

29 August 2025

**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 2025.

**Business Overview Highlights**

- On track to achieve at least 200% 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 secured convertible loan notes ("CLNs") has been extended until the end of 2027, enhancing financial flexibility.
- Production cost reduction process has contributed to an increased gross margin ("GM") of 48% in the first half of 2025 (H1 2024: 45%, FY 2024: 38%). This cost reduction is expected to further improve, targeting a further GM increase to 55% in the second half of 2025.

**H1 2025 Financials Highlights**

- Revenues increased to 2.3 million (H1 2024: 2.0 million).
- Adjusted EBITDA improved to 239,000 (H1 2024: loss of 25,000).

**Avi Hartmann, CEO of t42, commented:**

*"I opened the 2024 Annual Report with the following statement: "2024 has already marked a significant turning point for t42, with new supply agreements surpassing those of the entire previous year.". The first half of 2025 strongly reinforces this trend, showing improvement across key metrics - revenue, sales volumes, and adjusted EBITDA. We have deferred both convertible loans to the end of 2027, with one of them already being repaid in instalments until then. This step enhances our financial flexibility and supports sustainable growth. Our focus on improving product performance, particularly in energy efficiency, continues to resonate with our customers and adds significant 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 years ahead."*

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**t42 IoT Tracking Solutions Plc**

Michael Rosenberg, Chairman  
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## CHAIRMAN'S STATEMENT

The first half of 2025 has marked a genuine step-change for the Company, with commercial, operational, and financial achievements that strengthen our position as a leading provider of supply chain monitoring and security solutions worldwide.

### Major 2.5 Million Contract

As reported post-period, on 12 August 2025, we signed a significant contract for orders valued at in excess of 2.5 million. A portion of the revenue will be recognised in the current year, making a meaningful contribution to our 2025 results, while the majority will be realised in 2026, contributing to a year in which we anticipate further substantial growth. Importantly, all purchases under this contract are paid in advance, delivering a positive impact on our cash flow and supporting our growth strategy.

### Strong Growth in Lokies Sales

One of the clearest indicators of the transformation underway is the growth in Lokies sales. In the first half of 2024, we sold 1,800 units. In the first half of 2025, sales rose sharply to 5,000 units - almost a threefold increase. This not only drives immediate hardware revenue but also lays the foundation for ongoing SaaS subscription income.

### Loan Extensions - Strengthening Financial Flexibility

Towards the end of the first half, we signed two important agreements with our principal lenders:

1. **£0.925 million CLN** - Loan repayment postponed until the end of 2027, with monthly capital and interest repayments. Several payments have already been completed under the new terms.
2. **1.35 million CLN** - Loan repayment similarly postponed until the end of 2027, with interest payments only.

These extension agreements allow additional resources to be channeled into business investment.

### Accelerated Product Development - Expanding the Portfolio

We continued to invest in complementary products for the supply chain market:

1. **Kylos M** - A compact tracking solution for boxes, pallets, and trailers. Following a successful pilot, the product is now available for commercial sales with strong demand.
2. **Kylos Solar** - Designed for rail freight and shipping containers, with permanent installation and self-sustaining power supply, enabling long-term security and management without ongoing maintenance. This system is already in pilot use with several customers and is expected to receive commercial sales approval shortly.
3. **Kylos Label** - A single-use tracking solution for one-way shipments, disposed of at the end of the journey. Development is ongoing, with expected portfolio inclusion in Q4 2025.

In addition, we have initiated development of a new solution for managing access to gas storage facilities, allowing authorised supplier control and alerting in cases of irregular activity.

### EBITDA Improvement - Continuing Positive Momentum

Our multi-year focus on increasing sales, improving operational efficiency, and restructuring financing

is delivering tangible results. For the first half of 2025, we achieved a positive adjusted EBITDA of 239,000, compared to an adjusted EBITDA loss of 25,000 in the first half of 2024.

#### **Progress on Previously Announced Contracts**

1. **Ecuador** - The integration phase has been completed, with initial vehicles already connected to our platform. We expect a continued increase in deployments in the second half of the year.
2. **Mexico** - Approximately half of the contract has been executed, with the remaining portion currently on hold. We will update the market once there is more clarity on the implementation timeline.

#### **OUTLOOK**

We close the first half of 2025 with strong momentum - supported by major contracts, improved liquidity, an expanded product range approaching commercial launch, and a growing global demand for our solutions. Our team remains fully focused on driving further expansion and delivering results that will strengthen the Company's position and create lasting value for our shareholders.

**Michael Rosenberg OBE**

**Non-Executive Chairman**

**T42 IOT TRACKING SOLUTIONS PLC**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**T42 IOT TRACKING SOLUTIONS PLC**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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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, 2025 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.

#### 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 the disclosure in Note 1B regarding the Company's financial position. As of June 30, 2025, the Company has a deficit in capital and working capital of 3.3 million and 4.5 million, respectively. The Company's business results during the reporting period amounted to an operating loss and negative cash flow from operating activities.

At the date of approval of the financial statements, the Company's management prepared forecasts of the Group's expected cash flows from its business activities for the foreseeable future. Based on these forecasts, the Company's management believes that the Company and its subsidiaries will be able to continue their operations in the foreseeable future and to meet their existing and expected liabilities, based, among other things, on efficiency made in production, purchase agreements with customers and the provisions of Note 9 to the financial statements.

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

29, 2025

Tel Aviv, August

**T42 IOT TRACKING SOLUTIONS PLC**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**U.S. Dollars in thousands**

	<u>Note</u>	June 30		December 31		
		2025		2024		
		Unaudited	Unaudited	Unaudited	Audited	
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS :</b>						
Property, plant and equipment		301	384	341		
Rights-of-use assets		919	1,080	1,039		
Intangible assets		669	931	759		
Trade receivables		72	202	136		
Bank deposit		10	-	9		
<b>Total Non-Current Assets</b>		<u>1,971</u>	<u>2,597</u>	<u>2,284</u>		
<b>CURRENT ASSETS :</b>						
Cash and cash equivalents		207	135	147		
Inventory	6	868	1,273	1,117		
Trade receivables		649	792	740		
Other accounts receivable		235	108	86		
Deposit		-	8	-		
<b>Total Current Assets</b>		<u>1,959</u>	<u>2,316</u>	<u>2,090</u>		
<b>TOTAL ASSETS</b>		<u>3,930</u>	<u>4,913</u>	<u>4,374</u>		
<b>DEFICIT AND LIABILITIES</b>						
<b>DEFICIT</b>	3	<u>(3,254)</u>	<u>(2,314)</u>	<u>(2,682)</u>		
<b>NON-CURRENT LIABILITIES:</b>						
Long-term bank loans, net of current maturities		-	50	13		
Leasehold liabilities		717	791	770		
<b>Total Non-Current Liabilities</b>		<u>717</u>	<u>841</u>	<u>783</u>		
<b>CURRENT LIABILITIES:</b>						
Short-term bank credit		70	46	68		
Current maturities of long-term bank loans		55	69	74		
Financial liabilities in fair value	4	9	1,026	238		
Trade payables		799	906	1,106		
Related parties	5	938	734	770		
Other accounts payable		1,248	701	1,070		
Current maturities of leasehold liabilities		209	173	202		
Amortized cost of loans	9	<u>3,139</u>	<u>2,731</u>	<u>2,745</u>		
<b>Total Current Liabilities</b>		<u>6,467</u>	<u>6,386</u>	<u>6,273</u>		
<b>TOTAL DEFICIT AND LIABILITIES</b>		<u>3,930</u>	<u>4,913</u>	<u>4,374</u>		

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

29 August 2025  
Date of Approval  
of the Financial Statements

Aviran Sabag  
CFO

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	
	2025		2024	
	Unaudited	Unaudited	Unaudited	Audited
Revenues	2,293	2,039	4,158	

Cost of revenues	6	(1,201)	(1,124)	(2,565)
Gross profit		1,092	915	1,593
Operating expenses:				
Research and development		(127)	(54)	(159)
Sales and marketing		(192)	(186)	(366)
General and administrative		(918)	(947)	(1,888)
Other expenses, net		(52)	(8)	(64)
		<u>(1,289)</u>	<u>(1,195)</u>	<u>(2,477)</u>
Operating loss		(197)	(280)	(884)
Finance income		229	368	262
Finance expenses		(923)	(1,467)	(1,126)
Net finance expenses	7	(694)	(1,099)	(864)
Total comprehensive loss for the year		<u>(891)</u>	<u>(1,379)</u>	<u>(1,748)</u>
<b>Loss per share:</b>				
Basic and diluted loss per share (in dollars)	3	<u>(0.014)</u>	<u>(0.025)</u>	<u>(0.032)</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 *  <b>(Unaudited)</b>	Premium on Shares	Capital Reserve	Reserve from Share-Based Payments	Accumulated Loss	Total
<b>Balance- January 1, 2025</b>	-	13,543	89	1,258	(17,572)	(2,682)
Issuance of share capital (See note 3)	-	319	-	-	-	319
Comprehensive loss for the period	-	-	-	-	(891)	(891)
<b>Balance - June 30, 2025</b>	-	13,862	89	1,258	(18,463)	(3,254)
<b>(Unaudited)</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
<b>Balance- January 1, 2024</b>	-	13,543	89	1,253	(15,824)	(939)
Share-based payment	-	-	-	4	-	4
Comprehensive loss for the period	-	-	-	-	(1,379)	(1,379)
<b>Balance- June 30, 2024</b>	-	13,543	89	1,257	(17,203)	(2,314)
<b>(Audited)</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
<b>Balance- January 1, 2024</b>	-	13,543	89	1,253	(15,824)	(939)

Share-based payment	-	-	-	5	-	5
Comprehensive loss for the year	-	-	-	-	(1,748)	(1,748)
<b>Balance- December 31, 2024</b>	<b>-</b>	<b>13,543</b>	<b>89</b>	<b>1,258</b>	<b>(17,572)</b>	<b>(2,682)</b>

\* 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 June 30		Year Ended December 31
	2025		2024
	Unaudited	Unaudited	Audited
<b>CASH FLOWS FOR OPERATING ACTIVITIES:</b>			
Comprehensive loss	(891)	(1,379)	(1,748)
<b>Adjustments for:</b>			
Depreciation and amortization	232	243	523
Financial expense, changes in fair value of financial liabilities and exchange rate differences, net	418	1,145	700
Share-based payment expense	-	4	5
Gain from modification of debt terms	-	-	(190)
Intangible assets impairment	-	-	122
<b>Changes in assets and liabilities:</b>			
Decrease in inventories	249	166	322
Decrease (Increase) in trade receivables, net	155	(101)	17
Increase in other receivables	(149)	(58)	(35)
Increase (Decrease) in trade payables	(308)	38	166
Increase in other account payables	179	242	720
Net cash provided by (used in) operating activities	(115)	300	602
<b>CASH FLOWS FOR INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(1)	(12)	(10)
Increase in deposits	-	(3)	-
Investment in intangible assets	-	(73)	(142)
Net cash used in investing activities	(1)	(88)	(152)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Change in short-term bank credit, net	(3)	(101)	(77)
Repayment of loans	(60)	(101)	(240)
Proceeds from related parties, net	27	26	19
Payments of leasehold liability	(107)	(87)	(191)
Consideration of the issue of shares, net	319	-	-
Net cash provided by (used in) financing activities	176	(263)	(489)
Increase (Decrease) in cash and cash equivalents	60	(51)	(39)
Cash and cash equivalents at the beginning of the period	147	186	186
Cash and cash equivalents at the end of the period	207	135	147
<b>Additional Information</b>			
Interest paid during the period	148	113	338

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 Company and its subsidiaries ("the Group") is a global supplier in the field of advanced, automated real-time systems, specializing in the remote tracking and management of vehicles, containers, and assets.

The Company fully owns t42 Ltd., an Israeli company, and Starcom Systems Limited, a company incorporated in Jersey.

The Company's shares are admitted for trading on the AIM market of the London Stock Exchange. The address of the official Company office is in Israel at t42 IoT Tracking Solutions offices, which are located at 96 Dereh Ramatayim Street, Hod Hasharon, Israel.

The address of the Company's registered office is at Starcom Systems Limited offices, which is: Forum 4, Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8TQ.

**b. Company's financial position:**

As of June 30, 2025, the Company has a deficit in capital and working capital amounting to approximately 3.25 million and 4.5 million, respectively. In addition, during the 6-month period ended June 30, 2025, the Company incurred an operating loss and negative cash flow from operating activities in the amount of 0.2 million and 0.12 million, respectively.

As described in Note 9 to the financial statements, in July 2025, after the date of the statement of financial position, the Company reached agreements with lenders regarding the extension of the repayment date of the convertible loans, the balance of which as of June 30, 2025 amounts to approximately 2.8 million, including accrued interest.

The Company's management has prepared cash flow forecasts, which take into account the Company's estimates of sales growth, based on existing engagements, and the Company's operating expense structure.

Based on these forecasts, the company's management estimates that it will be able to meet all of its existing and future obligations in the foreseeable future and that it will be able to continue its operations in its current format.

**c. Exchange rates:**

	As of June 30		As of December 31	
	2025	2024	2024	31
Exchange rate of NIS in U.S.	0.297	0.266	0.274	
Exchange rate of GBP in U.S.	1.371	1.264	1.254	
	Six Months Ended June 30		Year Ended December 31	
	2025	2024	2024	
Change in Exchange Rate of U.S.	8.39%	(3.62%)	(0.72%)	
Change in Exchange Rate of GBP	9.33%	(0.78%)	(1.57%)	

**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, 2024 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, 2024 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

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.

**T42 IOT TRACKING SOLUTIONS PLC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**U.S. Dollars in thousands**

**NOTE 3 - SHARE CAPITAL**

a. Composition : Ordinary shares of no-par value, issued and outstanding:

June 30 2025	June 30 2024	December 31 2024
Unaudited	Unaudited	Audited
<b>65,626,357</b>	<b>55,106,807</b>	<b>55,126,357</b>

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 2025	June 30 2024	December 31 2024
Unaudited	Unaudited	Audited
<b>62,826,357</b>	<b>55,106,807</b>	<b>55,117,182</b>

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

	Six months ended June 30, 2025		Year Ended December 31, 2024	
	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 7,584,014 0.156 10,876,650 0.166

Options & Warrants exercised during the period - - (209,302) -

Options & Warrants issued during the

period (*)	10,500,000	0.05		
Options & Warrants expired during the period	(38,708)	0.125	(3,083,334)	0.18
Share options & warrants outstanding at end of period	<u>18,045,306</u>	<u>0.098</u>	<u>7,584,014</u>	<u>0.156</u>
Share options & warrants exercisable at end of period (**)	<u>18,045,306</u>	<u>0.098</u>	<u>7,584,014</u>	<u>0.156</u>

(\*) In February 17, 2025 the Company completed a capital raising in a total (gross) amount of £262,500, in which the Company issued to investors 10,500,000 shares of the Company and 10,500,000 warrants. The warrants are convertible into shares of the Company in a ratio of 1:1 in exchange for £0.05 per warrant for a period of 3 years from the date of their issuance. The proceeds of the offering, net of issuance expenses, amounted to approximately £253,375.

(\*\*) In addition, the Group also has two convertible loans, which can be converted as of June 30, 2025, into a maximum total amount of 117.1 million shares.

#### T42 IOT TRACKING SOLUTIONS PLC

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**U.S. Dollars in thousands**

#### **NOTE 4 - FAIR VALUE OF THE FINANCIAL INSTRUMENTS**

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:

	Anti-dilution and Conversion components	Warrants	Total
Balance as of January 1, 2025	204	34	238
Additions during the year	-	-	-
Finance income, net	(204)	(25)	(229)
Conversions	-	-	-
Balance as of June 30, 2025	<u>-</u>	<u>9</u>	<u>9</u>

  

	Anti-dilution and Conversion components	Warrants	Total
Balance as of January 1, 2024	31	12	43
Additions during the year	350	-	350
Finance expenses, net	171	22	193
Settlements	(348)	-	(348)
Conversions	-	-	-
Balance as of December 31, 2024	<u>204</u>	<u>34</u>	<u>238</u>

#### T42 IOT TRACKING SOLUTIONS PLC

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**U.S. Dollars in thousands**

#### **NOTE 5 - CONTROLLING SHAREHOLDERS AND RELATED PARTIES**

- Related parties that own the controlling shares in the Group are:  
Mr. Avraham Hartmann who serves as a director and CEO (8.78%) and Mr. Uri Hartmann, a son of Mr. Avi Hartmann, who serves as CTO (4.68%).

- Current debit (credit) balances:

	June 30		December 31
	2025 Unaudited	2024 Unaudited	2024 Audited
<u>Debit (Credit) balance:</u>			
Avi Hartmann	(9)	65	36
Uri Hartmann	(686)	(550)	(585)
Total Credit balance	<u>(695)</u>	<u>(485)</u>	<u>(549)</u>

Uri Hartmann	(243)	(249)	(221)
Total Loans	(243)	(249)	(221)
Total balances, net	(938)	(734)	(770)

c. Transactions:	Six Months Ended June 30		Year Ended December 31
	2025	2024	2024
	Unaudited	Unaudited	Audited
Total salaries and related expenses for Mr. Avi Hartman and Mr. Uri Hartman, including car maintenance	221	215	426
Salaries and related expenses for Mr. Igor Vatenmacher, including car maintenance (*)	59	82	171
Total share-based payment expenses	-	2	4
Non-executive directors' fees	49	48	108
Interest to related parties	4	5	10

(\*) Since May 2025 Mr. Igor Vatenmacher has been a non-executive director. Until this date he served as a CFO.

#### T42 IOT TRACKING SOLUTIONS PLC

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands

##### NOTE 6 - COST OF REVENUES

	Six Months Ended June 30		Year Ended December 31
	2025	2024	2024
	Unaudited	Unaudited	Audited
Purchases and manufacturing	891	653	1,687
Communication Suppliers and	119	211	343
Others			
Amortization	91	94	213
Decrease in Inventory (*)	100	166	322
	1,201	1,124	2,565

(\*) In 2025, the Company wrote off inventories in the amount of 149k.

The expense was recognized in other expenses.

##### NOTE 7 - NET FINANCE INCOME (EXPENSES)

	Six Months Ended June 30		Year Ended December 31
	2025	2024	2024
	Unaudited	Unaudited	Audited
Exchange rate differences, net	(466)	368	72
Gain from modification of debt terms	-	-	190
Changes in fair value of financial liabilities	229	(980)	(193)
Bank charges	(26)	(16)	(37)
Loans interest	(367)	(396)	(768)
Interest to suppliers	(36)	(70)	(71)
Interest to related parties	(4)	(5)	(10)

Others	(24)	-	(47)
Net finance expenses	<u>(694)</u>	<u>(1,099)</u>	<u>(864)</u>

**T42 IOT TRACKING SOLUTIONS PLC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**U.S. Dollars in thousands**

**NOTE 8 - SEGMENTATION REPORTING**

The Group has two reportable segments: Hardware and SaaS, which form the Group's strategic business units.

The accounting policy regarding segments reporting is as described in Note 25 to the annual financial statement

	<b>Hardware</b>	<b>SaaS</b>	<b>Total</b>
<b>Six months ended</b>			
<b>30.06.2025: (Unaudited)</b>			
Segment revenues	1,321	972	2,293
Cost of revenues	(1,071)	(130)	(1,201)
Gross profit	<u>250</u>	<u>842</u>	<u>1,092</u>
<b>six months ended</b>			
<b>30.06.2024: (Unaudited)</b>			
Segment revenues	1,031	1,008	2,039
Cost of revenues	(912)	(212)	(1,124)
Gross profit	<u>119</u>	<u>796</u>	<u>915</u>
<b>Year Ended 31.12.2024:</b>			
<b>(Audited)</b>			
Segment revenues	2,036	2,122	4,158
Cost of revenues	(2,182)	(383)	(2,565)
Gross profit (Loss)	<u>(146)</u>	<u>1,739</u>	<u>1,593</u>

**T42 IOT TRACKING SOLUTIONS PLC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**U.S. Dollars in thousands**

**NOTE 9 - SIGNIFICANT EVENTS AFTER THE REPORTED PERIOD**

- 1) Further to notes 11 (a) to the annual financial statements, the Company, on 28 July 2025, signed a collaboration agreement with the lender, among alia, to extend the convertible loan period until December 10, 2027. There was no change in the other terms of the loan. The loan balance as of June 30, 2025 is 1.3 million.
- 2) Further to notes 11 (b) to the annual financial statements, the Company, on end of July 2025, signed an additional addendum, with the lenders as follows:
  - (a) As of June 30, 2025, the total amount of the principle together with the capitalized interest is 1,476,896 which will be repaid in 30 unequal monthly payments starting in July 2025 amounting 20,000- 75,000 per month.

The total payments the company has committed to repay during the coming year and the year after is approximately 0.4 million and 0.7 million, respectively.

- (b) The convertible loan period will be extended till December 10, 2027.
- (c) In the event that the Company fails to meet two consecutive repayments, then without derogating from any other remedy, lenders shall be entitled to 60% of the Helios Saas sales revenue until repayments are resumed.
- (d) To secure the lender's rights and in addition the existed securities, the company shall grant the lenders a second ranking fixed deposit over all its rights and assets - whether existing or future - in connection with its Helios division. The fixed charge will be subordinated only to a charge registered in favor of an Israeli bank, as described in notes 10 and 13(1),(2) to the annual financial statements. Registration of the charge with the relevant government authorities is one of the prerequisites for the agreements to enter into force.
- (e) The company shall be intitled to enter into negotiations for sale of the Helios division provided that the proceeds from sale are sufficient to repay all the outstanding principal and interest.
- (f) All other provisions of the convertible loan agreement and its addendum from February 2024 remain unchanged and in full force and effect.

3) On August 12, 2025, a monetary claim was filed in the Court against the T42 Israel by a former employee, alleging bodily injury in October 2018. The case has been referred to the t42 Israel's employers' liability insurer, which has assumed conduct of the defense while reviewing coverage and liability. The former employee estimates the damages she suffered from at 400 K Israeli shekels in addition to general damages and demands, among alia, adequate compensation for these damages. At this stage, and pending completion of the insurer's review, the company legal advisors are unable to assess the likelihood of the claim's success.

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