

30 September 2024

t42 IoT Tracking Solutions Plc
("t42", the "Company" or, together with its subsidiaries, the "Group")

Interim Results

t42 IoT Tracking Solutions plc (AIM: TRAC) ("t42" or the "Company"), which provides real-time tracking, security, and monitoring solutions for the global supply chain, logistics, container, and freight market, announces its unaudited results for the six months ended 30 June 2024.

Business Overview Highlights

- We are on track to achieve 100% year-over-year growth in Lokies revenues, reflecting strong demand and market confidence in our products.
- Sales agreements announced since the beginning of the year are progressing as expected, contributing to our solid commercial performance.
- The maturity date of the Company's two outstanding convertible loan notes ("CLNs") have been extended for an additional four months to May 2025 on unchanged terms, enhancing financial flexibility.

H1 Financials Highlights

- Revenues increased to 2.0m (H1 2023: 1.7m).
- Adjusted EBITDA loss improved to 25,000 (H1 2023: loss of 248,000).
- Gross margin for the period was stable at 45% (H1 2023: 48%).
- Operating expenses decreased to 1.2m (H1 2023: 1.3m).

Avi Hartmann, CEO of t42, commented:

"2024 has already marked a significant turning point for t42, with new supply agreements surpassing those of the entire previous year by mid-year, demonstrating strong market demand for our Lokies smart locks and other innovative solutions. The recent extension of both CLN facilities for an additional four months, under unchanged terms, enhances our financial flexibility to support ongoing growth. Our focus on improving product performance, particularly in energy efficiency, continues to resonate with clients and adds substantial value to their operations. With this momentum, we are confident in our ability to drive innovation, expand our market presence, and lead the container tracking industry in the coming years."

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CHAIRMAN'S STATEMENT

We are pleased to report T42's unaudited results for the half year ended 30 June 2024 ("H1 2024"). Total revenues reached 2.0 million, up from 1.7 million in H1 2023. We expect to fulfill orders under the agreements announced earlier this year during the remainder of the second half. The gross margin for the period remained stable at 45%, compared to 48% last year. We continue to deliver on these agreements, along with additional long-term and ad-hoc orders, with a strong focus on the shipping container market.

A few years ago, we made a significant strategic shift within the Company, transitioning our focus from vehicle tracking systems to container tracking and monitoring solutions. This transformation not only led to the rebranding of the Company to t42 but also marked a fundamental change in our core business. We successfully retained our excellent team, while at the same time, we developed new products, identified new customers, and built innovative revenue models.

In a short period, we have demonstrated that we are on the right track, and the upward trend is clearly reflected in our results. In the container market segment we experienced significant growth in H1 2024, with new supply agreements, for orders in 2024 and the following two years, surpassing the total sales achieved in 2023. This remarkable momentum is a clear reflection of the exceptional quality of our Lokies smart locks, and the enthusiastic reception received in the market. Demand continues to grow, positioning us for even greater success by year-end.

We have invested considerable effort in the development and performance improvement of our products, and we have successfully reduced the energy consumption of the locks by a significant amount. This enhancement means customers need to charge the locks less frequently, providing significant logistical benefits and added value to our clients.

This positive trend continues to strengthen. More and more customers are being introduced to our monitoring solutions, additional pilots are underway, and the existing market potential is converting into tangible business deals. Moreover, we remain committed to investing in our complementary product, Tetis, where we have also focused on improving energy efficiency.

A significant part of this growth can be seen in the new supply agreement that have been signed during H1 2024. We anticipate that actual orders will exceed the initial estimates set out by the clients in the contracts. With one of our clients, we are already in advanced discussions to finalise next year's order forecast, which we hope will significantly exceed the initial contract amounts and we will provide updates on this in due course.

There is no doubt that t42's investments are shaping the future of container monitoring technology. The increase in anticipated orders for 2024 is a significant step towards achieving the Company's potential and its ambition to lead the market in the coming years, in line with our renewed strategy.

R&D

Over the past six months, t42 IoT Solutions has achieved significant advancements in its technology and product offerings, reinforcing our commitment to innovation and excellence in the IoT sector. Our efforts have been focused on enhancing road safety solutions, improving client experiences, and expanding our global reach into new markets.

In a first-of-its-kind project in Mexico, we have developed an interface within our Helios product line to connect to an external display monitor and provide significant safety improvements to our Mexican

client's transportation fleet. This addition facilitates safer driver identification and introduces smart alerts in both visual display and human voice regarding speed, adjusted according to location and direction of travel. The project began as a pilot with several hundred units and will be progressing during H2 2024 to hardware orders under the agreement. After a 12-month trial period the client reported a significant outcome with zero accidents and a 100% success rate in preventing incidents that would have previously led to significant losses and insurance claims. Additionally, customers in other countries have already expressed interest in this solution, and we anticipate that during 2024-2025 it will enable us to reach even more clients.

On our t42 online web application, we have added an interface for creating thousands of zones based on speed and direction of travel, and for communicating with end equipment to monitor these zones. This enhancement allows for more precise and efficient fleet management, providing our clients with greater control and oversight of their operations.

In our continuous effort to improve customer experience, we have upgraded our onboarding tools. Clients can now initialize our units more quickly and with greater accuracy, enabling seamless scaling of installations and shipments. This enhancement not only streamlines deployment but also reduces operational downtime for our clients.

Our Lokies product line has been expanded with the introduction of a smaller shackle, offering greater flexibility and security options without compromising on durability or reliability. This development provides our clients with more versatile solutions to meet their specific needs.

FINANCIAL REVIEW

Group revenues for H1 2024 were 2.0m, compared with 1.7m for the six-month ended 30 June 2023.

Gross margin for the 6 months to 30 June 2024 was stable at 45%, compared with 48% for the corresponding period in 2023.

Total operating expenses for the 6 months to 30 June 2024 were 1.2m (H1 2023: 1.3m).

For the six months ended 30 June 2024 the Group recorded an exchange rate income of 0.36 million (H1 2023: 0.03 million), driven by the strengthening of the US dollar against the Israeli Shekel. However, this was offset by a significant loss of 0.98 million due to changes in fair value of the CLNs and warrants associated with the loans.

The Group balance sheet showed an increase in trade receivables to 1.0m (including long term trade receivables), compared with 0.9m as of 31 December 2023.

Group inventories at the period end were 1.3m compared to 1.4m as of 31 December 2023.

Trade payables at the period end were stable at 0.9m, compared with 1.3m and 0.8m as of 30 June 2023 and 31 December 2023, respectively.

Net cash from operating activities for the 6 months to 30 June 2024 was 0.3m, compared with net cash used by operating activities for the 6 months to 30 June 2023 of 0.1m.

CLN Update

Following the reporting period, on 30 September 2024 t42 extended the Group's two CLNs (total principal of 2.5m) for an additional four months to May 2025, under unchanged terms and conditions.

OUTLOOK

After years of overcoming challenges in penetrating the container market and proving the strength of our technology, we made the strategic decision to rebrand the Company implementing a strategic shift from vehicle tracking systems to container tracking and monitoring solutions. This move sends a clear and powerful message to the industry-we are here to establish ourselves as a dominant force. This year, we have achieved over 100% growth in sales for the container market compared to the previous

year. We are already engaged in discussions with clients to enhance existing supply contracts. It's now clear that we are not just participating in this market-we are a key player.

However, we are not content with simply being significant. Our ambition is to lead the next revolution in this sector. This will require pioneering technological solutions, a forward-thinking business strategy, and partnerships with major players who share our vision. We are taking the first steps on this journey-a long, challenging, and occasionally turbulent path, but one filled with excitement and potential. The opportunities ahead for T42 are vast and look forward to sharing our progress as we reach each major milestone.

Michael Rosenberg OBE
Non-Executive Chairman

T42 IOT TRACKING SOLUTIONS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

T42 IOT TRACKING SOLUTIONS PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Review Report of Independent Auditors

Introduction

We have reviewed the accompanying condensed consolidated interim statements of financial position of t42 IoT Tracking Solutions PLC and its consolidated companies (hereinafter - "the Group") as of June 30, 2024 and the related condensed consolidated interim statements of comprehensive loss, changes in shareholders' equity and cash flows for the six months then ended. Preparation and presentation of these condensed consolidated financial statements in conformity with International Accounting Standard No. 34 "Interim Financial Reporting" are the responsibility of the Group's board of directors and management. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

The Company's annual consolidated financial statements as of December 31, 2023 and the year then ended and the consolidated interim financial statements as of June 30, 2023 and for six months then ended were audited and reviewed, respectively, by other accountants that their reports included drawing attention to the group's financial position and doubts regarding the Company's ability to continue as a going concern.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) No. 2410 of the Israel Accounting Standards Board, "Review of Interim Financial Information for Interim Periods Performed by the Auditor of an Entity". A review consists principally of inquiries of Company personnel, analytical procedures applied to the financial data and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to these interim consolidated financial statements in order for them to be in conformity with International Accounting Standard No. 34.

Without qualifying our conclusion, we draw attention to Note 1 (b) in the financial statements regarding the Company's accumulated losses of 17.2 million USD from operations since inception, deficit in working capital of 3.8 million USD and loans in amount of 3.1 million USD to be repaid during the next 12 months. These factors, among others, indicate that there may be an uncertainty as the Company's ability to continue as a going concern. The management is making efforts to raise additional funds required to continue and develop the group's operation and believes that due to the growth in the group's activity and other activities taken, the Company will

have a sufficient cash flow to continue in its activity and meets its liabilities.

Shtainmetz Aminoach & Co.
Certified public accountants (Israel)
A member of UHY worldwide

27, 2024

Tel Aviv, September

T42 IOT TRACKING SOLUTIONS PLC
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
U.S. Dollars in thousands

	Note	June 30		December 31		
		2024 Unaudited	2023 Unaudited	2023 Audited	2023 Audited	
ASSETS						
NON-CURRENT ASSETS :						
Property, plant and equipment, net		384	503	422		
Rights of use assets, net		1,080	1,004	1,044		
Intangible assets, net	3	931	998	952		
Long Term Receivables		202	-	-		
Tax assets		-	57	-		
Total Non-Current Assets		<u>2,597</u>	<u>2,562</u>	<u>2,418</u>		
CURRENT ASSETS :						
Cash and cash equivalents		135	215	186		
Inventories		1,273	1,499	1,439		
Trade receivables, net		792	587	892		
Other accounts receivable		108	25	27		
Short-term deposit		8	132	35		
Total Current Assets		<u>2,316</u>	<u>2,458</u>	<u>2,579</u>		
TOTAL ASSETS		<u>4,913</u>	<u>5,020</u>	<u>4,997</u>		
LIABILITIES AND EQUITY						
EQUITY (DEFICIT)						
		<u>(2,314)</u>	<u>(1,289)</u>	<u>(939)</u>		
NON-CURRENT LIABILITIES:						
Long-term loans from banks, net of current maturities		50	103	88		
Amortized cost of a convertible loan	5	-	306	917		
Conversion component of a convertible loan at fair value	5	-	14	31		
Long term leasehold liabilities		791	778	814		
Total Non-Current Liabilities		<u>841</u>	<u>1,201</u>	<u>1,850</u>		
CURRENT LIABILITIES:						
Short-term bank credit		46	40	42		
Short-term loans and current maturities of long-term loans		69	620	167		
Warrants at fair value	5	100	52	12		
Trade payables		906	1,302	844		
Related parties	6	734	772	739		
Other accounts payable		701	645	433		
Leasehold liabilities		173	119	168		
Conversion component of convertible loans at fair value	5	926	-	-		
Amortized cost of a loan and a convertible loan		2,731	1,558	1,681		
Total Current Liabilities		<u>6,386</u>	<u>5,108</u>	<u>4,086</u>		
TOTAL LIABILITIES AND EQUITY		<u>4,913</u>	<u>5,020</u>	<u>4,997</u>		

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

September 27, 2024
Date of Approval of the Financial Statements

Avi Hartmann, CEO

T42 IOT TRACKING SOLUTIONS PLC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. Dollars in thousands

	<u>Note</u>	Six Months Ended June 30		Year Ended December 31
		2024	2023	2023
		Unaudited	Unaudited	Audited
Revenues		2,039	1,707	4,005
Cost of revenues	7	(1,124)	(895)	(1,882)
Gross profit		915	812	2,123
Operating expenses:				
Research and development		(54)	(52)	(92)
Sales and marketing		(186)	(263)	(485)
General and administrative		(947)	(974)	(1,665)
Other income (expenses), net		(8)	16	(3)
		<u>(1,195)</u>	<u>(1,273)</u>	<u>(2,245)</u>
Operating loss		(280)	(461)	(122)
Finance income		368	25	604
Finance expenses		(1,467)	(318)	(902)
Net finance Income (expenses)	8	(1,099)	(293)	(298)
Total comprehensive loss for the year		(1,379)	(754)	(420)
Loss per share:				
Basic and diluted loss per share (in dollars)	4	<u>(0.025)</u>	<u>(0.014)</u>	<u>(0.008)</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

T42 IOT TRACKING SOLUTIONS PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

U.S. Dollars in thousands

	Share Capital *	Premium on Shares	Capital Reserve	Capital Reserve for Share-based payment	Accumulated Loss	Total
(Unaudited)	-	13,543	89	1,253	(15,824)	(939)
Balance- January 1, 2024						
Share based payment	-	-	-	4	-	4
Comprehensive loss for the period	-	-	-	-	(1,379)	(1,379)
Balance - June 30, 2024	-	13,543	89	1,257	(17,203)	(2,314)
(Unaudited)						
Balance- January 1, 2023	-	13,531	89	1,246	(15,404)	(538)
Share based payment	-	-	-	4	-	4
Comprehensive loss for the period	-	-	-	-	(754)	(754)

Balance- June 30, 2022	-	13,531	89	1,250	(16,158)	(1,288)
(Audited)						
Balance- January 1, 2023	-	13,531	89	1,246	(15,404))538(
Issuance of share capital (net of expenses)	-	12	-	-	-	12
Share based payment	-	-	-	7	-	7
Comprehensive loss for the year	-	-	-	-	(420)	(420)
Balance- December 31, 2023	-	13,543	89	1,253	(15,824)	(939)

* An amount less than one thousand.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

T42 IOT TRACKING SOLUTIONS PLC
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. Dollars in thousands

	Six Months Ended		Year Ended
	June 30		December 31
	2024	2023	2023
CASH FLOWS FROM (OPERATING ACTIVITIES:			
Comprehensive loss	(1,379)	(754)	(420)
Adjustments for:			
Depreciation and amortization	243	225	469
Interest expense, changes in fair value of financial instruments and exchange rate differences, net	1,145	55	43
Share-based payment expense	4	4	7
Capital gain	-	-	(10)
Changes in assets and liabilities:			
Decrease (Increase) in inventories	166	82	142
Decrease in trade receivables, net	(101)	(99)	(404)
Decrease (Increase) in other receivables	(58)	46	44
Increase in Income Tax Authorities	-	-	57
Increase (Decrease) in trade payables	38	158	(300)
Increase in other payables	242	385	173
Net cash provided by (used in) operating activities	300	102	(199)
CASH FLOWS FOR INVESTING ACTIVITIES:			
Purchases of property and equipment	(12)	(8)	(16)
Proceeds from sales of property, plant and equipment	-	-	52
Decrease (Increase) in short-term deposits	(3)	(2)	94
Purchase of intangible assets	(73)	(72)	(134)
Net cash used in investing activities	(88)	(82)	(4)
CASH FLOWS FOR FINANCING ACTIVITIES:			
Repayment of short-term bank credit, net	4)2((616)
Receipt (Repayment) of short-term loans from banks, net	(103))135(-
Receipt of loans ,net	-	250	1,550
Proceeds from (Repayment to) shareholders and related parties, net	26	28	(5)
Repayment of Leasehold liability	(87)	(86)	(183)
Receipt (Repayment) of long-term loans	(103)	(34)	(544)
Proceeds from issue of shares, net	-	-	12
Net cash provided by (used in) financing activities	(263)	21	214
Increase (Decrease) in cash and cash equivalents	(51)	41	11
Cash and cash equivalents at the beginning of the period	186	174	174
Cash and cash equivalents at the end of the period	135	215	186
Appendix A - Additional Information			
Interest paid during the period	113	189	313
Appendix B - Non-cash financing activities			
Issuance of shares to a related party in payment of debt	-	103	-

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

T42 IOT TRACKING SOLUTIONS PLC**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****U.S. Dollars in thousands****NOTE 1 - GENERAL INFORMATION****a. The Reporting Entity**

t42 IoT Tracking Solutions PLC ("the Company") was incorporated in Jersey on November 28, 2012. The Group provides real-time tracking, security, and monitoring solutions for the global supply chain, logistics, container, and freight market.

See Note 1 (c) regarding the Company's financial position.

The Company fully owns t42 Ltd., an Israeli company that engages in the same field, and Starcom Systems Limited, a company in Jersey.

The Company's shares are admitted for trading on the London Stock Exchange's AIM market.

Address of the official Company office in Israel of t42 Ltd. is:
96 Derech Ramatayim, Hod-Hasharon, Israel.

Address of the Company's registered office in Jersey of Starcom Systems Limited is:
IFC5, St Helier, Jersey, JE1 1ST

b. Company's financial position:

As of June 30, 2024 the Group has accumulated losses of 17.2 million from operations since inception and has a deficit in working capital of 3.8 million including loans in amount of 3.1 million to be repaid or converted during the next 12 months. These factors indicate that there may be an uncertainty as the Company's ability to continue as a going concern.

The management continues to focus its efforts to raise additional funds required to continue the Group's operations and negotiating with lenders in order to find an overall solution for the Group's debt structure in which loans will be converted to equity. The management believes that due to the growth in the Group's activity and other efficiency measures taken, the Company will have a sufficient cashflow to continue in its activities and meets its liabilities. See also note 10.

T42 IOT TRACKING SOLUTIONS PLC**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****U.S. Dollars in thousands****NOTE 2 - BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICIES****a. Basis of preparation**

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in International Accounting Standard No. 34 ("Interim Financial Reporting").

The interim consolidated financial information should be read in conjunction with the annual financial statements as of December 31, 2023 and for the year ended on that date and with the notes thereto.

The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2023 are applied consistently in these interim consolidated financial statements.

b. new standard yet adopted

IFRS 18, Presentation and Disclosure in Financial Statements

This standard replaces IAS 1, Presentation of Financial Statements. The purpose of the standard is to provide improved structure and content to the financial statements, particularly the income statement. The standard includes new disclosure and presentation requirements that were taken from IAS 1, Presentation of Financial Statements, with small changes.

As part of the new disclosure requirements, companies will be required to present two subtotals in the income statement: operating profit and profit before financing and taxes. Furthermore, for most companies, the results in the income statements will be classified into three categories: operating profit, profit from investments and profit from financing.

In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide separate disclosure in the financial statements regarding the use of management-defined performance measures (non-GAAP measures).

Furthermore, the standard adds specific guidance for aggregation and disaggregation of items in the financial statements and in the notes. The standard will encourage companies to avoid classifying items as 'other' (for example, other expenses), and using this classification will lead to additional disclosure requirements. The standard is effective from annual reporting periods beginning on or after 1 January 2027 with earlier application being permitted. The Group is examining the effects of the standard on its financial statements with no plans for early adoption.

c. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgment of management, when implementing the Group accounting policies and the basic assumptions utilized in the estimates that are bound up in uncertainties are consistent with those that were utilized to prepare the annual financial statements.

Information about critical judgment in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements is included in note 5- fair value of financial instruments.

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

d. Exchange rates:

	As of June 30	As of December 31
	2024	2023
Exchange rate of NIS in U.S.	0.266	0.27
Exchange rate of U.S. in GBP	0.79	0.79

	Six Months Ended June 30	Year Ended December 31
	2024	2023
Change of NIS in U.S.	(3.6%)	(4.9%)
Change of U.S. in GBP	1.28%	(4.6%)

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE3 - INTANGIBLE ASSETES, NET

Cost:	Unaudited
Balance as of January 1, 2024	2,018
Additions during the period (*)	72
Balance as of June 30, 2024	2,090
Accumulated Depreciation:	
Balance as of January 1, 2024	(1,066)
Amortization during the period	(93)
Balance as of June 30, 2024	(1,159)
Impairment of assets	-
Net book value as of June 30, 2024	931
Cost:	Unaudited
Balance as of January 1, 2023	1,884
Additions during the period (*)	72
Balance as of June 30, 2023	1,956
Accumulated Depreciation:	
Balance as of January 1, 2023	(863)
Amortization during the period	(95)
Balance as of June 30, 2023	(958)
Impairment of assets	-
Net book value as of June 30, 2023	998

Cost:	audited
Balance as of January 1, 2023	1,884
Additions during the year (*)	134
Balance as of December 31, 2023	2,018
Accumulated Amortization:	
Balance as of January 1, 2023	(863)
Depreciation during the year	(203)
Balance as of December 31, 2023	(1,066)
Net book value as of December 31, 2023	952

(*) Capitalization of development costs

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE4 - SHARE CAPITAL

- a. Composition : As of June 30, 2024: 55,126,357 Ordinary shares of no-par value, issued and outstanding. As of June 30, 2023 and December 31, 2023: 54,026,822 and 54,917,055 shares , respectively.
- b. A Company share grants to its holder voting rights, rights to receive dividends and rights to net assets upon dissolution.
- c. Weighted average number of shares used for calculation of basic and diluted loss per share:

June 30

June 30

December 31

2024	2023	2023
Unaudited	Unaudited	Audited
55,106,807	54,026,822	54,064,060

The following table lists the number of share options and warrants with the exercise prices of share options during the reported period:

	Six months ended June 30, 2024		Year Ended December 31, 2023	
	Unaudited		Audited	
	Number of options and warrants	Weighted average exercise price	Number of options	Weighted average exercise price
		£		£
Share options & warrants outstanding beginning of period	10,876,650	0.166	12,545,222	0.177
Options & Warrants exercised during the period	(209,302)	-	(530,233)	-
Options & Warrants expired during the period (*)	(3,083,334)	0.18	(1,138,339)	0.37
Share options & warrants outstanding at end of period	7,584,014	0.156	10,876,650	0.166
Share options & warrants exercisable at end of period (**)	7,584,014	0.156	10,713,651	0.159

(*) Expired and cancelled as part of the CLN extension agreement signed during the reported period.

See notes 11 (b) and 1 (e) in the annual financial statements.

(**) In addition, the Group also has convertible loans, which can be converted as of June 30, 2024, to a total amount of 47.1 M shares.

For the six months ended June 30, 2024 and 2023 the Company recognized share based payment expenses, in the amount of 4,000 and 4,000 respectively.

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE 5 - FAIR VALUE OF THE FINANCIAL INSTRUMENTS

a. The table hereunder presents a reconciliation from the opening balance to the closing balance of financial instruments carried at fair value level 3 of the fair value hierarchy:

	Conversion components of loans	Warrants
Balance as of January 1, 2024	31	12
Additions during the period	-	-
Finance (income) expenses	895	88
Payments	-	-
Balance as of June 30, 2024	926	100

b. As of

June 30, 2024, the estimated fair values of the Warrants and the Convertible component were measured by an independent appraiser under main assumptions as follows:

	June 30, 2024
Expected term	0.5-3.5 Years
Expected average volatility	22%-64%
Expected dividend yield	-
Risk-free interest rate	3.65%-4.91%
Stock market price	0.06 £
 Fair value of one unit at the end of the period	 £0.0266

The level of the fair value hierarchy is level 3.

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE 6 - CONTROLLING SHAREHOLDERS AND RELATED PARTIES

- a. Related parties that own the controlling shares in the Group are:
Mr. Avraham Hartman (10.53%) and Mr. Uri Hartman (5.56%).
- b. Short-term balances of controlling shareholders:

	June 30		December 31	
	2024 Unaudited	2023 Unaudited	2023 Audited	2023 Audited
Debit (Credit) balance				
Avi Hartmann	65	(21)	52	
Uri Hartmann	(550)	(554)	(570)	
Total Credit balance	<u>(485)</u>	<u>(575)</u>	<u>(518)</u>	
 Loans				
Avi Hartmann	-	49	6	
Uri Hartmann	(249)	(246)	(227)	
Total Loans	<u>(249)</u>	<u>(197)</u>	<u>(221)</u>	
Total Short-term balances	<u>(734)</u>	<u>(772)</u>	<u>(739)</u>	
	<u><u><u></u></u></u>	<u><u><u></u></u></u>	<u><u><u></u></u></u>	

c. Transactions:

	Six Months Ended June 30		Year Ended December 31	
	2024 Unaudited	2023 Unaudited	2023 Audited	2023 Audited
Total salaries, services rendered and related expenses for shareholders	195	178	339	339
Total share-based payment expenses	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Non-executive directors' fees	<u>48</u>	<u>38</u>	<u>96</u>	<u>96</u>
Interest to related parties	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>

NOTE 7 - COST OF REVENUES

	Six Months Ended June 30		Year Ended December 31	
	2024	2023	2023	2023

	Unaudited	Unaudited	Audited
Purchases and other	864	882	1,552
Amortization	94	95	187
Increase (Decrease) in Inventory	166	(82)	143
	1,124	895	1,882
	=====	=====	=====

T42 IOT TRACKING SOLUTIONS PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE 8 - NET FINANCE INCOME (EXPENSES)

	Six Months Ended		Year Ended
	June 30		December 31
	2024	2023	2023
	Unaudited	Unaudited	Audited
Exchange rate differences	368	25	27
Changes in fair value of Warrants and Conversion component of loans	(980)	(117)	577
Bank charges	(16)	(31)	(73)
Loans interest	(396)	(163)	(818)
Interest to suppliers	(70)	-	(1)
Interest to related parties	(5)	(5)	(10)
Interest income from deposits	-	-	-
Net finance expenses	(1,099)	(291)	(298)
	=====	=====	=====

NOTE 9 - SEGMENTATION REPORTING

Differentiation policy for the segments:

The Company's management has defined its segmentation policy based on the financial essence of the different segments. This refers to services versus goods, delivery method and allocated resources per sector.

On this basis, the following segments were defined: Hardware and SaaS.

Segment information regarding the reported segments:

	Hardware	SaaS	Total
Six months ended			
30.06.2024: (Unaudited)			
Segment revenues	1,031	1,008	2,039
Cost of revenues	(912)	(212)	(1,124)
Gross profit	119	796	915
	=====	=====	=====
six months ended			
30.06.2023: (Unaudited)			
Segment revenues	728	979	1,707
Cost of revenues	(753)	(142)	(895)
Gross profit (loss)	(25)	837	812
	=====	=====	=====
Year Ended 31.12.2023:			
(Audited)			
Segment revenues	2,019	1,986	4,005
Cost of revenues	(1,611)	(271)	(1,882)
Gross profit	408	1,715	2,123
	=====	=====	=====

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

NOTE 10 - SIGNIFICANT EVENTS AFTER THE REPORTED PERIOD

Further to notes 11 (a), 11 (b) and 1 (e) to the annual financial statements, the Company, on 30 September 2024, signed addendums to the agreements with the lenders, to extend the two convertible loans period until May 20 2025. There was no change in the other terms of the

conversion loans period until May 26, 2025. There was no change in the other terms of the loans.



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