 million higher than 2023.

Trade payables at 31 December 2024 were $19.6 million, a $5.4 million increase compared to 2023.

Segment and SaaS-based reporting

We are evolving our reporting to better reflect our business and in alignment with our strategy. In this report we report our results for our traditional product segments (IoT and Motors) and discuss strategy for our market segments (CDE and Motors and Fans).

In addition, we are providing SaaS (Software as a Service) metrics appropriate for AoFrio. We will continue to align our reporting to our strategy as it develops.

SaaS metrics

Rule of 40 – All Segments	Rule of 40 – IoT for CDE only	Recurring Revenue as % total revenue	Revenue Deferred at 31 December 2024
22.9%	35.5%	3.2%	$16.5 million

Customer Retention Rate	Number of Connected Devices	App Utilisation	Platform Uptime
83%	3.1 million	2.3 million	99.8%

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 2024 was 19.7% and EBITDA was 3.2% of revenue, which calculates to a 22.9% metric. This calculation includes the Motors and Fans segment. If the calculation excludes Motors and Fans, because they are not part of our SaaS offering, then revenue growth in 2024 was 23.4% and EBITDA (after deduction of a pro-rata share of unallocated overheads) was 12.1%, a 35.5% metric. We are making progress towards achieving this Rule of 40 metric.

Recurring revenue

Associated with the supply of IoT hardware, AoFrio provides a range of data and reporting services, all 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 FY24 we invoiced $5.3 million of recurring revenue and recognised $2.7 million which is 3.2% of total revenue. Our longer-term target is for recurring revenue to be 50% of total revenue. $16.5 million has been deferred for recognition in future periods.

Customer retention rate

This 83% measure is the number of customers who purchased our IoT solution in 2023 and continued to purchase our solution in 2024. The customer churn tends to be of customers with small fleets.

Number of connected devices

This measures the number of customer devices connected to the AoFrio cloud. There were 3.1 million devices connected at 31 December 2024, an increase of 692,000 (29%) in 2024. The more devices we have connected, the better the quality of the fleet insights we can provide, and the more opportunity to generate additional revenue from added value services currently being developed.

App utilisation

This is a measure of the number of times customers interacted with our software, an increase of 921,000 (66%) compared to FY23.

Uptime

This is a measure of the time our platform was available to customers. The rate is consistent with that achieved in FY23 (99.85%).

Strategy

Delivering our growth strategy

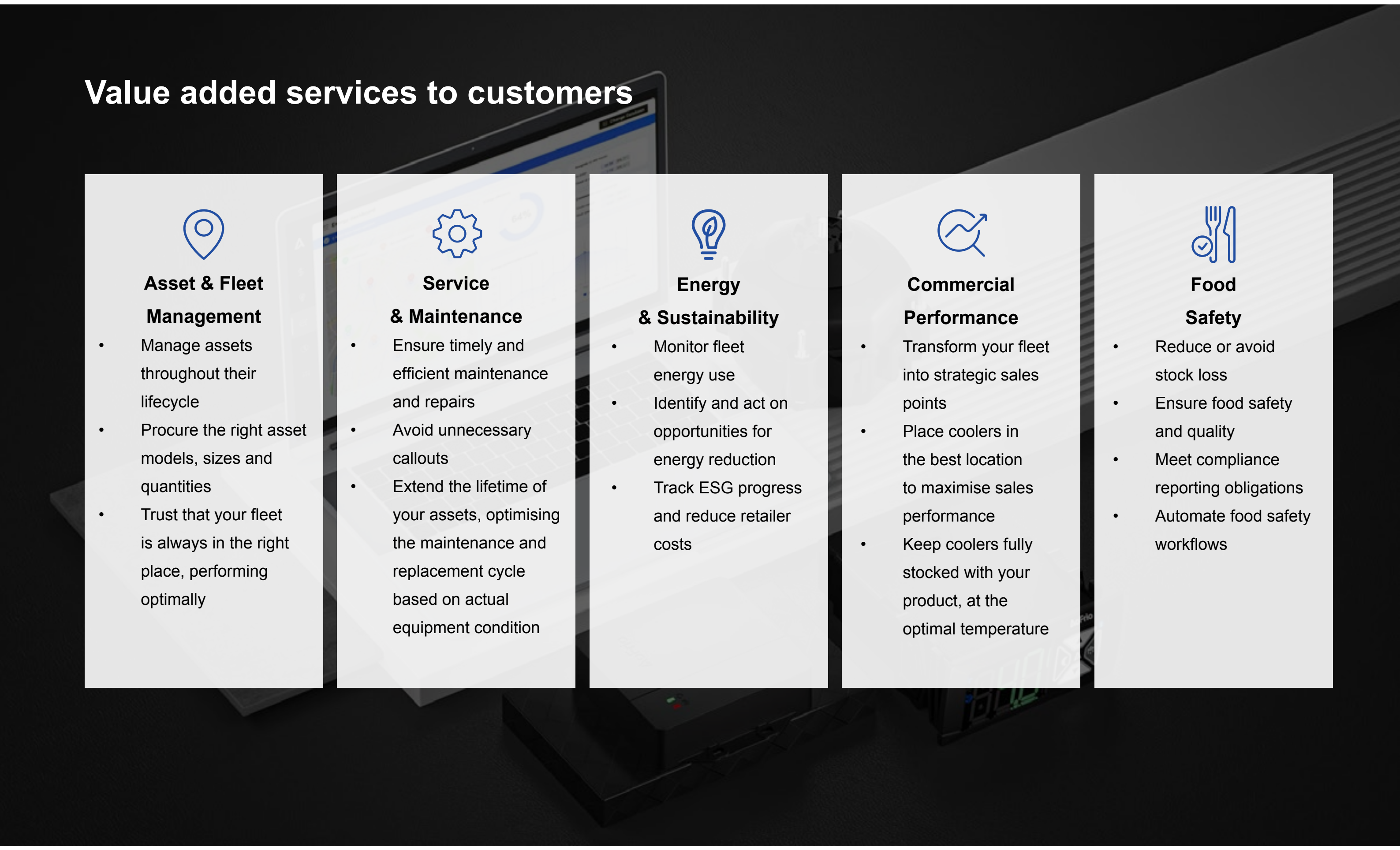
In FY24 we made significant progress on our two primary growth strategies: protecting and growing the core business and diversifying into new market segments.

We remain focused on strengthening customer value across five key areas of operation: Asset and Fleet Management, Service and Maintenance, Energy and Sustainability, Commercial Performance and Food Safety.

To continually improve the value of our customer solutions, we are focused on rapidly increasing the number of devices connected to our platform, integrating other data sources, implementing real-time two-way data flow and remote fleet management capability. This allows us to provide high value actions including notifications and automated workflows.

In FY24 we successfully shifted our product development focus from supply continuity – a major priority for the business due to global component shortages – to prioritising innovation and new product development.

This organisational focus led to a significant number of new product launches across our entire hardware and software portfolio in FY24. Accelerating new product development is essential to support our growth strategy. It is our ongoing imperative to bring highly differentiated solutions to the market at pace.



Value added services to customers

Asset & Fleet Management

- Manage assets throughout their lifecycle
- Procure the right asset models, sizes and quantities
- Trust that your fleet is always in the right place, performing optimally

Service & Maintenance

- Ensure timely and efficient maintenance and repairs
- Avoid unnecessary callouts
- Extend the lifetime of your assets, optimising the maintenance and replacement cycle based on actual equipment condition

Energy & Sustainability

- Monitor fleet energy use
- Identify and act on opportunities for energy reduction
- Track ESG progress and reduce retailer costs

Commercial Performance

- Transform your fleet into strategic sales points
- Place coolers in the best location to maximise sales performance
- Keep coolers fully stocked with your product, at the optimal temperature

Food Safety

- Reduce or avoid stock loss
- Ensure food safety and quality
- Meet compliance reporting obligations
- Automate food safety workflows

Protect and grow the core

IoT for Cold Drink Equipment (CDE) market
Aofrio is committed to growing our core IoT CDE business by 20% year-on-year (FY24 23.4%). We will continue to achieve this by entering new geographies, launching innovative products and solutions and consistently increasing market share.

Entering new geographies: USA, Europe and APAC regions *(estimated Serviceable Available Market (SAM) is $75 million annually)*
AoFrio's commitment to product innovation led to a record number of proof-of-concept trials across the US, Europe, and APAC in FY24. This achievement signals encouraging prospects for FY25 revenue, given the importance of these markets in our core CDE market growth strategy.

Each of these new geographies required a different market entry approach for our CDE solution.

- For the US, we successfully entered the USA market by relocating existing staff and focusing on the newly developed Network Pro solution. In our first year, we generated $1.3 million revenue.

- For Europe, we hired two new salespeople and leveraged technical specialists from other regions, to support proof-of-concepts and pursuits. Product market fit is still a challenge in this region, our 2025 development focus will address this.

- For Asia, our focus was to continue to build relationships with key brands throughout the region. We have built a strong pipeline of opportunities focused on AoFrio INSIDE, our energy solution, as well as existing products, generating $2.7 million of CDE revenue for the year.

Strategic pricing has been important to support our success in these markets. This aligns with our strategy of rapidly increasing the number of connections to our platform.

Over the next three years, our focus is on becoming the preferred choice for branded cooler solutions in the USA, targeting industry leaders like Coca-Cola and PepsiCo. In Europe, cellular connectivity continues to gain momentum as the first choice for leading brands, including Heineken, AB InBev and Carlsberg, and our success in other regions is allowing us to position AoFrio as a trusted partner.

New products and solutions
We continue to ensure we solve the right problems with the right solution, driving stronger engagement between our product delivery teams, field teams and customers. In FY24, we launched AoFrio INSIDE, AoFrio Gateway, and many software releases.

- **Energy efficiency with AoFrio® INSIDE™ *(estimated Total Addressable Market (TAM) is $300 million)***
  We launched AoFrio INSIDE, our complete refrigeration hardware and software bundle, which delivers up to 64% of energy savings per cooler for our customers, as well as providing real-time fleet wide energy usage and savings insights. Further development will provide actions to improve the performance of individual coolers and to enable remote actions to address these issues.

- **Launch of AoFrio® Gateway™**
  Our first cellular solution, Network Pro One, was launched in late FY23. The solution allowed entry into the US market with great success, achieving our revenue expectations through strong sales to several US-based Coca-Cola bottlers.

  The next iteration of our cellular solution, AoFrio® Gateway™, launched in the last quarter of FY24, is supporting the shift towards always-on cloud-connected devices and significantly improved real-time two-way data communication and action management.

  The Gateway is an advanced IoT communications hub designed for beverage coolers, enabling the integration of IoT devices and secure data transfer to and from the AoFrio® cloud platform. These combined technologies (Gateway and cloud platform) facilitate performance monitoring, precise asset tracking, real-time alerts and remote asset management, empowering businesses to optimise operations across commercial, service, energy and asset management domains in real time.

- **Expanding the reach and value of our IoT platform through third-party hardware integration**
  We successfully integrated third party hardware to our platform for one of our biggest customers in Brazil. This customer had a diverse fleet comprising both AoFrio and third-party controllers. We provided a unified solution that tracks data across their entire fleet of coolers on a single platform.

  This solution extends the reach and value of our data and analytics platform to our customers, increasing the number of connected assets visible within it. It also enhances our data aggregation abilities, which are fundamental to our machine-learning and AI capabilities.

In FY25, we will launch AoFrio® iQ™ for our CDE segment —a modernised, workflow-oriented version of our existing solution. This will be paired with a new, fully integrated cellular-connected controller, the next evolution of our current cellular solution.

We are also developing an advanced remote management package focused on delivering remote temperature control, defrost and cooler disable capabilities.

Motors and Fans strategy execution

AoFrio achieved a 15.6% increase in motors and fans revenue in FY24. The focus for 2024 was on expanding our range, better integrating motors into our broader ecosystem and exploring new applications.

Launch of the Wellington ECR® 2 26W *(estimated SAM for ECR 2 26W is $60 million)*
We extended our motors range with the launch of the Wellington ECR® 2 26W, our most powerful motor yet. This motor delivers up to 74% energy efficiency and is designed for use in large bottle coolers, supermarket display cases and other applications that require high power, high humidity and moisture tolerance with reduced energy consumption.

Integration of ECR 2 into AoFrio INSIDE
The ECR 2 motor is a vital component of the AoFrio INSIDE bundle. A significant portion of the total energy savings achieved by the solution is due to the integration of the ECR 2 motor with our smart SCS refrigeration controller.

Motors for hot water heat pumps
We were also successful in winning new business for a new application, hot water heat pumps. To commercialise this opportunity, our team worked with a distributor over a two-year period to configure a solution that was right for this application. This is a growing new segment with an estimated SAM of $180 million.

AoFrio® INSIDE™
Accelerate Net Zero

Diversify our market segments

Food Retail *(TAM for Food Service/Retail $17 billion)*
In FY24, the development of our SaaS solution for the Food Retail market continued to progress well. Three proof-of-concept trials have now been completed with customers across different geographies and retail store layout types.

The trials focused on discovering and responding to customer food safety and compliance needs at the point-of-sale. During the trials, we learned our existing solution did not fully achieve product-market fit. As a result, we introduced new hardware and connectivity options, as well as new software. This allowed us to provide connectivity for large range of retail store layouts. We also needed to redesign the way we presented information and introduce real-time alerting and action management via a range of communication platforms. This required agility from our teams to respond in a timely way while still delivering high quality solutions.

In each case the proof-of-concepts solution development trials were successful at demonstrating value. The automated monitoring, reporting and alerts provided by our solution allowed staff on the ground to act quickly to preserve products, avoiding wastage and food safety concerns. These proof-of-concepts are now at the stage of commercial discussions, which have progressed to the point that initial orders are now anticipated in early 2025. We expect revenue from this solution to include a recurring component.

Transforming our foundations

Environmental, Social and Governance (ESG)
Sustainability remains a priority for AoFrio. A comprehensive report on our progress against our sustainability strategy and ESG initiatives can be found on page 84 of this report.

People and Culture
In FY24 we lifted our employee engagement score from 72 to 79, which is in the top 25% of New Zealand companies. Key initiatives included connecting our teams to our strategy, improving communication around organisational performance and developing an innovation mindset and lean improvement capabilities.

SaaS platform
AoFrio has made significant strides in the modernisation of our SaaS platform to ensure the data structures and processing approach are machine learning and AI ready. This is a multi-year initiative.

Information systems
We have completed a significant amount of work to ensure our IT systems, including AoFrio's and customers' data, are protected against cyber attacks. We continue to train our teams on cyber security risks and have implemented risk mitigation and incident response strategies. We continue to invest in our customer relationship management and ERP systems as required to support business growth.

Outlook for FY25

Post Covid, we can look at the AoFrio journey in four time blocks

- Early exuberance and just-in-case buying by customers.
- Market and global supply chains stabilising.
- Customer inventory reduction and moving back to just-in-time purchasing.
- Business as 'normal'.

We have had six consecutive quarters of achieving market guidance, giving us confidence that the market is now "normal".

The biggest macro-economic risk at time of writing is the new United States Government which is promising tariffs, spending cuts and lower taxes. It is also taking strong trading positions with bordering countries, including Mexico, where we have an office.

A low NZ$ relative to the US$ is beneficial. It's hard to predict what tariffs will be applied and how our USA based customers would respond, but we manufacture in Vietnam and have relatively low revenue for Mexican supply into the USA. We are monitoring the position.

We are continuing to invest in modernising our tech stack and expanding our engineering capabilities. This is allowing us to accelerate product delivery.

We are conscious investment sentiment has changed post Covid and even growth companies (meeting the Rule of 40) must show a path to profit in much shorter-term time frames.

In FY25 we will continue to pursue the strategy to protect and grow our core business and to diversify our market segments with a focus on:

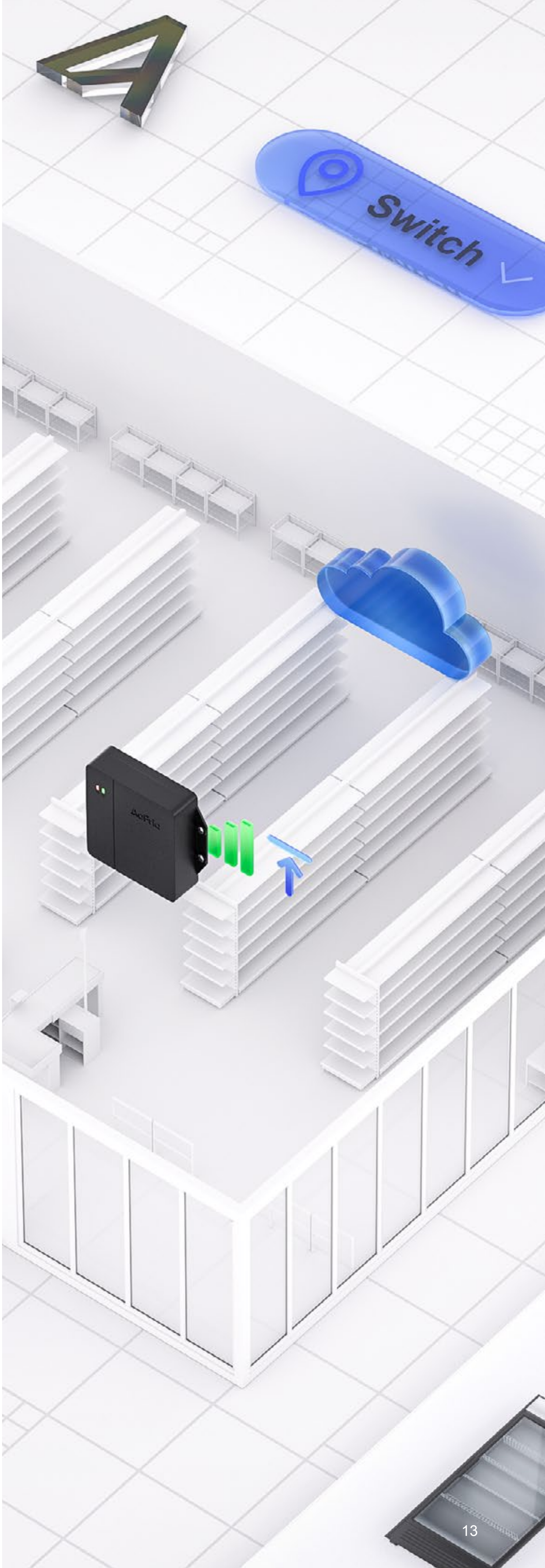
- The multi-year CDE market entry strategy for the USA and Europe.
- Completion of our new connected controller and web-based software solution, for launch in late FY25.
- Implementing the roll out of our new Food Retail solution following successful trials in FY24.

We anticipate robust business growth to persist through FY25 and beyond. Based on the approved budget for 2025, we project revenue for the year to be in the range of $85 million to $95 million. Our EBITDA guidance for 2025 is set between $3.5 million and $4.0 million, though macroeconomic conditions and NZ$/US$ currency fluctuations may influence these projections.

Our achievements are driven by our strategic approach, the creativity and innovation behind our hardware and software and our ability to deliver value to our customers. These successes are made possible by the skill, passion, and commitment of our global team. The AoFrio directors would like to thank the entire AoFrio team for their effort in making this a successful year for the business. We also thank our shareholders and, most importantly, our customers for their continued support of AoFrio.

John Scott
Chairman

Greg Balla
Chief Executive Officer



Case Studies

AoFrio's connectivity solution boosts client's sales visits by 75%

AoFrio partnered with a customer to design and deploy a sophisticated ecosystem of connected cooler fleets. This solution captured real-time data from the field, turning it into actionable insights for better business management. By addressing the critical challenges of inconsistent Enterprise Resource Planning (ERP) data and the unauthorised movement of coolers, the system offers real-time alerts on cooler movements and precise location tracking. The outcome has been a marked reduction in equipment loss and significant improvements in operational efficiency, demonstrating how advanced connectivity can transform routine processes into strategic business assets.

Grupo Vierci enhances fleet efficiency with AoFrio's IoT technology

Grupo Vierci, the PEPSICO Beverages bottler in Paraguay, sought to enhance the management and efficiency of its nationwide refrigeration fleet. Partnering with AoFrio, the company installed IoT devices, integrating AoFrio Monitors into existing units and SCS Controllers into new display units for a comparative evaluation.

The AoFrio IoT ecosystem provided actionable insights into asset location, performance and energy consumption, enabling Grupo Vierci to improve asset management, predictive maintenance, and operational efficiency. These successful outcomes set the stage for expanding the AoFrio IoT ecosystem across their entire refrigeration fleet.

> "One of the most valued benefits that we observed while collaborating with AoFrio is that, through the information stored and provided by the hardware, it creates an entire ecosystem, allowing us to establish a logic and order to predict attributes that help us optimise the cooler fleet.
>
> Antonio Manuel Martínez - Commercial Transformation Manager at Grupo Vierci


Outlet 1
Cooler A

Governance

John Scott

Chairman, Independent Director

John has been an AoFrio board member since 2019. His in-depth knowledge of exporting vertically integrated hardware, firmware & applications technology solution stacks used in DaaS, SaaS and IoT has seen him play a pivotal role in recalibrating the business into a hardware-enabled, SaaS company.

Alongside his role on the AoFrio Board, John is on the boards of ERoad, Vessev (Chair), Digital Matter and AsBuilt. John has an engineering degree from Auckland University.

John McMahon

Independent Director

John has more than 30 years of experience in the Australasian equity markets, predominantly as an equity analyst covering the telecommunications, media, gaming, transport and industrials sectors.

John's previous roles include Head of Research and Head of Equities for ABN AMRO NZ and Managing Director of ASB Securities. John is a director and Chair of Solution Dynamics Ltd (SDL), is Director and Chair of Vital Ltd (VTL) and Director and Chair of NZX Ltd (NZX).

Greg Allen

Director

Greg has been an AoFrio Director since April 2021 and chairs the AoFrio risk committee. He was CEO of AoFrio from 2011 to 2021.

Residing in Vancouver, he is a Partner with Chrysalix Venture Capital and a board member and observer of several venture-backed start-ups. Greg also sits on the Economic Advisory Committee for the City of Richmond, British Columbia.

He has over 30 years of experience leading business development, tech manufacturing, and corporate governance and holds the ICD.D Directors Designation of the Canadian Institute of Corporate Directors.

Keith Oliver

Independent Director

Keith is Chairman of Blackhawk.io, and a director at VWork Limited and Alto Capital.

Keith's previous roles include Executive Chairman at high-tech company Compac Sorting Ltd and independent director of Rakon Limited and the science-led Crown Research Institute ESR.

Melissa Clark-Reynolds

Independent Director

Melissa became a futurist after 25 plus years experience as an entrepreneur and CEO of several technology companies. She works with food companies to execute transformational strategies, through futurecentre.nz.

She was awarded the ONZM for Services to Technology in 2015. Melissa is a director of Atkins Ranch Lamb and Wētā workshop and chair of Alpine Energy.

Melissa is a Chartered Fellow of the Institute of Directors.

Roz Buick

Independent Director

Roz has 27 years experience leading businesses that digitally transform industries via innovative workflow re-engineering and automation across hardware, SaaS and software platforms. A catalyst for change, she has consistently scaled growth via synergistic product and go-to-market strategies across agriculture, architecture, engineering and construction, geospatial, property and land management.

Previously Senior Vice President at Oracle and Trimble Inc leading global businesses, she is now an independent consultant and board director on several global technology companies, including ikeGPS, FRAMECAD and Propeller Aero.

Executive Team

Greg Balla

Chief Executive Officer

Greg was appointed CEO of AoFrio in May 2021. He brought extensive experience leading marketing, procurement, supply chain, manufacturing, process engineering, IT and HR teams across his multi-decade career.

Prior to AoFrio, he spent eight years working at Orion Health, where he started as Executive Vice President of Clinical Workflow and Business Transformation and spent four years as Chief Operating Officer.

Greg, along with the whole AoFrio team, is wholly committed to growing AoFrio and delivering clear customer insights, sustainable transformative technologies and a connected advantage for customers around the world.

Howard Milliner

Chief Financial Officer & Company Secretary

With more than twelve years at AoFrio, Howard has been instrumental in driving the organisation's strategy to become a hardware-enabled, SaaS company. He is also responsible for all financial and administrative operations across AoFrio and brings a wealth of experience from previous roles.

Prior to joining AoFrio, Howard spent 14 years working as the CFO and then CEO of NZX-listed engineering business, Mercer Group (now MHM Automation).

James Rice

Chief Revenue Officer

James, formerly Managing Director at iSOFT, General Manager at DXC and most recently Chief Revenue Officer at Orion Health, leads AoFrio's regional sales and service teams.

James has extensive experience in SaaS sales strategy, new market entry and leadership, which aligns well with AoFrio's growth ambitions.

Genevieve Clark

Vice President of Product

As VP of Product, Genevieve leads the development and execution of a product vision and roadmap that complements and delivers to AoFrio's business strategy.

Prior to joining AoFrio, Genevieve gained over 20 years' experience in developing, implementing, and commercialising solutions in complex global environments, working with technology companies including Orion Health, Vista Entertainment Solutions and Qrious, as well as large enterprises and government entities such as Air New Zealand, Auckland Council and Te Toka Tumai.

Rami Elbeltagi

Vice President of Engineering & IT

As VP of Enginnering and IT, Rami leads the engineering and IT teams to develop products and solutions to keep AoFrio delivering clear customer insights, sustainable transformative technologies and a connected advantage.

With over 15 years' experience in product development, Rami brings extensive experience leading cross-functional engineering teams (software, hardware, firmware and mechanical) to AoFrio.

Prior to AoFrio, Rami has developed strong leadership, product design and agile innovation experience in large organisations, most recently as Group Chief Engineer at Fisher & Paykel Appliances. Rami holds a master's degrees in business administration (MBA) and mechatronics (ME) and is PMP certified.

Danielle Scott

Manager People, Sustainability and Executive Operations

As Manager People, Sustainability and Executive Operations, Danielle is responsible for operational and strategic visibility within the executive and people teams whilst championing sustainability and ESG initiatives. Danielle contributes operational expertise gained in publicly listed company environments, with a focus on the technology industry and experience in navigating global teams.

Danielle, committed to AoFrio’s core values of Explore Together, Thrive Together, and a Better World Together, leverages her diverse background and experience to optimise outcomes and drive continuous improvement for AoFrio. She is dedicated to supporting the team, fostering a collaborative environment where each member can flourish and contribute to the collective success of AoFrio.

Marc Tinsel

Executive Vice President Operations

As Executive Vice President of Operations, Marc is responsible for AoFrio’s day-to-day manufacturing, logistics, supply chain, quality, and associated operations. Marc started at AoFrio as a Programme Manager for Sustaining Engineering in 2013 and was promoted to Head of Manufacturing in 2015 and then Vice President Supply Chain and Operations in 2018. He was also supporting the business as General Manager of Engineering for 23 months in parallel with his other responsibilities until October 2022.

Before joining AoFrio, Marc worked as a Project Manager for Omexom, managing multiple projects, budgets, contractors, and multidisciplinary teams in the electrical distribution industry and had worked for 13 years in senior technical and management positions in international safety standard testing and certification laboratories in New Zealand and the United Kingdom.


Energy module
Change Database
Optimized
Service required
Not tracked
Energy efficiency
64%
Energy consumption analytics

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	**2024 $000s**	2023 $000s
Revenue	2.2	**79,690**	66,552
Cost of sales		**(56,468)**	(46,564)
Gross profit		**23,222**	19,988
Net foreign exchange (loss) / gain		**(14)**	490
Other income	2.3	**591**	327
Operating expenses	2.4	**(21,285)**	(19,799)
Earnings before interest, taxation, depreciation, amortisation & impairment		**2,514**	1,006
Depreciation	3.2	**(815)**	(748)
Amortisation	3.3	**(1,959)**	(2,306)
Loss before interest & taxation		**(260)**	(2,048)
Finance income	4.2	**48**	59
Finance expenses	4.2	**(1,678)**	(1,322)
Loss before income tax		**(1,890)**	(3,311)
Income tax credit / (expense)	2.5a	**10**	(223)
Loss for the year		**(1,880)**	(3,534)
Other comprehensive income: Items that may be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations	4.5b	**(423)**	(781)
Other comprehensive loss for the year		**(423)**	(781)
Total comprehensive loss for the year		**(2,303)**	(4,315)
Loss for the year attributable to the Owners of the Company		**(1,880)**	(3,534)
Total comprehensive loss attributable to the Owners of the Company		**(2,303)**	(4,315)
Basic loss per share – cents	2.6	**(0.44)**	(0.82)
Diluted loss per share – cents	2.6	**(0.44)**	(0.82)

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 2024

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 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**

2023	Note	Contributed equity $000s	Accumulated losses $000s	Other reserves $000s	Total equity $000s
Balance on 1 January 2023		135,578	(108,207)	(3,590)	23,781
Comprehensive income					
Loss for the year		-	(3,534)	-	(3,534)
Other comprehensive income					
Exchange differences on translation of foreign operations	4.5b	-	-	(781)	(781)
Total comprehensive income		-	(3,534)	(781)	(4,315)
Share option compensation expensed	4.5a	-	-	77	77
Balance on 31 December 2023		135,578	(111,741)	(4,294)	19,543

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 2024

	Note	**2024** **$000s**	2023 Restated $000s
Current Assets			
Cash and cash equivalents	3.1a	**2,093**	3,295
Trade and other receivables	3.1b	**20,475**	16,480
Derivative financial instruments	6.4	**-**	254
Inventories	3.1c	**9,433**	8,803
Total current assets		**32,001**	28,832
Non-Current Assets			
Property, plant and equipment	3.2	**5,775**	5,482
Deferred tax asset	2.5b	**10,370**	10,363
Intangible assets	3.3	**19,029**	13,923
Total non-current assets		**35,174**	29,768
Total assets		**67,175**	58,600
Current Liabilities			
Trade and other payables	3.1d	**24,113**	17,251
Contract liability	2.2	**2,524**	2,269
Provisions	3.1e	**139**	133
Derivative financial instruments	6.4	**295**	-
Liabilities in respect of right-of-use assets	6.5	**268**	181
Borrowings	4.1	**4,237**	4,674
Total current liabilities		**31,576**	24,508
Non-Current Liabilities			
Borrowings	4.1	**341**	311
Liabilities in respect of right-of-use assets	6.5	**3,998**	4,213
Contract liability	2.2	**13,949**	10,025
Total non-current liabilities		**18,288**	14,549
Total liabilities		**49,864**	39,057
Net assets		**17,311**	19,543

Consolidated Statement of Financial Position - continued

as at 31 December 2024

	Note	**2024 $000s**	2023 $000s
Equity			
Contributed equity	4.3	**135,578**	135,578
Accumulated losses	4.4	**(113,621)**	(111,741)
Other reserves	4.5	**(4,646)**	(4,294)
Total equity		**17,311**	19,543

For and on behalf of the Board

Director
27 February 2025

Director
27 February 2025

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 2024

	Note	2024 $000s	2023 $000s
Cash flows from operating activities			
Receipts from customers exclusive of GST / VAT		**81,140**	76,130
Payments to suppliers and employees exclusive of GST / VAT		**(74,279)**	(71,969)
Foreign exchange (losses) / gains		**(14)**	490
Other income		**591**	327
Interest paid		**(1,683)**	(1,284)
Interest received	4.2	**48**	59
Taxation paid		**(16)**	(104)
Net GST / VAT received		**(25)**	299
Net cash inflow from operating activities		**5,762**	3,948
Cash flows from investing activities			
Payments for property, plant, and equipment		**(483)**	(1,030)
Proceeds from disposals of property, plant, and equipment		**-**	51
Payments for intangible assets	3.3	**(5,419)**	(3,349)
Net cash outflow from investing activities		**(5,902)**	(4,328)
Cash flows from financing activities			
New loans and drawdowns	4.1	**14,770**	21,654
Loan repayments	4.1	**(15,630)**	(20,614)
Principal payments for right-of-use assets	6.5	**(186)**	(78)
Net cash (outflow) / inflow from financing activities		**(1,046)**	962
Net (decrease) / increase in cash and cash equivalents		**(1,186)**	582
Cash and cash equivalents at the beginning of the financial period		**3,295**	2,839
Effect of exchange rate movements on cash		**(16)**	(126)
Cash and cash equivalents at end of year	3.1a	**2,093**	3,295

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 significant 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 2025.

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 principal 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 adopted

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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the consolidated financial statements of the Group.

Supplier Finance Arrangements (Amendments to NZ IAS 7 and NZ IFRS 7) and Supplier Finance Arrangements Reduced Disclosure Regime In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Amendments to NZ IAS 1: Classification of Liabilities as Current or Non-current In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right. In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Going concern assumption

The Group reported a loss for the year ended 31 December 2024 of $1,880,000 (2023: loss of $3,534,000) and operating cash inflows of $5,762,000 (2023: inflows of $3,948,000). Cash at 31 December 2024 was $2,093,000 (2023: $3,295,000) and net debt (defined as cash balances net of borrowings) was $2,485,000 (2023: $1,690,000).

The Board approved budget for 2025 forecasts revenue growth, improved profitability from increased revenues and positive cash flows.

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

Areas of judgement

- Development costs – capitalisation of expenses and impairment testing – note 3.3

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:

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 credit	**-**	**-**	**10**	**10**
(Loss) / profit for the year	**1,055**	**8,678**	**(11,613)**	**(1,880)**

2024	**Motors $000s**	**IoT $000s**	**Unallocated $000s**	**Total $000s**
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**

2023	Motors $000s	IoT $000s	Unallocated $000s	Total $000s
Revenue	31,498	35,054	-	66,552
Cost of goods sold	(26,118)	(20,446)	-	(46,564)
Gross profit	5,380	14,608	-	19,988
Gross margin %	*17.1%*	*41.7%*		*30.0%*
Foreign exchange gain	-	-	490	490
Other income	-	3	324	327
Operating expenses	(3,905)	(7,083)	(8,811)	(19,799)
EBITDA	1,475	7,528	(7,997)	1,006
Depreciation	(127)	(30)	(591)	(748)
Amortisation	(317)	(1,821)	(168)	(2,306)
(Loss) / profit before interest & taxation	1,031	5,677	(8,756)	(2,048)
Finance income	1	-	58	59
Finance expense	-	-	(1,322)	(1,322)
(Loss) / profit before income tax	1,032	5,677	(10,020)	(3,311)
Income tax expense	-	-	(223)	(223)
(Loss) / profit for the year	1,032	5,677	(10,243)	(3,534)
Non-current assets				
Property, plant & equipment	245	49	5,188	5,482
Deferred tax asset	-	-	10,363	10,363
Goodwill	-	3,190	-	3,190
Other intangible assets	3,996	6,203	534	10,733
Total	4,241	9,442	16,085	29,768

(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	2024 $000s	2023 $000s
Americas	**67,693**	54,214
Asia / Pacific (APAC)	**5,606**	4,974
Europe / Middle East / Africa (EMEA)	**6,391**	7,364
Total	**79,690**	66,552

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

APAC revenue includes $758,000 (2023: $1,824,000) from New Zealand customers.

Major Customers

The Group has two major customers (defined as customers representing 10% or more of revenues) accounting for invoiced revenues of $21,800,000 (2023: three customers accounting for invoiced revenues of $26,018,000), all within the Americas geographic segment.

Total non-current assets	2024 $000s	2023 $000s
Americas	**574**	266
Asia / Pacific – mainly in New Zealand	**34,526**	29,483
Europe / Middle East / Africa	**74**	19
Total	**35,174**	29,768

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

2.2 Revenue

	2024 $000s	2023 $000s
Sales of goods revenue – recognised at a point in time	**77,030**	64,228
Services revenue – recognised over time	**2,660**	2,324
	79,690	66,552

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, AoFrio Monitor and AoFrio Click sold and are distinct services from the sale of goods. Revenue from the provision of such services is recognised when services are rendered to the buyer. Contracts typically cover a period from hardware supply of anywhere from 1 to 10 years, dependent on customer requirements. Contracts specify the price for the provision of the services. Revenue from such contracts is recognised on a straight-line basis over the contract term because the customer receives and uses the benefits over the time period. As set out in note 2.2(a), 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	2024 $000s	2023 $000s
Carrying amount at start of year	**12,294**	10,162
Invoiced in the year	**5,296**	4,403
Recognised in revenue	**(2,660)**	(2,324)
Exchange adjustment	**1,543**	53
Carrying amount at end of year	**16,473**	12,294
Current portion	**2,524**	2,269
Non-current portion	**13,949**	10,025
	16,473	12,294

2.3 Other income

	2024 $000s	2023 $000s
Research & Development tax incentive claims received	**452**	290
Other income	**139**	37
	591	327

2.4 Operating expenses include

	2024 $000s	2023 $000s
Wages and salaries and other short-term benefits	**19,828**	16,613
Employer contributions to Kiwisaver and 401K plans	**610**	545
Employee share options expense	**71**	77
Total employee benefits	**20,509**	17,235
Payments to contractors	**623**	798
Capitalisation of labour to intangible assets	**(4,900)**	(3,022)

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. The Amendment to *NZ IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction* introduced an exception to the initial recognition exemption in NZ IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that 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

	2024 $000s	2023 $000s
Current year income tax expense	**3**	(48)
Deferred tax – recognition of deferred tax asset	**7**	(175)
Income tax credit / (expense)	**10**	(223)

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

	2024 $000s	2023 $000s
Reported loss for the year before tax	**(1,890)**	(3,311)
Tax at 28%	**(529)**	(927)
Adjustment of prior periods	**(527)**	992
Tax effect of non-deductible / non-assessable items	**(225)**	(113)
Recognition of carried forward tax losses	**1,291**	(175)
Income tax credit / (expense) for the year	**10**	(223)

(b). Deferred tax

As it is probable that future taxable amounts will be available to utilise temporary differences and losses, based on projections 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 2025 through to 2029. 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:

	2024 $000s	2023 $000s
Doubtful debts	**15**	12
Inventory provisions and unrealised profit eliminations	**252**	200
Employee benefits	**518**	224
Internally generated development	**(3,626)**	(2,638)
Warranty provision	**39**	37
Contract liabilities	**3,793**	2,860
Rebates	**277**	237
Fixed assets	**(1,040)**	(986)
Right of use lease liability	**1,205**	1,224
Other timing differences	**-**	(9)
Total temporary differences	**1,433**	1,161

	2024 $000s	2023 $000s
Tax losses to carry forward	**25,880**	**25,977**
Total temporary differences and tax losses to carry forward	**27,313**	**27,138**
Deferred tax asset recognised for:		
Temporary differences	**1,214**	**1,022**
Carry forward tax losses utilised	**9,156**	**9,341**
Total recognised	**10,370**	**10,363**

The benefit of unrecognised tax losses is $16,724,000 (2023: $16,636,000). Of the total consolidated losses available to carry forward to future years, $3,336,000 (2023: $2,955,000) 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 2024 no USA Federal tax losses expired (2023: None).

(c). Imputation credits

The Group has no imputation credits available (2023: $nil) and no movements occurred in the Imputation Credit Account (2023: $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 0.44 cents (2023: loss of 0.82 cents) is calculated by dividing the loss attributable to equity holders of the Company of $1,880,000 (2023: loss of $3,534,000) by the weighted average number of ordinary shares in issue during the year of 431,853,006 (2023: 431,853,006).

Diluted EPS of a loss of 0.44 cents (2023: loss of 0.82 cents) is calculated by dividing the loss attributable to equity holders of the Company of $1,880,000 (2023: loss of $3,534,000) 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.

	2024 $000s	2023 $000s
Cash on hand and at bank	**1,734**	2,921
Call deposits	**5**	6
Short term bank deposit	**354**	368
	2,093	3,295

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

NZD	**411**	420
USD	**1,627**	2,637
Other	**55**	238
	2,093	3,295

(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 (2023: 1.5% and 0.1% respectively).

	2024 $000s	2023 $000s
Trade receivables	**19,140**	15,483
Provision for loss allowance	**(51)**	(41)
Net trade receivables	**19,089**	15,442
Prepayments	**389**	239
VAT / GST refunds due	**300**	96
Income tax refund due	**333**	361
Other receivables	**364**	342
	20,475	16,480

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

NZD	**191**	50
USD	**18,591**	14,497
EUR	**111**	527
MXP	**352**	380
BRL	**746**	309
Other	**484**	717
	20,475	16,480

Provision for loss allowance		
Carrying amount at start of year	**41**	92
Decrease in loss allowance	**2**	(51)
Exchange adjustment	**8**	-
Carrying amount at end of year	**51**	41

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.

	2024 $000s	2023 $000s
Finished goods – at cost	**8,113**	6,886
Raw materials – at cost	**1,638**	2,203
Less inventory provisions	**(318)**	(286)
Total inventories	**9,433**	8,803

Cost of inventories recognised as an expense and included in cost of sales $53,704,000 (2023: $44,112,000).

(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 days of recognition.

	2024 $000s	2023 $000s
Trade payables	**19,571**	14,198
Employee entitlements	**2,614**	1,313
GST / VAT payable	**395**	388
Income tax payable	**-**	24
Accrued expenses	**1,533**	1,328
	24,113	17,251

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

NZD	**2,948**	1,344
USD	**20,455**	15,204
Other	**710**	703
	24,113	17,251

(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	**2024 $000s**	2023 $000s
Carrying amount at start of year	**133**	177
Additional provisions recognised	**107**	45
Amounts used	**(118)**	(89)
Exchange adjustment	**17**	-
Carrying amount at end of year	**139**	133

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 2023				
Opening net book amount	773	233	150	1,156
Additions	228	326	4,821	5,375
Depreciation	(241)	(129)	(378)	(748)
Disposals	(17)	-	(38)	(55)
Exchange adjustment	(30)	(19)	(197)	(246)
Closing net book amount	713	411	4,358	5,482

	Plant & equipment $000s	Office equipment, furniture & fittings $000s	Properties $000s	Total $000s
At 31 December 2023				
Cost	4,952	844	4,829	10,625
Accumulated depreciation and impairment	(4,199)	(372)	(333)	(4,904)
Exchange adjustment	(40)	(61)	(138)	(239)
Net book amount	713	411	4,358	5,482
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**
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**

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 2024 amounted to $471,000 (2023: $328,000).

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 2023					
Opening net book amount	9,340	218	3,151	198	12,907
Additions	3,159	44	-	146	3,349
Amortisation	(2,244)	(53)	-	(9)	(2,306)
Exchange adjustment	(66)	2	39	(2)	(27)
Closing net book amount	10,189	211	3,190	333	13,923
At 31 December 2023					
Cost	23,998	1,694	3,219	1,020	29,931
Accumulated amortisation & impairment	(14,741)	(1,531)	-	(682)	(16,954)
Exchange adjustment	932	48	(29)	(5)	946
Net book amount	10,189	211	3,190	333	13,923
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**

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

Internally generated development costs include $11,559,000 (2023: $5,193,000) for projects underway and not complete at balance date. This cost is not yet being amortised.

Movement in internally generated development costs	2024 $000s	2023 $000s
Opening net book amount - projects not completed	**5,193**	2,969
Additions	**5,372**	3,159
Completed	**(23)**	(811)
Exchange adjustment	**1,017**	(124)
Closing net book amount - projects not completed	**11,559**	5,193

An impairment assessment has been performed at 31 December 2024 considering costs to complete the developments, costs to set up the manufacturing capability, estimates of market volume and price and estimated manufacturing unit costs.

Amortisation and impairment	2024 $000s	2023 $000s
Amortisation of intangible assets	**1,959**	2,306
Impairment of intangible assets	**-**	-
	1,959	2,306

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 2024.

The recoverable amount of the IoT CGU at 31 December 2024 has been determined based on a value in use calculation using cash flow projections from the annual operating budget approved by senior management for 2025. The pre-tax discount rate applied to cash flow projections is 13.5% (2023: 13.5%) and cash flows beyond 2025 using the 12.48% growth rate for IoT revenue over the period from 2019 to 2024 (2023: 9.92%).

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 2025 budget pricing and product costs. The gross margin in 2024 was 43.0% and is forecast unchanged for 2025 and later years. Operating expenses for 2025 are budgeted $5.3 million higher than 2024 and increase proportional to revenue in later years. In the 2025 annual operating budget, the ratio of operating expenses to revenue is 24.2% and this is expected to increase in later years pursuant to implementation of strategy.

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

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

	2024 $000s	2023 $000s
Current portion		
Bank trade finance facility	**4,216**	4,004
Bank loans	**21**	486
Other borrowings	**-**	184
Liability at end of year	**4,237**	4,674
Non-Current portion		
Bank loans	**341**	311
Other borrowings	**-**	-
Liability at end of year	**341**	311

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 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:

	2024 $000s	2023 $000s
Liability at start of year	**4,985**	3,835
New loans and drawdowns	**14,770**	21,654
Repayments	**(15,630)**	(20,614)
Exchange adjustment	**453**	110
Liability at end of year	**4,578**	4,985

Bank trade finance facility

The bank trade finance facility is $5m, 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% margin above bank base lending rate. The weighted average interest rate charged in 2024 was 9.86% (2023: 9.34%). 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.

The Company's Mexican subsidiary had a 5 million Mexican Pesos loan ($466,000 at 31 December 2023) from the Banco del Bajio. The loan was repaid was repaid during the year. Interest was payable at 5% pa above the Tiie Rate.

4.2 Finance

	2024 $000s	2023 $000s
Finance income		
Other interest income	**48**	59
	48	59
Finance expenses		
Interest expense – Bank loans	**482**	552
Other interest expense	**1,196**	770
	1,678	1,322

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.

	2024 Shares	2023 Shares	**2024 $000s**	2023 $000s
Total shares and options on issue	**431,853,006**	431,853,006	**135,578**	135,578

All ordinary shares are authorised, fully paid 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

	2024 $000s	2023 $000s
Opening balance	**(111,741)**	(108,207)
Loss for the year	**(1,880)**	(3,534)
Accumulated losses at end of year	**(113,621)**	(111,741)

4.5 Other reserves

	2024 $000s	2023 $000s
Share option compensation reserve	**596**	525
Currency translation reserve	**(5,242)**	(4,819)
	(4,646)	(4,294)

(a). Share Option Compensation Reserve

	2024 $000s	2023 $000s
Share based compensation recognised at start of year	**525**	448
Net compensation expensed	**71**	77
	596	525

(b). Currency Translation Reserve

	2024 $000s	2023 $000s
Opening balance	**(4,819)**	(4,038)
Exchange loss on translation of foreign operations	**(423)**	(781)
	(5,242)	(4,819)

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:

2024	**EUR $000s**	**NZ $000s**	**Turkish Lira $000s**	**Mexican Peso $000s**	**Other $000s**
Cash	**11**	**411**	**8**	**27**	**9**
Trade and other receivables	**111**	**191**	**483**	**352**	**747**
Trade and other payables	**(49)**	**(2,948)**	**(27)**	**(500)**	**(134)**
Liabilities in respect of right-of-use assets	**-**	**(4,195)**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments	**-**	**5,000**	**-**	**-**	**-**
2023					
Cash	1	420	2	150	85
Trade and other receivables	527	50	715	380	310
Trade and other payables	(40)	(1,344)	(25)	(605)	(33)
Liabilities in respect of right-of-use assets	-	(4,371)	-	-	-
Borrowings	-	(184)	-	(467)	-
Derivative financial instruments	-	4,000	-	-	-

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% sensitivity movement against the functional currency is as follows:

	2024 $000s	2023 $000s
Gain from decrease relative to the functional currencies	**36**	31
Loss from increase relative to the functional currencies	**(36)**	(31)

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 six major debtors (defined as debtors representing 10% or more of trade receivables) accounting for outstanding debt of $11,797,000 (2023: three debtors accounting for outstanding debt of $6,211,000).

At balance date, trade receivables of $547,000 were past due but not considered impaired (2023: $1,203,000). Of this amount $284,000 (2023: $1,021,000) 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. $411,000 is deposited with a major NZ trading bank with a Standard & Poors rating of AA- (2023: $674,000 AA-) and $628,000 (2023: $1,480,000) with Convera with a Standard & Poors rating of BBB/A-2. The remaining balance of $1,054,000 (2023: $1,141,000) 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.

2024	Trade and other payables $000s	Borrowings $000s	Right-of-use liabilities $000s	Total $000s
Less than 6 months	**24,113**	**4,226**	**131**	**28,470**
7 to 12 months	**-**	**11**	**137**	**148**
2 to 5 year	**-**	**341**	**3,998**	**4,339**
	24,113	**4,578**	**4,266**	**32,957**
2023				
Less than 6 months	17,251	4,638	71	21,960
7 to 12 months	-	36	110	146
2 to 5 year	-	311	4,213	4,524
	17,251	4,985	4,394	26,630

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

(d). Capital risk management

The Company closely monitors its cash requirements.

Gearing ratio	**2024 $000s**	2023 $000s
Total borrowing (excluding liabilities in respect of right-of-use assets)	**4,578**	4,985
Total equity	**17,311**	19,543
Gearing	**26.4%**	25.5%

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 IFRS16 does not apply) to be tested annually at 31 December.

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

The result of the test completed at 31 December 2024 was that the Group complied with all 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	**2024**	2023
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). Directors

The names of persons who are directors of the Company are on pages 16 to 17.

(b). 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.

	2024 $000s	2023 $000s
Salaries, fees, and other short-term benefits	**2,431**	2,404
Share based remuneration	**71**	77
Directors' remuneration	**357**	316
Total	**2,859**	2,797

(c). Employee share-based remuneration

In 2021, 12,930,000 options were issued to the Chief Executive Officer. 8,620,000 options (Tranche One) vested on 1 October 2024 and 4,310,000 options (Tranche Two) will vest on 1 October 2025, if the CEO remains a full-time employee on that date. 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.

(d). 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 independent from East West Legacy LLC and is not a related party.

6.3 Contingencies

There are no material contingent liabilities or assets (2023 - $nil).

6.4 Financial instruments by category

	2024 $000s	2023 $000s
Assets per Statement of Financial Position Financial assets measured at amortised cost		
Trade and other receivables	**19,453**	15,784
Cash and cash equivalents	**2,093**	3,295
Derivatives used for hedging (at fair value)		
Derivative financial instruments	**-**	254
	21,546	19,333
Liabilities per Statement of Financial Position at amortised cost		
Trade and other payables	**24,113**	17,251
Borrowings	**4,578**	4,985
Liabilities in repect of right-of-use assets	**4,266**	4,394
Derivatives used for hedging (at fair value)		
Derivative financial instruments	**295**	-
	33,252	26,630

Fair value estimation

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

The carrying amount of borrowings approximates fair value.

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	**2024 $000s**	2023 $000s
Properties	**3,984**	3,918
Plant & equipment	**67**	-
Office equipment and furniture & fittings	**12**	15
Total	**4,063**	3,933

Additions to right-of-use assets	**2024 $000s**	2023 $000s
Properties	**-**	4,345
Plant & equipment	**58**	26
Office equipment, furniture & fittings	**-**	18
Total	**58**	4,389

Liabilities in respect of right-of-use assets	**2024 $000s**	2023 $000s
Current	**268**	181
Non-current	**3,998**	4,213
Total	**4,266**	4,394

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

	2024 $000s	2023 $000s
Liability at start of year	**4,394**	83
New liabilities	**58**	4,389
Remeasurement	**-**	-
Repayments	**(186)**	(78)
Liability at end of year	**4,266**	4,394

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

Depreciation charge for right-of-use assets	**2024 $000s**	2023 $000s
Properties	**386**	342
Plant & equipment	**15**	7
Office equipment and furniture & fittings	**4**	4
Total	**405**	353
Interest expense on liabilities in respect right-of-use assets	**358**	299
Expense relating to short-term leases (included in operating expenses)	**73**	103

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	**186**	78

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

Fees paid to auditor		**2024 $000s**	2023 $000s
Audit and review of financial statements			
-	Audit of the Group (Deloitte)	**200**	191
-	Audit of a subsidiary (Thong & Lim)	**4**	4
Other services			
-	Tax compliance (Deloitte)	**39**	36
		243	231

6.7 Cash flow information

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

	2024 $000s	2023 Restated $000s
Loss for the year	**(1,880)**	(3,534)
Adjustments for:		
Income tax (credit) / expense	**(10)**	223
Depreciation, amortisation & impairment	**2,774**	3,054
Share based payments	**71**	77
Increase / (decrease) in inventory provision	**32**	(96)
Increase / (decrease) in loss allowance provision	**10**	(51)
Increase / (decrease) in provision for warranty	**6**	(44)
Net foreign exchange differences	**(1,615)**	(386)
(Increase) / decrease in trade and other receivables	**(4,005)**	7,852
Increase in contract liabilities	**4,179**	2,132
(Increase) / decrease in inventories	**(662)**	2,565
Increase / (decrease) in trade and other payables	**6,862**	(7,844)
Net cash inflow from operating activities	**5,762**	3,948

(b). Net debt reconciliation

	2024 $000s	2023 $000s
Cash and cash equivalents	**2,093**	3,295
Borrowings – repayable within one year	**(4,237)**	(4,674)
Borrowings – repayable after one year	**(341)**	(311)
Net debt	**(2,485)**	(1,690)

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 $1,186,000 (2023: increase $582,000) included a $16,000 decrease (2023: $126,000 decrease) caused by exchange rate movement.

6.8 Events after reporting date

There are no events after reporting date requiring disclosure.

Deloitte.

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 2024, 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 22 to 57 present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, 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)* 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)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the area of taxation advice, including tax compliance services. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. 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 $5.4 million of internal development costs (2023: $3.2 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. These are based on key inputs and assumptions within cash flow forecasts as explained in the 'Evaluation of the cash flow forecast supporting the use of the going concern assumption' below. 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: • Challenging the Group's determination of which development costs meet the criteria to be capitalised under NZ IAS 38. We obtained an understanding of the nature of the projects from management, including how they are used in the business, the stage of development, and the likelihood of the development being successfully completed and used to generate revenue; • Checking capitalisation of cost calculations for mathematical accuracy; • Testing the amounts capitalised on a sample basis and agreeing this to underlying evidence, including, for employee and contractor costs allocated to development projects, and 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 management's 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. As noted in 'Capitalisation of internal development costs' above, the cash flow forecasts are a key assumption in determining the appropriateness of capitalisation of development costs.
 	
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 2025 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 points and 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

Key audit matter	How our audit addressed the key audit matter
	- Assessing the sensitivity of the forecast to reasonably possible changes in assumptions to assess their impact on banking covenant compliance and the 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

Paul Seller, Partner
for Deloitte Limited
Auckland, New Zealand
27 February 2025

This audit report relates to the consolidated financial statements of AoFrio Limited (the 'Company') for the year ended 31 December 2024 included on the Company's website. The directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 27 February 2025 to confirm the information included in the audited consolidated financial statements presented on this website.

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:

	2024	2023
Mr J. Scott	**$96,000**	$68,667
Mr G Allen [1]	**$55,000**	$55,000
Ms Roz Buick [2]	**$45,833**	-
Ms M Clark-Reynolds [3]	**$50,000**	$18,714
Mr J. McMahon [4]	**$55,000**	$55,000
Mr K Oliver [5]	**$55,000**	$55,000
Mr G. Pausch	**-**	$64,000

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 2024 was $129,205 (2023: $128,795).
- 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 2024	31 December 2023
Ordinary shares	**Total Relevant Interest**	Total Relevant Interest
Mr J. McMahon	**19,178,253**	19,178,253
Mr J Scott	**2,350,000**	1,250,000
Mr G Allen	**7,493,382**	7,493,382
Ms M Clark-Reynolds	**5,862**	2,495

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	
	2024	2023
$100,000 - $109,999	**8**	9
$110,000 - $119,999	**8**	8
$120,000 - $129,999	**12**	9
$130,000 - $139,999	**10**	8
$140,000 - $149,999	**10**	4
$150,000 - $159,999	**4**	5
$160,000 - $169,999	**5**	4
$170,000 - $179,999	**2**	3
$180,000 - $189,999	**6**	7
$190,000 - $199,999	**7**	3
$200,000 - $209,999	**4**	2
$210,000 - $219,999	**1**	2
$220,000 - $229,999	**1**	-
$230,000 - $239,999	**3**	4

	Group	
	2024	2023
$240,000 - $249,999	**-**	-
$250,000 - $259,999	**3**	1
$260,000 - $269,999	**1**	2
$270,000 - $279,999	**-**	1
$280,000 - $289,999	**1**	2
$290,000 - $299,999	**1**	-
$300,000 - $309,999	**1**	-
$310,000 - $319,999	**1**	1
$320,000 - $329,999	**-**	1
$330,000 - $339,999	**1**	-
$340,000 - $349,999	**-**	1
$360,000 - $369,999	**1**	-
$490,000 - $499,999	**1**	2

Donations

No donations have been made by the Company during the year ended 31 December 2024 (2023: Nil).

Diversity by gender statistics

In accordance with NZX Listing Rule 3.8.1 the Company makes the following diversity disclosures as at 31 December 2024:

	Male #	%	Female #	%	Total
31 December 2024					
Board	**4**	**67%**	**2**	**33%**	**6**
Senior management team*	**5**	**71%**	**2**	**29%**	**7**
	9	**69%**	**4**	**31%**	**13**
31 December 2023					
Board	4	80%	1	20%	5
Senior management team*	5	71%	2	29%	7
	9	75%	3	25%	12

*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 2024 there were 1,297 shareholders holding 431,853,006 fully paid ordinary shares.

Share issues

There were no share issues in 2024.

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 31 January 2025:

20 largest shareholders	Ordinary shares
1. East West Legacy LLC.	55,149,807
2. Wairahi Investments Ltd	26,000,000
3. Ballynagarrick Investments Ltd	21,185,103
4. ASB Nominees Ltd (Meta Capital Ltd)	19,178,253
5. Forsyth Barr Custodians Ltd	17,930,511
6. Graham Trustees Ltd	16,592,744
7. HSBC Nominees (New Zealand) Ltd	15,443,235
8. Tea Custodians Ltd	14,501,867
9. FNZ Custodians Ltd	13,821,264
10. Accident Compensation Corporation	13,477,799
11. New Zealand Depository Nominee Ltd	11,607,324
12. BNP Paribas Nominees (NZ) Ltd	7,788,431
13. Gregory Charles Allen	6,488,049
14. Flynn No 2 Trustees Ltd	6,054,758
15. JP Morgan Chase Bank NA NZ Branch	4,771,497
16. FNZ Custodians Ltd	4,189,577
17. Lean Holdings Pty Ltd	4,125,123
18. Howard Duncan Milliner	3,536,561
19. Circada Ltd	3,200,000
20. Forsyth Barr Custodians Ltd	3,050,580

Distribution of equity securities

Size of holdings at 31 January 2025.

			Shareholders		Fully paid Ordinary Shares	
			Number	%	Number	%
1	-	999	51	3.92	19,700	0.00
1,000	-	1,999	31	2.38	39,608	0.01
2,000	-	4,999	44	3.38	130,413	0.03
5,000	-	9,999	206	15.82	1,496,782	0.35
10,000	-	49,999	503	38.63	11,362,070	2.63
50,000	-	99,999	158	12.13	10,630,073	2.46
100,000	-	499,999	217	16.67	45,560,791	10.55
500,000	-	999,999	32	2.46	20,808,886	4.82
over		1,000,000	60	4.61	341,804,683	79.15
			1,302	100.00	431,853,006	100.00

54 (or 4.15%) shareholders, holding 85,157,849 shares (or 19.72%) 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[1]	Date of notice
First Cape Group Ltd	40,773,071	1 May 2024
Wairahi Investments Ltd	26,120,286	4 August 2021
East West Legacy, LLC	55,149,807	24 December 2021

[1] 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 97. 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 27 February 2025 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:

> “Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

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 is available on the Company’s Website.

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 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.

> "To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

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 six 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 2024 was:

Directors' meetings	John Scott	Greg Allen	Roz Buick	Melissa Clark-Reynolds	John McMahon	Keith Oliver
Meetings held whilst a director	11	11	11	11	11	11
Attendance	11	11	9	7	11	7

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

Executive Appointment & Remuneration Committee meetings	Keith Oliver	John Scott
Meetings held whilst a committee member	2	2
Attendance	2	2

Risk Committee meetings	Greg Allen	Roz Buick
Meetings held whilst a committee member	3	3
Attendance	2	3

Technology & Innovation Committee meetings	John Scott	Roz Buick	Melissa Clark-Reynolds
Meetings held whilst a committee member	3	3	3
Attendance	2	3	2

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

In discharging their respective duties, individual directors may, with the prior approval of the Chairman, seek advice from external professional advisors from time to time, with any costs being met 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 should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has established four standing committees to guide and assist them with overseeing certain aspects of corporate governance. These committees are the Audit Committee, the 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 Committee

The Audit 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; and the business's relationship with, and the independence of, the external auditor.

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 Chairman of the Committee is not also the Chairman of the Board.

The current members are John McMahon (Committee Chairman), Keith Oliver and Melissa Clark-Reynolds.

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 Chairman) 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 Chairman), John Scott and Melissa Clark-Reynolds.

Risk Committee

The Risk Committee operates for the primary purpose of taking reasonable steps to acquire and maintain up-to-date knowledge of enterprise risk management. The current members are Greg Allan (Committee Chairman) and Roz Buick.

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.

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

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 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 Chairman of the Board, 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 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.

“The remuneration of directors and executives should be transparent, fair and reasonable.”

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 2024 financial year amounted to $356,833 due to the small size of the Board. Full disclosure of director remuneration is set out on page 62. 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 chairperson 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 next review is scheduled for the 2025 Annual Shareholders Meeting. 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 FY24.

Greg Balla – CEO	
Fixed remuneration	$485,437
Employer contributions to KiwiSaver	$14,563
Total remuneration	$500,000

Commencing for the 2024 year, Greg Balla is eligible for an annual STI target payment of 15% of base salary based on Board-approved economic objectives being achieved. Overachievement is possible 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 shall vest 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

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

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.

As discussed above, the Board has established a Risk Committee to assist 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 committees provide 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 Corporation 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 Board should ensure the quality and independence of the external audit process."

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, 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 should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

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 24 February 2025, approximately 74% percent 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 Company did not meet this target for the 2024 meeting because it was late to issue the notice inviting director nominations. The notice of meeting was issued on 13 May 2024 for the meeting on 29 May 2024. The timetable for the 2025 meeting targets compliance with the NZX Code.

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 2024 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 2023 financial year.

Due to its small size, the Company does not have a formal internal audit resource as is recommended by the NZX Code.

This Corporate Governance Statement was approved by the Board of AoFrio on 27 February 2025.


AoFrio
AoFrio
AoFrio
AoFrio
Talk to us about
how AoFrio can help
your business achieve your
sustainability and
efficiency goals
Wellington
Refrigeration intelligence and energy efficiency
AoFrio
Wellington

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:

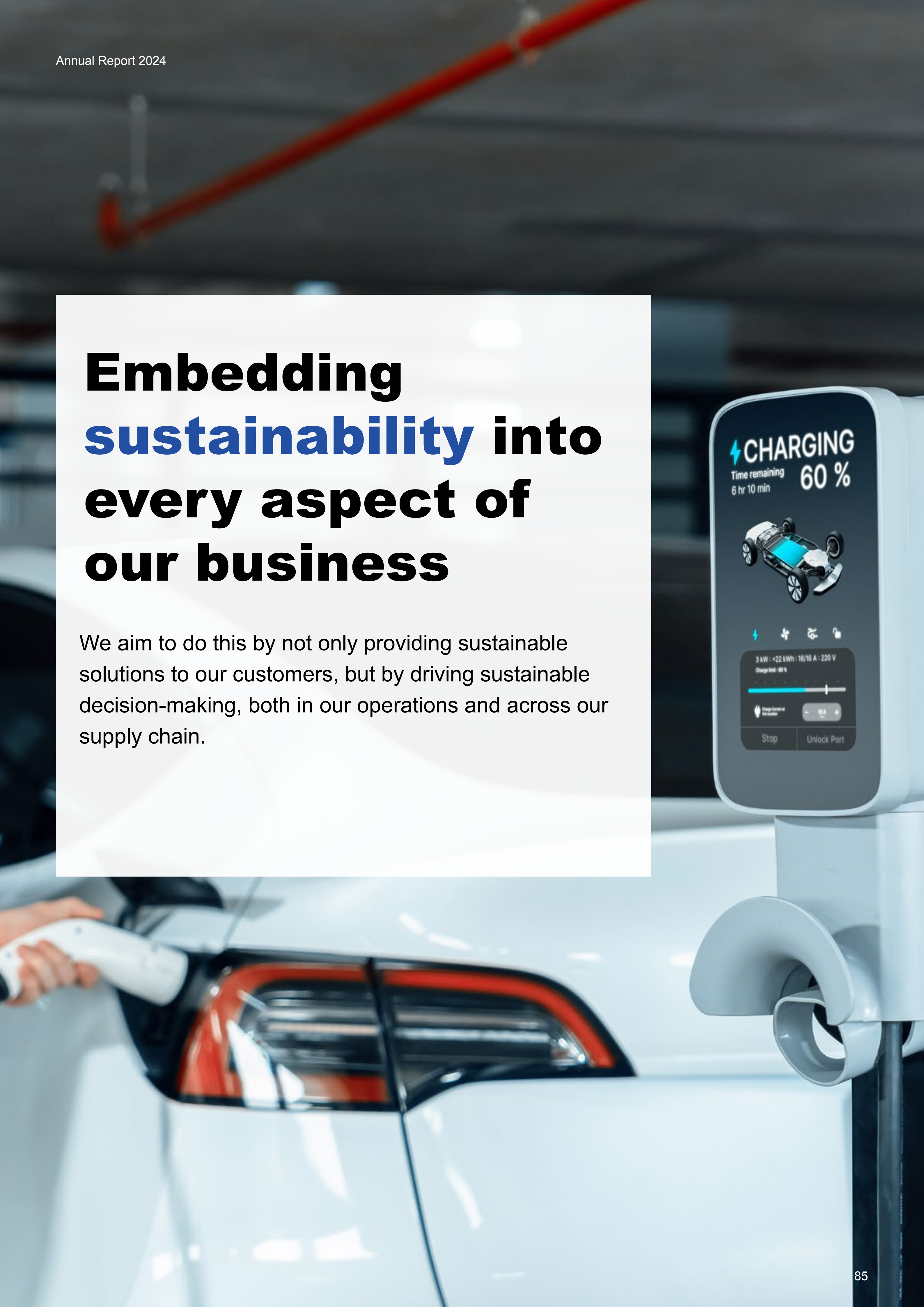
- Explore together
- Thrive together
- A better world together.

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.

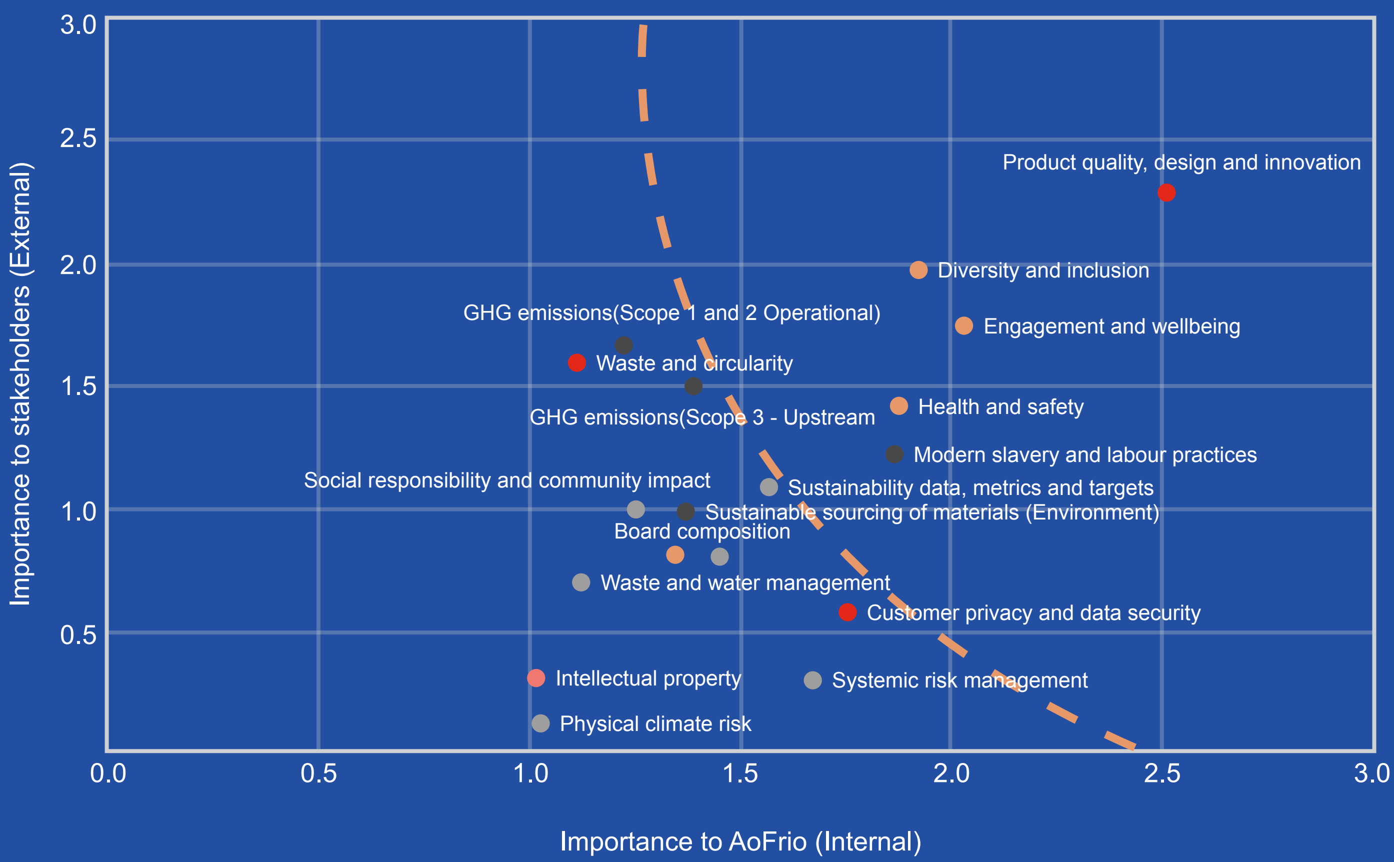


Embedding sustainability into every aspect of our business

We aim to do this by not only providing sustainable solutions to our customers, but by driving sustainable decision-making, both in our operations and across our supply chain.

Our approach to sustainability

What matters most to our stakeholders and our business.



In 2022 we worked with Ernst & Young (EY) to determine what matters most to our key stakeholders and our business. This materiality matrix highlights the areas where we should focus our efforts and resources. These key material topics were summarised into our three core pillars:

- T — Our **Team**
- O — Our **Operation**
- P — Our **Products**

These pillars are a reflection of our sustainability strategy, ensuring we prioritise and embed sustainability into the right areas. However, we recognise that as the world evolves, areas of importance can change. Therefore, alongside our core pillars, we use the United Nations (UN) Sustainable Development Goals (SDGS) and EcoVadis to ensure the sustainability strategy remains on track and to stay aligned with the most urgent global priorities.

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 service 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

The table above highlights the key drivers of our sustainability strategy, our ESG priority areas, our materiality topics and their alignment with the UN SDGS and EcoVadis core themes.

United Nations Sustainable Development Goals

The SDGS are global sustainability initiatives set out by the UN. These goals provide a comprehensive framework for sustainable development, encompassing economic, social and environmental dimensions. At AoFrio we view the SDGS as a framework to identify our direct contributions to sustainability.

EcoVadis

EcoVadis is a leading provider of business sustainability ratings, evaluating companies on their environmental, social and ethical performance. For us at AoFrio, following the EcoVadis methodology allows us to monitor, quantify, and evaluate our performance against our objectives, material topics, UN SDGS and our overall sustainability strategy. This approach ensures continuous improvement, evolving expectations and enables us to consistently enhance our sustainability performance.

BRONZE | Top 35%
ecovadis
Sustainability Rating
MAR 2024

Progress made in 2024

AoFrio continues to embed sustainable thinking and practices throughout the organisation. We are pleased to report progress across our pillars and key areas of focus.

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

Core pillar one: Team

88%
Diversity Score

79%
Engagement Score

- Our AOWLead (AoFrio Woman Leaders) group has significantly enhanced employee engagement throughout FY24 from 67% to 79%. Policy familiarisation sessions addressed important topics like the pay gap and parental leave, unconscious bias and an International Women's Day event, with an inspirational talk from our board member Melissa Clark-Reynolds emphasised gender equality and inclusivity.
- Organisation-wide training on diversity and inclusion on unconscious bias. We organised large engagement events from different religious and belief systems such as Pride, Diwali and Eid.
- Sustainability awareness was fostered through initiatives like beach cleanups and Earth Day activities, alongside investments in employee learning and development.
- Detailed remuneration reviews including an analysis of pay equity across the Company and a commitment to paying all employees a living wage.
- Our new remote working policy allowed employees to work from anywhere in the world for up to four weeks, with 14 team members benefiting in 2024.

These initiatives allow us to attract and retain an innovative, loyal and impactful workforce. This is evidenced by our low 7% turnover rate for the last 12 months.

Progress made in 2024

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	
EcoVadis theme	Labor & Human Right Ethics Environment Sustainable Procurement

Core pillar two: Operations

Bronze

EcoVadis Rating

12 months

Power and Water data collected for NZ entities (Scope 1)

- Circularity and sustainability remained a core focus, with initiatives like a recycling workshop in Auckland and global circularity training led by ThinkStep ANZ.
- We collaborated with East West Industries in Vietnam to align on sustainability practices and begin work on circularity and end-of-life procedures for our products.
- AoFrio's EcoVadis bronze medal places us among the top 35% of rated companies, reflecting our commitment to delivering meaningful environmental, social, and ethical impact.

EcoVadis is a well-recognised platform required by our customers, so holding a rating with them allows us to support our customers' strategies as well as our own.

Progress made in 2024

Pillars	Our **PRODUCTS**
Objectives	Provide high-quality and secure products and service that generate positive outcomes for our customers, society and the environment throughout the entirety of the lifecycle.
Material topics	• Product quality, design and innovation • Waste and circularity • Customer privacy and data security
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 Sustainable Procurement Environment

Core pillar three: Product

70

Employees introduced to circular economy

64%

Our AoFrio INSIDE product energy saving

- We began embedding life cycle management into our product design, with ThinkStep ANZ conducting circularity reviews for our ECR and monitor products, and plan to expand this to two more products in FY25.

- To deepen technical expertise, we held an intensive circularity workshop for our product, engineering, and design teams, building on our organisation-wide circularity training.

- In August 2024 we launched our energy-saving solution, AoFrio INSIDE to the market. AoFrio INSIDE is the most efficient and advanced solution for commercial refrigeration. The heart of AoFrio INSIDE is the smart SCS controller which controls and optimises the Wellington ECR® 2 motors and industry-standard variable speed compressor to contribute to up to 64% (third party verified) in total energy savings.

Our AoFrio Inside product has enabled new customers and revenue opportunities in FY24.

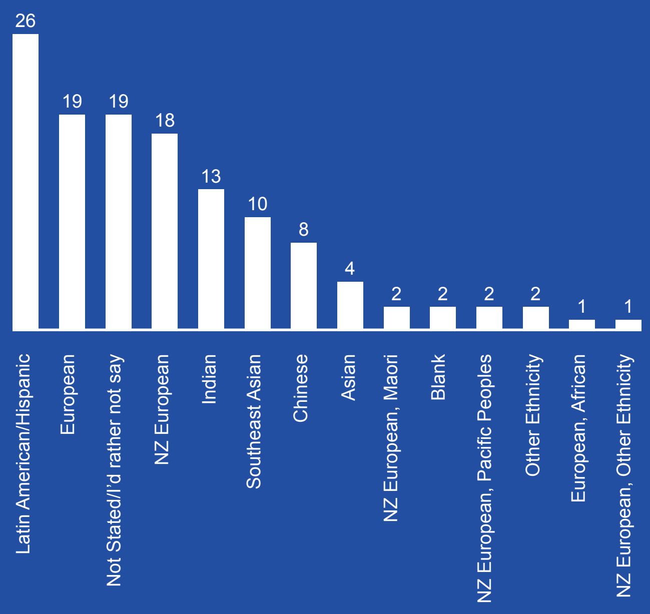

12:10
96%
AoFrio iQ
ST
Site view
View log
Walk-In chicken coolroom
New
N/A
Walk-In other coolroom
New
4.2 °C
Walk-In freezer
Action pending
5.2 °C
Work area fridge
4.2 °C
Work area freezer
-3.2 °C
Front of the house
-6.0 °C
Back of the house
18.2 °C

Our workforce

By the numbers (full time equivalents).

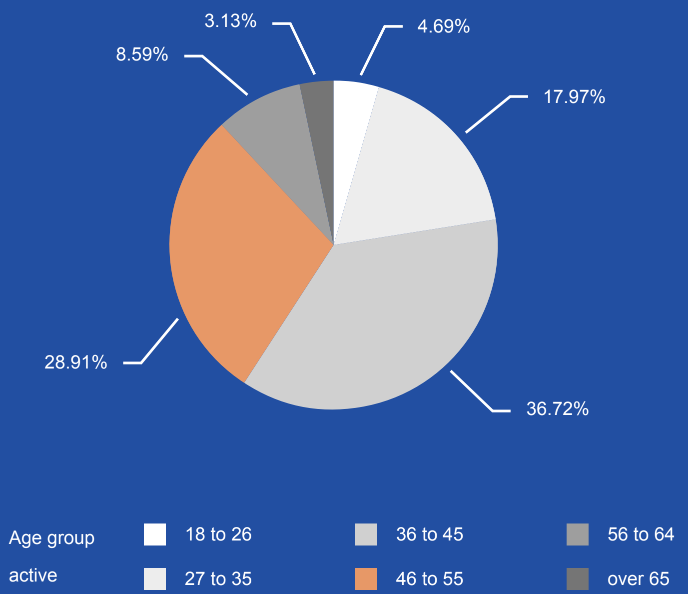
Nationality

Count by ethnicity



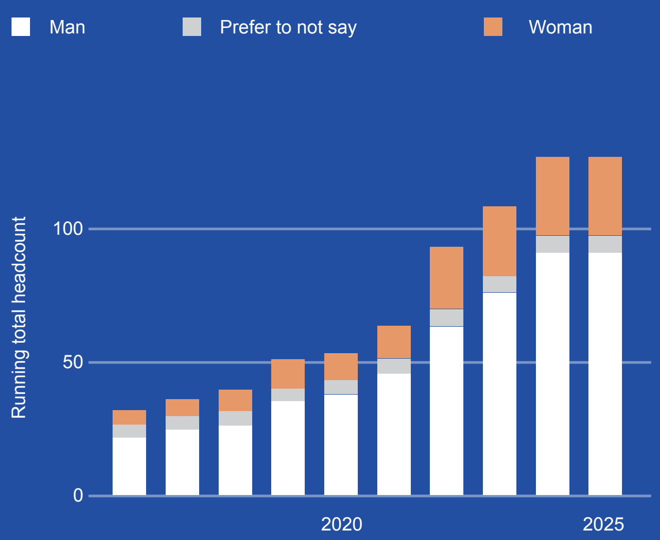
Age range

Age group

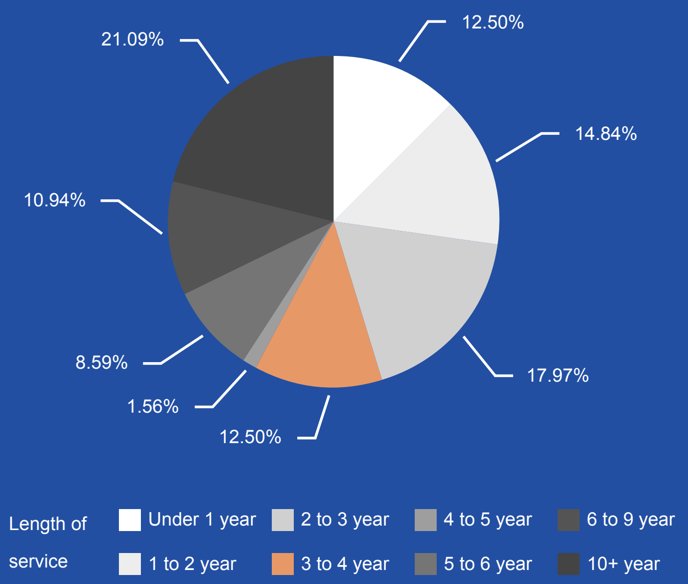


Gender diversity

Gender 2



Length of service



Looking forward

Our aspirational roadmap.

Current

- T — Health and Safety Global Review
- T — Language Scholarship Program
- T — Leadership Development Program
- T — Diversity targets, i.e. Gender split, DEI engagement results
- O — Implement a Sustainable Supplier Policy & Supplier Code of Conduct
- O — Review physical and transitional risks likely to have a material effect on AoFrio
- O — Identify climate-based scenarios for AoFrio and conduct a scenario analysis process
- P — Complete a test case LCA
- P — Begin data collection of product components for GHG reporting

Planned

- T — Track and improve diversity
- O — Set emissions reduction target and begin reporting Scope 1 & 2 emissions
- O — Track suppliers EcoVadis ratings
- O — Describe the scenario analysis process externally
- O — Develop a conflict minerals policy
- P — Invest in Research and Development (R&D) aimed at continuing reductions of emissions intensities (i.e., increases in energy efficiency) provided by AoFrio products and services
- P — Establish a process for tracking energy intensity savings for clients that have purchased IoT services

Future

- O — Explore the first Voluntary Task Force on Climate-related Financial Disclosures (TCFD)
- O — Consider climate-related metrics and targets (Financial and non-financial) to support our strategy
- O — Explore and eventually obtain validation of a science-based target (SBT) by the Science-based Target Initiative (SBTi)
- P — Refine the reduction target for emissions intensities to reflect data obtained from tracking IoT service clients

Contacts

AoFrio offices

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

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

Ph: 64-9-477 4500

Mexico
Wellington Latin America Services SA de CV
San Serafin No. 4
Residencial San Gil
San Juan del Rio, Qro,
Mexico 76815

PO Box 57
San Juan del Rio
Querétaro
Mexico 76800

Ph: +52 427 167 3857

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

Ph: +55 47 3028 3858

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

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

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

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

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

Banker
Bank of New Zealand

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


AoFrio
78
AoFrio
Innovation Hub and
Head Office

AoFrio
Annual Report
2024

www.aofrio.com