

Halter Limited

Financial Statements
for the year ended 31 March 2024

Halter Limited

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For the year ended 31 March 2024

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Halter Limited

Directory

For the year ended 31 March 2024

Directory

Nature of business	Agriculture Technology	
Registered Office	Halter Limited 66 Sale Street Auckland, 1010	
Company Number	6063230	
Director	Craig Piggott	
Shareholder	Halter USA Inc.	1,000,000 shares held
Bankers	ASB Bank	

Halter Limited

Director's Responsibility Statement

For the year ended 31 March 2024

Director's Responsibility Statement

Approval and issue of financial statements

The Director presents the Financial Statements of Halter Limited (the Company) for the year ended 31 March 2024.

No disclosure has been made in respect of Section 211(1)(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) of the Act.

The Director is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of Financial Statements which fairly present the financial position of the Company as at 31 March 2024 and the financial performance and cash flows for the period ended 31 March 2024.

The Director considers the Financial Statements of the Company have been prepared using accounting policies appropriate to the Company, consistently applied and supported by reasonable and prudent judgements and estimates.

The Director considers that all applicable New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable Financial Reporting Standards as appropriate for profit-oriented entities have been applied.

The Director believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the Financial Statements with the Financial Reporting Act 2013.

The Director has responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Director considers that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This Director's Responsibility Statement and the Financial Statements are dated 01-11-2024.

DocuSigned by:

4FD2EE3CAB7941E
Craig Piggott
Director

Halter Limited**Statement of Profit and Loss and Other Comprehensive Income**

For the year ended 31 March 2024

	Notes	2024 \$	Unaudited 2023 \$
Revenue from contracts with customers	4	89,366,858	36,319,942
Cost of sales		(18,239,138)	(8,495,042)
Gross profit		71,127,720	27,824,900
Other revenue	5	2,417,196	1,894,610
Expenses			
Depreciation expense		(1,908,691)	(1,796,422)
Finance costs	16	(3,939,832)	(1,147,594)
Foreign exchange losses		(503,578)	(233,323)
Professional and consulting fees		(2,437,841)	(1,587,107)
Marketing and event expenses		(346,301)	(490,803)
Occupancy expenses		(90,740)	(351,637)
Staff expenses		(20,722,804)	(16,748,394)
Subscriptions costs		(3,405,043)	(1,931,680)
Travel expenses		(1,866,084)	(1,927,484)
Disposal of assets under construction	12	(31,784,447)	(2,860,448)
Other expenses	6	(5,360,694)	(2,599,223)
Share based payments	8	(792,021)	(862,744)
Profit/(loss) before tax		386,840	(2,817,349)
Income tax benefit	9	975,311	1,252,607
Profit/(loss) for the year		1,362,151	(1,564,742)
Total comprehensive profit/(loss) for the year		1,362,151	(1,564,742)

Halter Limited

Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Issued capital \$	Employee share based payments \$	Retained earnings \$	Total equity \$
Balance at 1 April 2022 as previously recorded per IRD minimum financial reporting requirements	21	—	—	(152,417)	(152,417)
Effects of transition to NZ IFRS RDR	21	1	797,422	(907,014)	(109,591)
Balance at 1 April 2022	21	1	797,422	(1,059,431)	(262,008)
Loss for the year		—	—	(1,564,742)	(1,564,742)
Total comprehensive loss for the year		—	—	(1,564,742)	(1,564,742)
Equity-settled share-based payments	8	—	862,744	—	862,744
Deferred tax on share-based payments	9	—	87,873	—	87,873
		—	950,617	—	950,617
Balance at 31 March 2023		1	1,748,039	(2,624,173)	(876,133)
Balance at 31 March 2023 as previously recorded per IRD minimum financial reporting requirements	21	—	—	758,739	758,739
Effects of transition to NZ IFRS RDR	21	1	1,748,039	(3,382,912)	(1,634,872)
Balance at 31 March 2023	21	1	1,748,039	(2,624,173)	(876,133)
Profit for the year		—	—	1,362,151	1,362,151
Total comprehensive profit for the year		—	—	1,362,151	1,362,151
Equity-settled share-based payments	8	—	792,021	—	792,021
Balance at 31 March 2024		1	2,540,060	(1,262,022)	1,278,039

Halter Limited

Statement of Financial Position

As at 31 March 2024

		2024	Unaudited 2023
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	1,539,598	4,752,360
Trade and other receivables	10	3,761,790	2,164,450
Prepayments	11	915,437	219,517
Income tax receivable	9	2,126,645	29,199
Related party receivables	16	11,346,237	2,125,627
Other current assets		2,156,557	2,598,215
Total current assets		21,846,264	11,889,368
Non-current assets			
Property, plant and equipment	12	45,478,991	59,706,330
Right-of-use assets	13	3,507,560	4,155,699
Deferred tax assets	9	931,477	1,659,054
Total non-current assets		49,918,028	65,521,083
Total assets		71,764,292	77,410,451
Liabilities			
Current liabilities			
Trade and other payables	14	2,357,498	8,654,985
Revenue received in advance		11,762,363	10,384,405
Provisions		—	1,994,675
Lease liability	13	1,014,682	927,980
Other current liabilities	15	5,915,278	2,021,840
Total current liabilities		21,049,821	23,983,885
Non-current liabilities			
Borrowings		360,003	400,000
Related party payables	16	46,377,971	50,535,196
Lease liability	13	2,698,458	3,367,503
Total non-current liabilities		49,436,432	54,302,699
Total liabilities		70,486,253	78,286,584
Net assets		1,278,039	(876,133)
Equity			
Issued capital	17	1	1
Employee share based payments	8	2,540,060	1,748,039
Retained earnings		(1,262,022)	(2,624,173)
Total equity		1,278,039	(876,133)

Halter Limited
Statement of Cash Flows
For the year ended 31 March 2024

	Notes	2024 \$	Unaudited 2023 \$
Cash flows from operating activities			
Receipts from customer		76,464,203	42,999,120
Payments to suppliers and employees		(47,441,945)	(25,498,741)
Interest received	5	32,228	15,272
Interest paid		(3,085,898)	(268,913)
Receipts from Government grants	5	1,690,406	1,879,338
Income taxes paid		(24,159)	—
Net cash from operating activities		27,634,835	19,126,076
Cash flows from investing activities			
Payment for property, plant and equipment	12	(29,802,202)	(54,689,517)
Net cash used in investing activities		(29,802,202)	(54,689,517)
Cash flows from financing activities			
Advances from related parties		—	40,011,329
Repayment of borrowings		(39,997)	—
Repayment of principal portion of lease liability	13	(1,005,398)	(812,017)
Net cash (used in)/from financing activities		(1,045,395)	39,199,312
Net (decrease)/increase in cash and cash equivalent held		(3,212,762)	3,635,871
Cash and cash equivalents at beginning of year		4,752,360	1,116,489
Cash and cash equivalents at end of financial year	7	1,539,598	4,752,360

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

1. General information

Halter Limited (the Company) is a profit-oriented entity incorporated and domiciled in New Zealand. Its principal activity is the development of Agriculture Technology.

The Company provides solar-powered smart collars with a simple app that allows farmers to remotely shift, virtually fence, optimise pasture, and proactively monitor. The Company uses advanced technology leveraging artificial intelligence to create a future of farming that is more simple, ethical, and sustainable.

The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its Financial Statements comply with that Act. The Company is registered under the Companies Act 1993.

The Financial Statements of the Company are for the year ended 31 March 2024. The Financial Statements were authorised for issue by the Director as dated in the Director's Responsibility Statement.

2. Material accounting policies

2.1. Statement of compliance

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Company is designated as profit-oriented for the purposes of complying with NZ GAAP. The Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS (RDR)), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS (RDR). XRB A1 sets out which suite of accounting standards entities must follow.

The Company is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that the Company has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Company has applied a number of disclosure concessions.

2.2. First-time adoption of NZ IFRS (RDR)

From 1 April 2023, the Company transitioned to NZ IFRS (RDR). These are the Company's first Financial Statements prepared in accordance with NZ IFRS (RDR). NZ IFRS 1 First Time Adoption of International Financial Reporting Standards has been applied in preparing these Financial Statements. Prior period values have been restated in order to appropriately reflect the adoption of the relevant standards in accordance with NZ IFRS (RDR). Refer to Note 21 for further information on the transition to NZ IFRS (RDR).

2.3. Basis of preparation

The Financial Statements have been prepared on the basis of historical cost, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of NZ IFRS 2, leasing transactions that are within the scope of NZ IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in NZ IAS 2 or value in use in NZ IAS 36.

The material accounting policies are set out below.

The material accounting policies which are pervasive throughout the Financial Statements are set out below. Other significant accounting policies which are specific to certain transactions or balances are set out within the particular note to which they relate.

2.4. Use of accounting estimates and judgements

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

2.4. Use of accounting estimates and judgements (continued)

There were no critical judgements, apart from those involving estimations (see note below), that the Company has made in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions concerning the future. They are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.4.1. Assets under construction

Within the assets under construction there is an estimated value for refurbishable parts as at 31 March 2024. This is a new estimate in financial year 2024 and has arisen from the proactive hardware upgrade that took place in 2024. There are parts that can be reused in future hardware builds and the estimated value has been held on the balance sheet and will be utilised in financial year 2025.

2.5. Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and position of the Company are expressed in New Zealand Dollars, which is the functional currency of the Company and the presentation currency for the financial statements.

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2.7. Going concern

The Company has incurred a net profit of \$1.36m for the year ended 31 March 2024 (2023: \$1.56m net loss), and as at balance date is in a net asset position of \$1.28m (2023: \$0.88m net liability position). The Company has available cash of \$1.54m (2023: \$4.75m).

On this basis, the Director believes that preparing the Financial Statements as a going concern is appropriate due the continued financial support of the company's ultimate parent undertaking, Halter USA Inc. This includes the forgiveness of the related party loan with Halter USA Incorporated subsequent to balance date. Refer to the Note 23 for additional information.

2.8. Explanation of the transition to IFRS – Reduced Disclosure Regime (NZ IFRS RDR)

The Company previously prepared Financial Statements in accordance with the requirements of the Tax Administration Act 1994.

On transition to Reduced Disclosure Regime (NZ IFRS RDR), the Company has applied the recognition and measurement requirements of NZ IFRS 1 *First Time Adoption of New Zealand Equivalents to International Financial Reporting Standards*. The date of transition at which NZ IFRS 1 has been applied is 1 April 2023. In applying these requirements, the Company has made the adjustments outlined in Note 21.

3. Revenue recognition

Revenue is measured at the amount of consideration to which the entity expects to be entitled to. Revenue is recognised when specific performance obligations within customer contracts are met and is reduced for estimated customer returns, rebates and other similar allowances.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For each customer contract (or group of contracts) that promise is converted into the applicable performance obligations. The determined transaction price is then allocated to the performance obligation(s). Revenue is then recognised when (or as) the entity satisfies the performance obligations.

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

3. Revenue recognition (continued)

Subscription and instalment income

Farmers sign up to a 24-month subscription that is either billed up front, monthly, or annually. Customers have the right to access the service over the period of the contract. Payments received in advance from farmers are initially reflected as in the Statement of Financial Position as a liability "Revenue received in advance." Amounts are then released as revenue (Subscription income in the Statement of Profit and Loss) across the term of the subscription as the performance obligation is satisfied.

The contracts do not contain a lease component. The customers do not have control of the hardware units on farms (collars and towers). The Company retains ownership of the assets and treats them as Plant, Property and Equipment (NZ IAS 16).

Instalment income relates to fees to install the Company's system at farms. It is a one-off fee that is charged and is recognised when the system has been installed.

Services income

Services, including for the development of intellectual property, are performed by the Company for Halter USA Inc. Services are recognised as they are provided based on the actual costs of services plus a margin.

4. Revenue from contracts with customers

Revenue has been categorised as follows:

	2024	Unaudited 2023
	\$	\$
External revenue by product line		
Subscription and instalment income	24,447,911	11,944,650
Services income	64,434,680	24,366,020
Other income	484,267	9,272
Total revenue from contracts with customers	89,366,858	36,319,942

5. Other Revenue

Grant income

Grant income is recognised when the Company has "reasonable assurance" that the grant will be received. It is the Company's determination that this threshold is met when a claim has been made and formally accepted by the granting entity. There are no unfulfilled conditions or contingencies attached to these grants.

The Company's grant income has been obtained from the following sources and recognises the reimbursable expense from these sources as grant income when confirmation and payment has been received:

- Research and Development Tax Incentive (RDTI) program with the New Zealand government.
- Research and Development Experience Grant with Callaghan Innovation.
- 50:50 co-funding grant with New Zealand Trade and Enterprise (NZTE) for the International Growth Fund.

	2024	Unaudited 2023
	\$	\$
Other revenue		
Interest income	32,228	15,272
Grant income	1,690,406	1,879,338
Bad debt recoveries	694,562	—
Total other revenue	2,417,196	1,894,610

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

6. Other Expenses

	2024	Unaudited 2023
	\$	\$
Other expenses		
Office expenses	654,932	610,351
Bad debt expense	537,012	694,562
Marketing costs	327,461	—
Insurance	132,175	119,832
General expenses	3,709,114	1,174,478
Total other expenses	5,360,694	2,599,223

7. Cash and cash equivalents

	2024	Unaudited 2023
	\$	\$
Cash and cash equivalents		
Cash at bank	1,539,598	4,752,360
Total cash and cash equivalents	1,539,598	4,752,360

8. Share based payments

Equity-settled share option plan

The Company's parent, Halter USA Inc., has granted equity-settled share options awards to employees of the Company. In accordance with the terms of the share option plan full-time employees with more than 4 years' service with the Company may be granted options to purchase ordinary shares.

Each employee share option converts into ordinary shares of Halter USA Inc. on exercise. No amounts are paid or payable by the recipient on receipt of the option, until the options are exercised. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined on a case-by-case basis at the discretion of the remuneration committee.

The strike price of the options is the market value on the date of grant. The options vest progressively between one and four years of service. If the options remain unexercised after a period of 10 years from the date of grant, or 90 days after the resignation of the employee, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Share based payment reserve

	2024	Unaudited 2023
	\$	\$
Balance as at 1 April	1,748,039	797,422
Share-based payment expense for the year	792,021	862,744
Deferred tax on share-based payments	—	87,873
Balance as at 31 March	2,540,060	1,748,039

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

8. Share based payments (continued)

Details of the share options outstanding during the year are as follows:

	2024		Unaudited 2023	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	No.	\$	No.	\$
Share options outstanding				
Outstanding at beginning of year	874,345	\$ 2.07	831,976	\$ 1.89
Granted during the year	675,700	\$ 5.16	262,000	\$ 3.91
Forfeited during the year	(350,094)	\$ 4.21	(118,718)	\$ 2.52
Exercised during the year	(77,475)	\$ 2.00	(100,175)	\$ 1.21
Expired during the year	(36,403)	\$ 2.65	(738)	\$ 1.91
Outstanding at the end of the year	1,086,073	\$ 3.63	874,345	\$ 2.49
Exercisable at the end of the year	490,154	\$ 2.55	355,157	\$ 1.81

The fair value determined at the grant date of the share-based options payments is expensed on a graded basis over the service period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Share options were priced using a Black-Scholes option pricing model. The Black-Scholes model was used as it is better able to handle a variety of inputs and therefore more accurate in determining fair value than other models.

There is no recharge agreement in place between the Company and its parent Halter USA Inc..

Total expense recognised

The fair value of these schemes at the date of grant is expensed over the vesting period, based on the estimate of shares that will eventually vest. The total expense recognised in profit or loss for the period in respect of all share-based payment transactions was \$792,021 (2023: \$862,744).

9. Tax

9.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

9.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

9.2. Deferred tax (continued)

Analysis of deferred tax assets and liabilities

The following are the major deferred tax liabilities and assets recognised by the Company, and movements thereon during the current and prior reporting period.

	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
	\$	\$	\$	\$
2024				
Employee share based payments	590,687	(202,055)	—	388,632
Tax losses	51,351	(51,351)	—	—
Employee provisions	200,938	(115,458)	—	85,480
IFRS 15 - Revenue recognition	582,461	(333,022)	—	249,439
IFRS 16 - Right-of-use assets	(1,163,595)	181,478	—	(982,117)
IFRS 16 - Lease liabilities	1,202,735	(163,057)	—	1,039,678
Provision for doubtful debts	194,477	(44,112)	—	150,365
	1,659,054	(727,577)	—	931,477

	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
	\$	\$	\$	\$
2023				
Employee share based payments	261,247	241,567	87,873	590,687
Tax losses	—	51,351	—	51,351
Employee provisions	61,324	139,614	—	200,938
IFRS 15 - Revenue recognition	—	582,461	—	582,461
IFRS 16 - Right-of-use assets	(1,324,057)	160,462	—	(1,163,595)
IFRS 16 - Lease liabilities	1,334,373	(131,638)	—	1,202,735
Provision for doubtful debts	—	194,477	—	194,477
	332,887	1,238,294	87,873	1,659,054

Deferred tax on employee share based payments was recognised directly in equity during the year ended 31 March 2023, as the amount of the Company's tax deduction exceeded the cumulative remuneration expense.

9.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

	2024	Unaudited 2023
	\$	\$
Income tax expense (benefit) comprises:		
Current tax expense (benefit):		
Current year	(2,528,325)	73,561
Deferred tax expense (benefit) relating to:		
Origination and reversal of temporary differences	1,140,296	(1,326,168)
Adjustment for prior period	412,718	—
	1,553,014	(1,326,168)
Tax benefit for the year	(975,311)	(1,252,607)

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

9.3. Current and deferred tax for the year (continued)

	Unaudited	
	2024	2023
	\$	\$
Reconciliation of effective tax rate		
Profit/(loss) before tax	386,840	(2,817,349)
Income tax effect (28%)	108,315	(788,858)
Non-deductible expenses	723,966	317,404
R&D tax incentive	(2,424,782)	(525,115)
Other	2,417	(14,470)
Effect of recognising deferred tax asset on share based payments	202,055	(241,568)
Tax benefit for the year	(975,311)	(1,252,607)

10. Trade and other receivables

Trade receivables are non-derivative financial assets and measured at amortised cost less impairment. Impairment of trade receivables is recorded through a loss allowance account (bad debt provision). The amount of the loss allowance is based on the simplified Expected Credit Loss (ECL) approach which involves the Company estimating the lifetime ECL at each balance date. The lifetime ECL is calculated using a provision matrix based on historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment.

	Unaudited	
	2024	2023
	\$	\$
Trade receivables	4,298,802	2,859,012
Less allowance for expected credit losses	(537,012)	(694,562)
	3,761,790	2,164,450

11. Prepayments

The Company engages with multiple suppliers around the world. A portion of these suppliers require a deposit to be paid before manufacturing of the goods can take place.

	Unaudited	
	2024	2023
	\$	\$
Subscriptions	384,698	219,517
Assets under construction	530,739	—
Total Prepayments	915,437	219,517

12. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method or diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For major classes of property, plant and equipment, the following depreciation rates have been used:

Motor vehicle	Diminishing Value	30%
Plant, office & testing equipment	Diminishing Value	8% - 40%
Office fitout	Diminishing Value	10% - 50%
Computer equipment	Diminishing Value	40% - 50%
Hardware assets - collars	Straight Line	20%
Hardware assets - Lora base stations	Straight Line	20%

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

12. Property, plant and equipment (continued)

	2024	Unaudited 2023
	\$	\$
Carrying amounts of:		
Motor vehicle	16,290	19,944
Plant, office & testing equipment	818,315	922,081
Office fitout & computer equipment	1,159,642	1,276,282
Hardware assets - collars	29,572,475	25,873,367
Hardware assets - Lora base stations	5,014,192	4,118,289
Assets under construction	8,898,077	27,496,367
Net carrying amount	45,478,991	59,706,330

Movement in carrying amounts

	Motor vehicle	Plant, office & testing equipment	Office fitout & computer equipment	Hardware assets - collars	Hardware assets - Lora base stations	Assets under construction	Total
Cost	\$	\$	\$	\$	\$	\$	\$
Balance at 31 March 2022	45,122	1,992,392	1,402,729	6,647,440	538,375	2,339,593	12,965,651
Additions	—	230,085	533,701	—	—	53,925,731	54,689,517
Disposals	—	—	—	—	—	(870,448)	(870,448)
Transfers	—	—	—	23,754,848	4,143,662	(27,898,510)	—
Balance at 31 March 2023	45,122	2,222,477	1,936,430	30,402,288	4,682,036	27,496,367	66,784,720
Additions	3,213	335,129	209,077	—	—	29,254,783	29,802,202
Disposals	—	—	—	—	(367,819)	(34,178,409)	(34,546,228)
Transfers	—	—	—	11,088,832	2,585,832	(13,674,664)	—
Balance at 31 March 2024	48,335	2,557,606	2,145,507	41,491,120	6,900,049	8,898,077	62,040,694
Accumulated depreciation	\$	\$	\$	\$	\$	\$	\$
Balance at 31 March 2022	16,630	776,179	362,502	226,251	16,450	—	1,398,012
Depreciation expense	8,548	524,217	297,646	4,302,670	547,297	—	5,680,378
Balance at 31 March 2023	25,178	1,300,396	660,148	4,528,921	563,747	—	7,078,390
Depreciation expense	6,867	438,895	325,717	7,389,724	1,322,110	—	9,483,313
Balance at 31 March 2024	32,045	1,739,291	985,865	11,918,645	1,885,857	—	16,561,703

The disposal for assets under construction for the financial year ending March 2024 relates to enhancement to earlier generations of collars. A portion of this balance was expensed in the prior financial year (\$1.99m). Furthermore, \$399,288 of the disposal of assets under construction was expensed through Cost of sales in the Statement of Profit and Loss and Other Comprehensive Income during the financial year ended 31 March 2024.

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

13. Leases

The Company leases various buildings and vehicles. Rental contracts are typically made for fixed periods of 3 to 6 years, but many have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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 Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as 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 payment that are based on an index or a 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, and
- payments of 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 Company'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, and
- 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 profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

	2024	Unaudited 2023
	\$	\$
Right-of-use assets		
Opening balance	4,155,699	4,728,777
Additions	423,055	341,881
Depreciation	(1,071,194)	(914,959)
Closing balance	3,507,560	4,155,699
Buildings	3,060,847	3,888,817
Motor vehicles	446,713	266,882
Total	3,507,560	4,155,699
Lease liability		
Opening balance	4,295,483	4,765,618
Additions	423,055	341,880
Interest	234,029	256,913
Payments	(1,239,427)	(1,068,928)
Closing balance	3,713,140	4,295,483
Current	1,014,682	927,980
Non-current	2,698,458	3,367,503
Total	3,713,140	4,295,483

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

14. Trade and other payables

	2024	Unaudited 2023
	\$	\$
Trade payables	2,122,315	8,412,080
Other payables	235,183	242,905
	2,357,498	8,654,985

No securities are held or interest charged against any balances owing by the Company.

15. Other current liabilities

	2024	Unaudited 2023
	\$	\$
Interest accruals	4,594,949	878,681
Other accruals	1,320,329	1,143,159
	5,915,278	2,021,840

16. Related parties

Halter Limited is a wholly-owned subsidiary of Halter USA Inc. Transactions between the Company and its related parties are disclosed below.

	2024	Unaudited 2023
	\$	\$
Remuneration of key management personnel		
Aggregate key management personnel compensation	2,492,730	2,364,925

At the end of the year, the following balances were outstanding between the Company and related party entities:

Related Party	Relationship	Amounts owed by related parties		Amounts owed to related parties	
		Unaudited		Unaudited	
		2024	2023	2024	2023
		\$	\$	\$	\$
Halter USA Inc.*	Parent	8,568,739	1,681,909	46,377,971	50,535,196
Halter US LLC	Common shareholder	73,476	—	—	—
Halter Pty Ltd**	Common shareholder	2,704,022	443,718	—	—
		11,346,237	2,125,627	46,377,971	50,535,196

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. During the period, no expense for an allowance for doubtful debts in respect of the amounts owed by related parties was recognised. Interest is incurred by Halter Limited on the amounts repayable to Parent entity Halter USA Inc..

*Transactions with Halter USA Inc. solely comprised services income. Please refer to Note 3 and 4.

**Transactions with Halter Pty Ltd related predominantly to facilitate the purchase and sale of hardware, for and on behalf of Halter Pty Ltd. Incidental shared cloud services costs were also incurred on a monthly basis by Halter Pty Ltd and recharged to the Company.

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

17. Issued capital

	2024		Unaudited 2023	
	No.	\$	No.	\$
	Fully paid ordinary shares	1,000,000	1	1,000,000

The Company is incorporated under the Corporations Act 2001 and accordingly, does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

18. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are classified into the following specified categories: 'fair value through profit or loss' (FVPL), 'fair value through other comprehensive income' (FVOCI) and 'at amortised cost'. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

18.1. Financial assets

The Company's financial assets consist of cash, trade receivables and related party receivables.

18.1.1. Financial assets - cash

Cash comprises cash at bank and on hand. Cash is included within financial assets at amortised cost.

18.1.2. Financial assets - related party receivables

Related party receivables are measured at amortised cost. The Company does not expect any credit losses on related party receivables.

	Note	2024	Unaudited 2023
		\$	\$
Financial assets measured at amortised cost			
Cash and cash equivalents	7	1,539,598	4,752,360
Trade and other receivables	10	3,761,790	2,164,450
Related party receivables	16	11,346,237	2,125,627
Total financial assets		16,647,625	9,042,437

18.2. Financial liabilities

Financial liabilities include trade and other payables, and are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

18.2. Financial liabilities (continued)

		Unaudited
	2024	2023
Note	\$	\$
Financial liabilities measured at amortised cost		
Trade and other payables	2,357,498	8,654,985
Revenue received in advance	11,762,363	10,384,405
Borrowings	360,003	400,000
Related party payables	46,377,971	50,535,196
Total financial liabilities	60,857,835	69,974,586

Related party payables are comprised of a loan between the Company and Parent entity Halter USA Inc., with a maturity date of 31 March 2027, incurring interest on the outstanding principle amount at a variable rate based on the NZD 90 day bank bill rate plus an arm's length credit margin fixed at 1.75%. Please refer to Note 16 for additional details relating to transactions between the Company and its related parties.

Subsequent to balance date, the Board granted consent for the forgiveness of the related party loan and the related interest between Halter USA Inc. (Parent Company) and Halter Limited. Please refer to Note 16 and 23 for additional details.

19. Contractual commitments

As at 31 March 2024, the Company was not party to any contractual commitments (2023: nil).

20. Remuneration of auditors

The auditor of Halter Limited is KPMG New Zealand. No audit services were provided prior to 2024.

	2024	Unaudited 2023
	\$	\$
Fees paid to the auditors		
Audit of the financial statements	180,000	—
	180,000	—

21. Transition to NZ IFRS RDR

Reconciliation of equity reported in accordance with previous IRD minimum financial reporting

	\$
Reconciliation of equity at 1 April 2022	
Equity as previously reported at 1 April 2022 per IRD minimum financial reporting requirements	(152,417)
NZ IFRS adjustments:	
<i>Equity</i>	
Recognition of deferred tax assets	332,886
Recognition of leases in accordance with NZ IFRS 16 Leases	(36,841)
Recognition of employee share-based payments plan expense in retained earnings	(797,422)
Recognition of employee share-based payments plan in employee share based payments reserve	797,422
Recognition of revenue from contracts with customers	(18,192)
Recognition of accruals	(387,444)
Total adjusted equity as at 1 April 2022 per NZ IFRS	(262,008)

Halter Limited

Notes to the Financial Statements

For the year ended 31 March 2024

21. Transition to NZ IFRS RDR (continued)

Reconciliation of equity at 31 March 2023

Equity as previously reported at 31 March 2023 per IRD minimum financial reporting requirements	758,739
NZ IFRS adjustments:	
<i>Equity</i>	
Recognition of deferred tax assets	1,659,054
Recognition of leases in accordance with NZ IFRS 16 Leases	(139,786)
Recognition of employee share-based payments plan expense in retained earnings	(1,660,166)
Recognition of employee share-based payments plan in employee share based payments reserve	1,660,166
Recognition of revenue from contracts with customers	(1,984,153)
Recognition of expected credit losses in accordance with NZ IFRS 9 Financial Instruments	(694,562)
Recognition of accruals and depreciation expense	(475,425)
Total adjusted equity as at 31 March 2023 per NZ IFRS	(876,133)

- Under NZ IFRS (RDR), the Company is required to recognise deferred tax assets or liabilities.
- As a first-time adopter of NZ IFRS, the Group has elected to apply the fully retrospective method for NZ IFRS 16 on transition. This requires NZ IFRS 16 to be applied in full from the beginning of each and every lease, including the restatement of prior year comparatives. An adjustment to the relevant periods was required to recognise the profit or loss impact of NZ IFRS 16 arising from interest and depreciation expenses on right-of-use assets and lease liabilities.
- The Company applied first time adoption of NZ IFRS leases exemption to measure the leases using the incremental borrowing rate as at date of transition of NZ IFRS.
- Under NZ IFRS, the Company is required to recognise revenue and deferred revenue in accordance with NZ IFRS 15 Revenue.
- Under NZ IFRS, the Company is required to recognise discounts and commissions in accordance the corresponding revenue recognition prescribed under NZ IFRS 15 Revenue.

22. Contingent assets and liabilities

There are no contingent assets or liabilities as at 31 March 2024 (2023: nil).

23. Subsequent events

In April 2024, the Board granted consent for the forgiveness of the related party loan of \$46,377,971, and interest related to the loan of \$4,594,949, between Halter USA Inc (Parent Company) and Halter Limited. The documentation for the forgiveness of this internal debt was processed in June 2024. Please refer to Note 16.

There were no other material events subsequent to balance date.

Independent Auditor's Report

To the Shareholders of Halter Limited (the 'Company')

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2024;
- the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements of Halter Limited (the 'Company') on pages 5 to 21 present fairly in all material respects:

- the Company's financial position as at 31 March 2024 and its financial performance and cash flows for the year ended on that date; and
- In accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). 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 Company 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) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Other information

The Directors, on behalf of the Company, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Other matter

The financial statements of the Company, for the year ended 31 March 2023 was not audited.

Use of this independent auditor's report

This independent auditor's report is made solely to the Shareholders. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the financial statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR issued by the New Zealand Accounting Standards Board;
 - implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error;
 - assessing the ability of the Company to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.
-

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

For and on behalf of:



KPMG

Auckland

1 November 2024