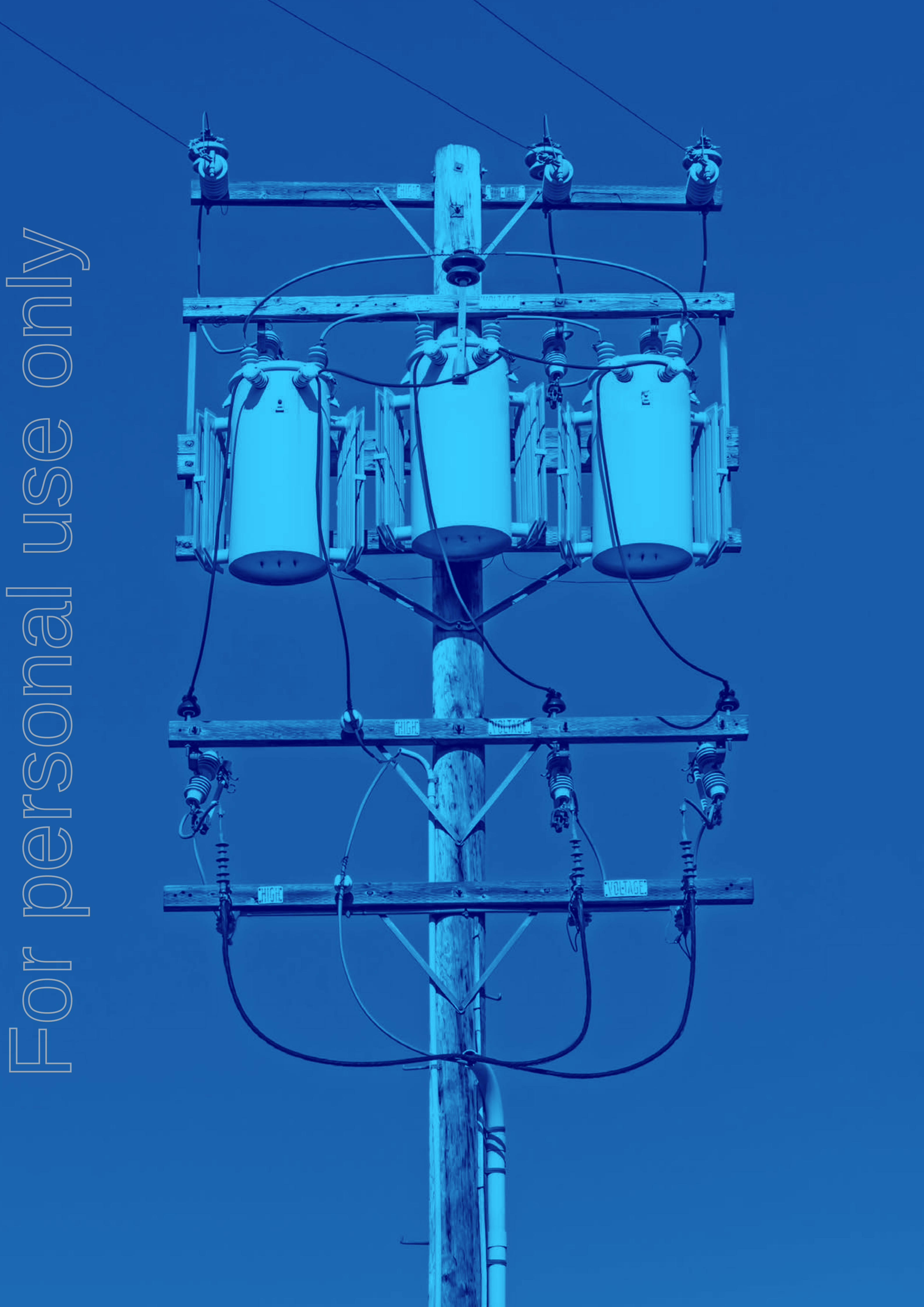
ikeGPS

Annual Report

For the period ending 31 March 2021

ikeGPS Group Limited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Chairman's & CEO's Report

FY21 - Year in Review

Performance

The far reaching impacts of COVID-19 across North America in 2020 created a period of challenge and high uncertainty for our business and our industry. IKE's plan throughout this pandemic period however has been to seek to get on the 'front foot' wherever possible. This has been in terms of strengthening our people, processes, products, and financial position so to be able to execute on growth initiatives, such as acquisitions.

These strategic objectives were executed on through the FY21 year. Positively, our customers and our market have bounced forward strongly since January 2021 and we are pleased that IKE has emerged in the strongest position to date; in terms of talent, an extended software product portfolio that allows more value to be delivered to customers across new pole applications, balance sheet strength, sales performance run rates, and sales pipeline. We are excited about the growth potential for FY22

Revenue in the year was approximately $9.3m (pcp of $9.8m). This performance was at analyst expectations and reflects a solid outcome in the context of the Q1 and Q3 periods being disrupted by COVID-19 impacts on customers and associated pole projects across North America. Additional key metrics within total FY21 revenue were total subscription revenue of $4.6m, 282 total enterprise subscription customers, total transaction revenue of $2.3m, and approximately 53,000 total number of billed pole transactions. Gross margin was approximately $5.9m (pcp of $6.9m) with a gross margin percentage of approximately 64% (pcp of 71%). The loss for the year was $7.5m (pcp of $6.0m), and total cash and receivables 31 March 2021 of approximately $14m, with no debt.

Customer Development

The IKE platform allows electric utilities, communications companies, and their engineering service providers to increase speed, quality, and safety for the construction and maintenance of distribution assets and networks. The core revenue engine for IKE is generated from platform subscriptions and additively when certain processes are used to analyse an asset using the IKE platform (transactions). In the Q1 period to June 2020 and Q3 period to December 2020, materially less engineering activity occurred on certain network projects while COVID-19 response measures were put in place. However, and positively, many deferred contracts have transitioned to delivery and new network projects are being initiated. IKE targets sales into North America's approximately 200 communications companies, approximately 3,000 electric utilities, and their approximately 1,000 engineering service providers. Once a customer, IKE then aims to embed and expand the use of IKE platform products inside of these accounts over time. Several recent customer expansion examples help to explain this model and point to larger future revenue opportunities. Examples:

+ In May 2021 IKE signed an extension to an important agreement with a Fortune 100 U.S. electric utility group to help assess and design its power distribution
    + The customer will utilise the IKE platform to assess approximately of 350,000 power pole assets, a sub-segment of its network of approximately 1.3m poles.
    + This follow-on agreement followed a successful pilot and phase-1 programme and went live immediately.
    + This Group has five other similar electric utility companies in its portfolio in the U.S.
+ In January 2021 IKE signed a contract with an engineering service provider (ESP) that is delivering network projects for AT&T. AT&T has standardized on IKE for certain pole-based engineering tasks.
    + This ESP initially contracted to use the IKE platform to deliver analysis on approximately 100,000 poles over 12-18 months, that will generate approximately $420k of revenue for IKE through FY22 and FY23.
    + In April 2021, this ESP additionally contracted to the IKE Analyze product to accelerate some advanced engineering assessment of 3,000 poles, that will generate approximately an additional $120k revenue for IKE over the coming approximately six months.
+ In May 2021, IKE signed a customer contract with another AT&T-focused ESP.
    + This ESP has initially contracted to use the IKE platform to support pole project delivery in two states for AT&T, in California and Arizona.
    + It is expected that this will initially generate over $300k of transaction and subscription revenue for IKE over the coming 12 months.
    + This ESP has won multi-year contracts to deliver projects into AT&T across 13 states.
+ In March 2021, IKE signed a material contract with an ESP linked to Crown Castle International Inc. (CCI). CCI has standardized on the IKE Platform for specific pole engineering applications.
    + This ESP's use of the IKE Platform for CCI and other network projects is expected to translate to approximately $700k subscription and transaction revenue per annum.
    + Concurrently, CCI has continued to roll out the IKE Platform internally for its own engineering teams. To date, CCI have deployed approximately 55 IKE systems internally for their own engineering operations.

Market tailwinds

Broader market tailwinds continue to support the growth potential of IKE's business, with more than $300b forecast to be invested into fiber and 5G infrastructure over the next five plus years with the potential for more the $80b of government funding for rural broadband initiatives, and with more than 3,000 electric utilities needing to address the challenges of network assessments, strengthening, engineering, and maintenance. The IKE platform delivers network assessment, execution and maintenance processes that are faster, safer, and to a higher quality data standard.

Product development milestones

A focus in 2H FY21 was the acquisition and integration of certain assets of Visual Globe LLC, a US-based Artificial Intelligence (AI) and low code/no code software company that specializes in the automated analysis of power poles from very large data sets:

+ This strategic acquisition complements IKE's existing offering and aligns with the Company's vision to be the Pole OS company and the standard for collecting, analyzing and managing power pole information.
+ Visual Globe's AI platform provides the potential for IKE to grow its addressable market within the electric utility and communication industries and to significantly increase the number of transactions that can process efficiently on its platform. New market applications specific to pole projects include NESC Violation assessment, Right of Way encroachment assessment, As-builts for future change detection, Joint Use assessment, and others.
+ The addition of Visual Globe's technology and team will enable IKE to process and analyze large volumes of pole data that can be collected from new additional sources including drones and smartphones, making the Company's platform even more attractive to electric utilities and communications groups in the North American market.

Team and Talent. Brand and Customer Experience.

+ In calendar 2021 IKE has made several important appointments, including;
    + Eileen Healy as non-executive director. Based in San Francisco, Eileen is a communications industry leader and serial entrepreneur who has founded two high-tech startups addressing the U.S. communications market: Healy & Co, an innovative company providing outsourced engineering to the U.S. utility market. Customers include AT&T Mobility, T-Mobile, Vodafone, Verizon Wireless, Frontier Communications, and FirstNet. She also founded and sold Telecompetition Inc., a data analytics company.
    + Tom DuBois as VP Product Management. Tom brings product leadership experience from several silicon-valley based growth companies and has also held executive roles at Electronic Arts, Google, and most recently Intel – from where he joined IKE.
    + Jareth Hosskings as Head of Engineering. Jareth has been appointed to lead all of IKE's engineering teams across the IKE Office, IKE Structural (PoleForeman), and IKE Insight (formerly Visual Globe) solutions. Most recently Jareth was Head of Engineering at AgilityCIS, where he led an engineering team of 75 developers operating across a number of countries specializing in software products for the utility sector.
    + In September 2020, Bruce Harker however stood down as non-executive director. The Board, and all of the IKE team, wish to thank Bruce for his considerable contribution to the business.

Customer Experience is a major focus across the IKE business, and meaningful brand and customer experience milestones achieved through the FY21 period included:

+ The launch of a scalable online training, education and deployment platform, called IKE University.
+ The U.S.-based IKE team shifted to 100% remote working at the onset of the COVID-19 pandemic. The company has worked consistently on implementing and improving remote working best practices and performance. Although IKE intends to return aspects of its operations to in-office – it is believed remote working excellence can be a source of competitive advantage for attracting and retaining talent moving forward.

Momentum and Outlook

Positively, the final quarter of FY21 to March was strong, with record new contracts closed as project deferrals through calendar 2020 were eased. Approximately $5.4m of contracts were closed in this Q4 period with the majority of the associated revenue expected to be recognized through IKE's FY22 period to March 2022. Momentum of new contract wins has continued in Q1 FY22, and our expectation is that this quarter to 30 June 2021 will be stronger again than Q4 FY21.

New contracts won are supporting network projects for some important underlying customers including AT&T Inc. (the world's largest communications company), Crown Castle International Inc. (the largest shared communication infrastructure company operating in the U.S.), Corning Optical Communications Inc. (the world's largest fiber optics manufacturer), ALLO Communications (a communications business operating across the states of Nebraska and Colorado), and a Fortune 100 electric utility group.

Several deferred projects from Q3, as detailed above, came online as specific constraints of COVID-19 eased. Sales momentum has continued in the initial eight weeks of Q1 FY22. Approximately $3.4m of contracts have closed in the quarter to date to 31 May. A majority of the associated revenue is expected to be recognized through IKE's FY22 period to March 2022.

Our plan and focus remains consistent with that over the past 24 months. We are squarely focused on being the Pole OS platform for the North American market. Our balance sheet strength supports our plans to continue to grow our team and our products, and ultimately support our goal to build decades long relationships with target customers. The long tail impact of COVID-19 presents residual risk, in particular to global supply chains. The nature of serving our very large infrastructure groups will continue to bring some timing uncertainty and associated risk – but we are optimist about the potential to deliver a strong FY22 performance.

We continue to win customers because our products and solutions enable networks to be deployed faster, more cost effectively, and with a higher quality data standard.

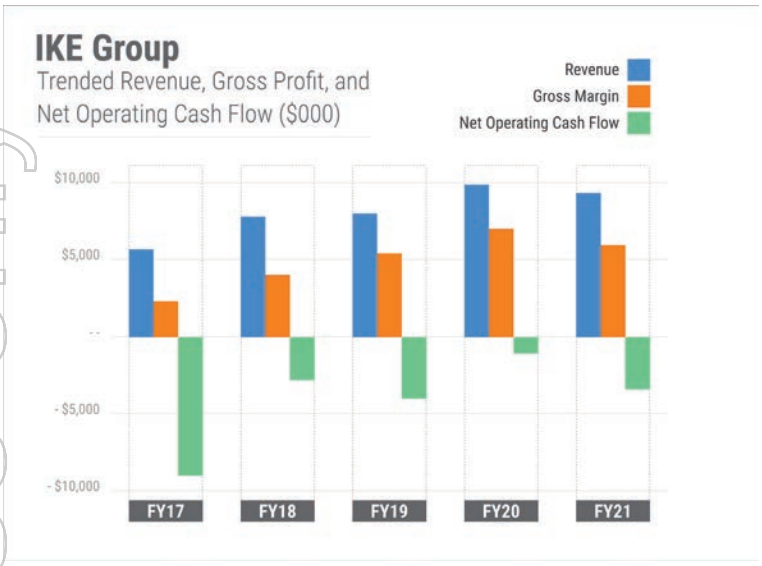
Rick Christie, Chairman, ikeGPS Group Limited
Glenn Milnes, CEO & Managing Director, ikeGPS Group Limited

FY21 Results Highlights

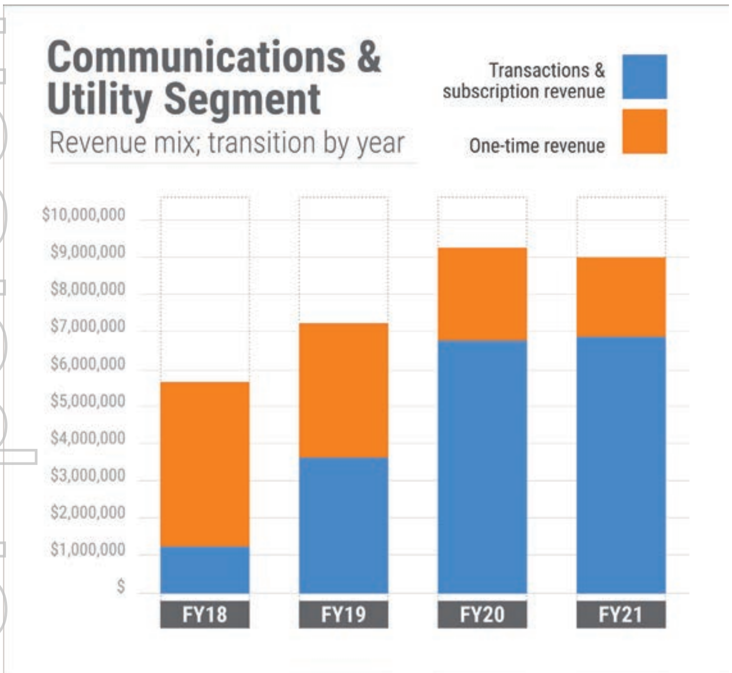
+ Total recognized revenue in the year of approximately $9.3m (pcp of $9.8m).
  + Flat revenue from the core Communications & Electric Utility segment at approximately $9.0m.
  + Total revenue at market expectations, reflecting a solid outcome in the context of Q1 and Q3 periods being disrupted by COVID-19 impacts on customers and associated pole projects across North America.
+ Gross margin of approximately $5.9m (PCP of $6.9) with a gross margin percentage of approximately 64% (PCP of 71%).
+ Net cash flow from operating activities of approximately ($3.5m) against PCP of ($1.1m).
+ Operating loss after tax for the year of approximately ($7.5m) against PCP operating loss of ($6.0m).
+ Cash and receivables of approximately $14m, and no debt.
+ Key metrics within Operating Revenue of $9.3m;
  * $4.6m of subscription revenue
  * 282 enterprise subscription customers
  * $2.3m of transaction revenue
  * 53,000 billed pole transactions

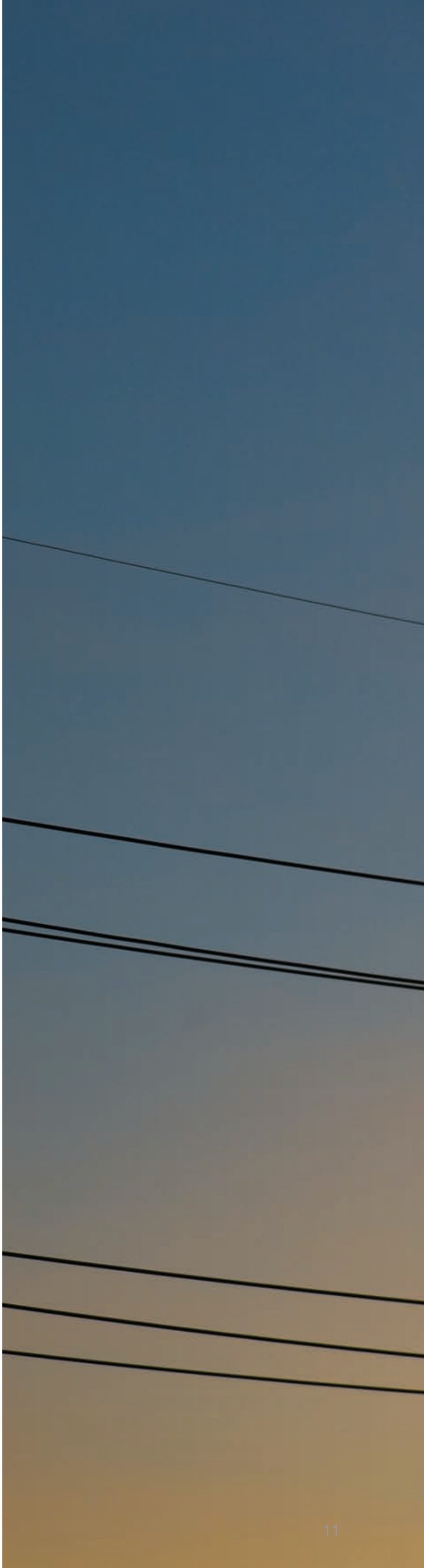
- Transition to the Platform Subscription plus Transaction business model was continued in FY21.
  - Approximately 75% of FY21 revenue was generated from recurring subscription or transaction sources.
- IKE's focus remains on two large markets, specifically speeding the assessment and construction process in the Communications and Electric Utilities segment in North America.
  - Market timing is considered optimal.
  - Multiple new customer proof points.
- With account acceleration opportunities.
- Strong operating momentum since January through May 2021.
- New contract wins of approximately $8.8m.
- Momentum across sales pipeline, brand, customer experience, and process efficiencies.
- The right people.
  - Leadership, pole expertise, and governance in place to lead our niche.

Overall financial momentum

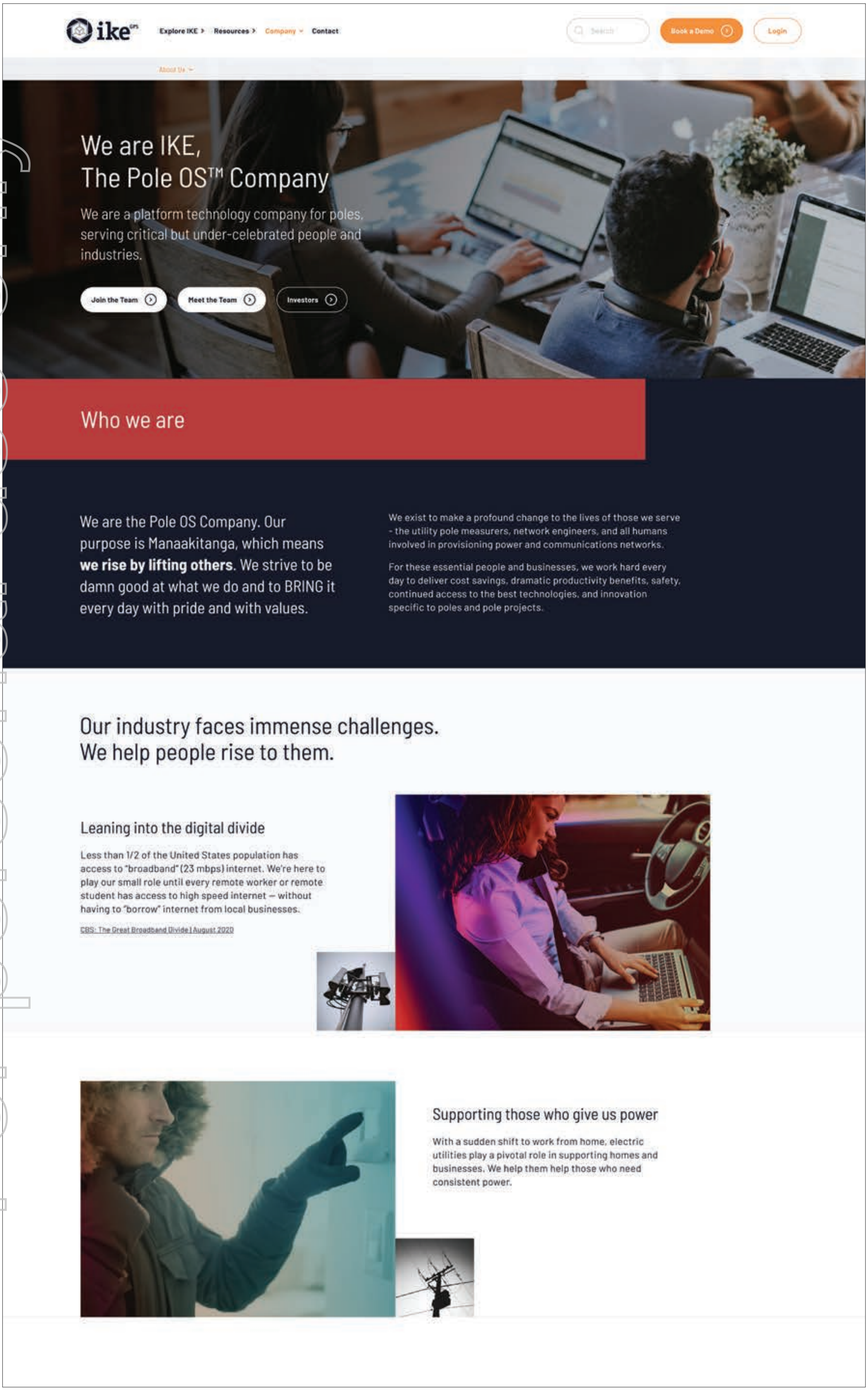


Particularly within the Core Communications and Utility Segment

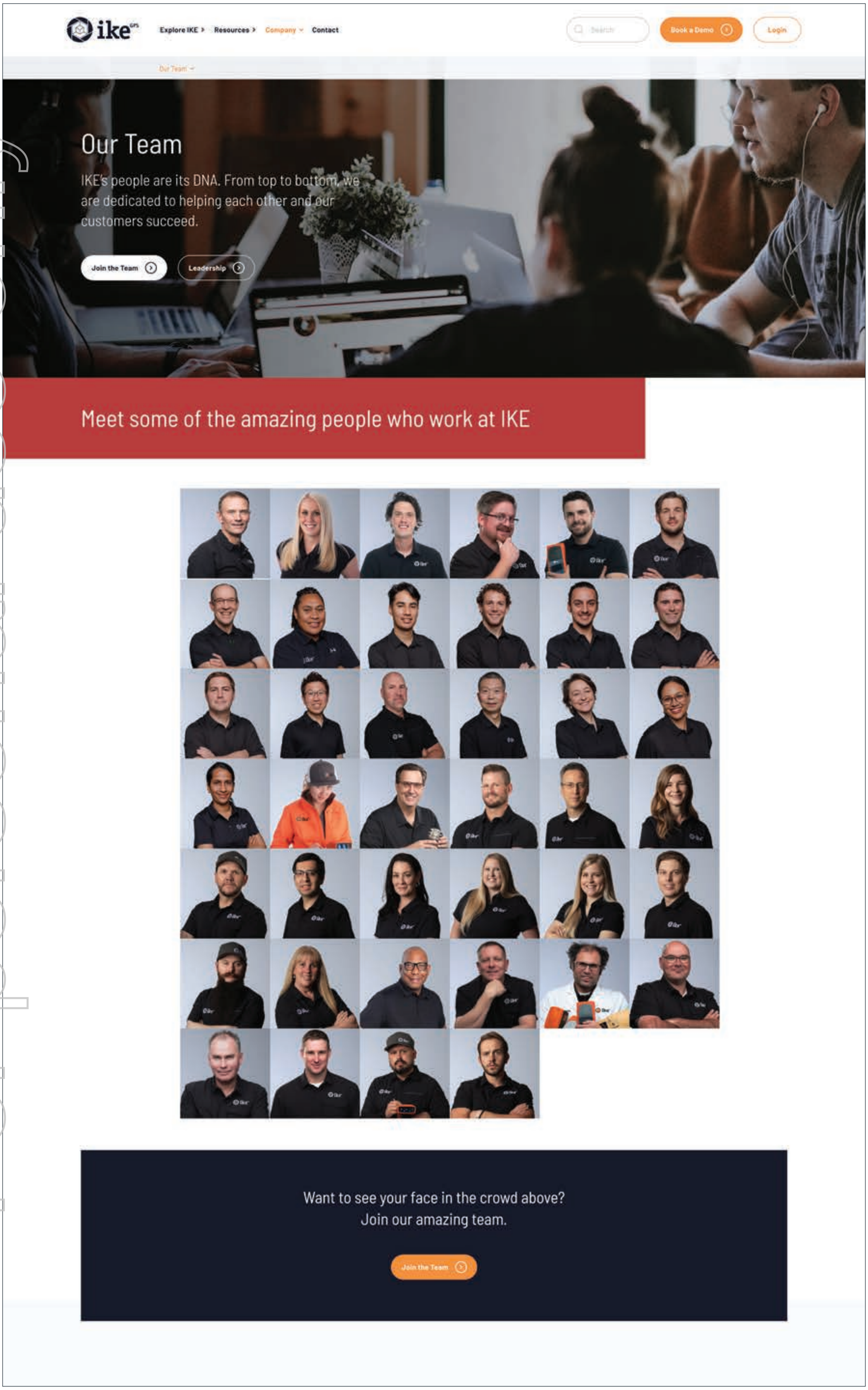




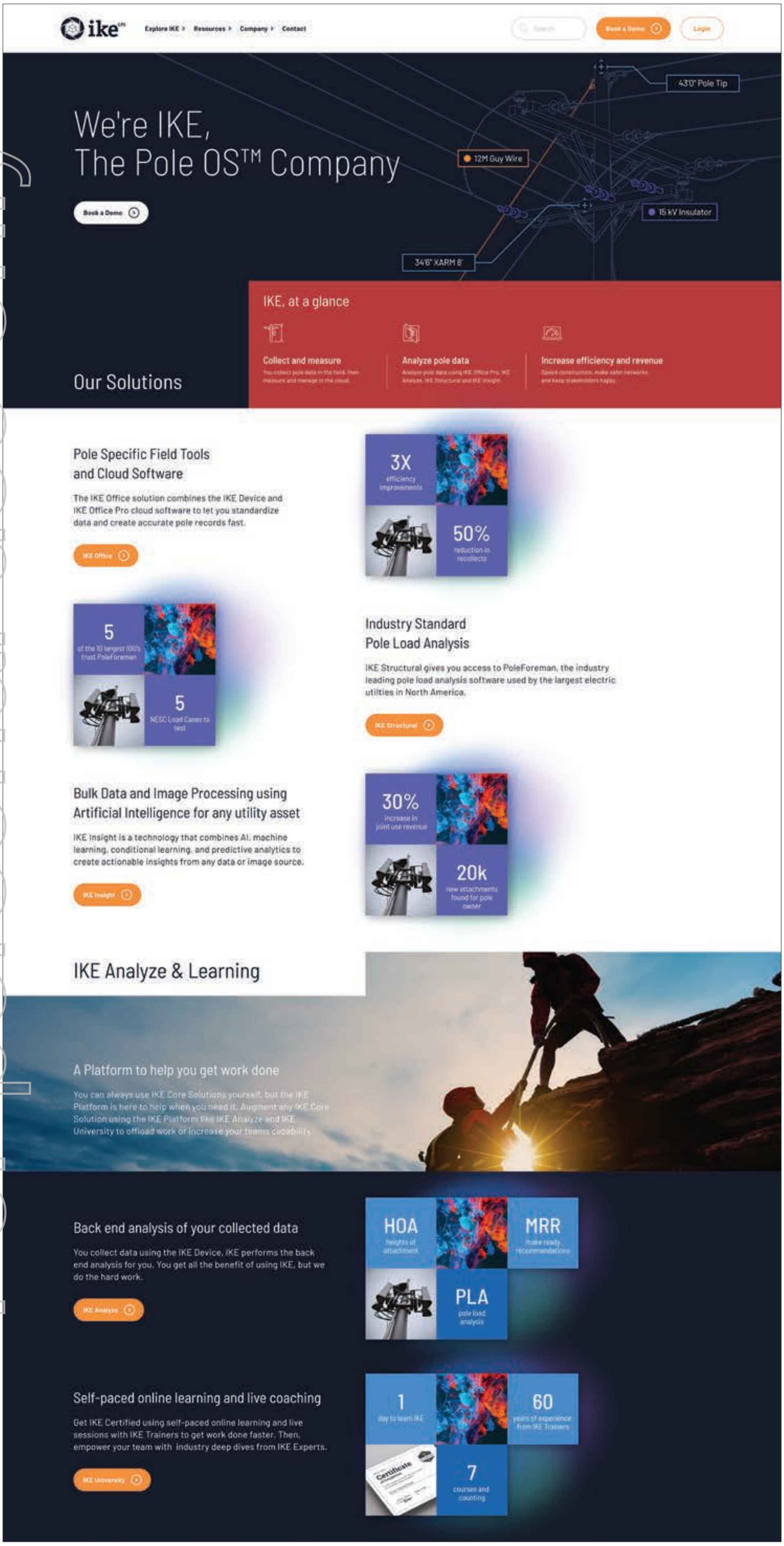
IKE, the Pole OS Company



Meet some of IKE's pole experts



IKE Solutions and Value Proposition



Management Team

Management Team

Glenn Milnes
Chief Executive Officer & Managing Director

Glenn Milnes is the CEO and managing director at ikeGPS, where he is accountable for the company's overall strategy, performance, and growth. Glenn joined ikeGPS after more than a decade of leadership roles at international communications group, Cable and Wireless International, London, and at venture capital firm No 8 Ventures.

Before entering the business world, Glenn played professional cricket in New Zealand, England, and The Netherlands, representing New Zealand at various levels. Glenn holds an MBA with distinction from Imperial College London, a Bachelor of Science with first-class honors from Oxford Brookes University and a Bachelor of physical education from the University of Otago.

Leon Toorenburg
Chief Technology Officer

Leon Toorenburg is the Chief Technology Officer at ikeGPS, where he leads the research department to investigate how to leverage new technologies to simplify and speed up ikeGPS customers' workflow.

Leon is the founder of ikeGPS and has been instrumental in the development of all ikeGPS' products. He holds numerous U.S. and international patents on measurement technologies. Leon holds a Bachelor of Science from Victoria University and Bachelor of Engineering with honors from Canterbury University.

Malcolm Young
Senior VP Structural Analysis / Head of PoleForeman

As VP of Structural Analysis Malcolm is responsible for the development and delivery of IKE's structural analysis products and for the quality control function for IKE Analyze. Prior to joining IKE, Malcolm was founder and president of PowerLine Technology – the developer of IKE's PoleForeman product – where he built the company to the position of having some of the largest investor-owned utilities in North America as embedded customers. Before that Malcolm held senior engineering management positions at Alabama Power. Malcolm is a qualified structural engineer and is considered to be one of the preeminent thought leaders in the U.S.A. market related to power poles and a structural analysis

Chris Birkett
Chief Operating and Financial Officer

Chris Birkett is the Chief Operating and Finance Officer at ikeGPS, where he is responsible for ensuring the company has the correct settings for growth and profitability. A key part of his role is supporting other team members to unleash the value of our products for our customers.

Prior to joining ikeGPS, Chris held CFO and Managing Director roles at General Cable New Zealand Ltd, General Cable Asia Pacific, and Rock Shox (US). Chris is a Chartered Accountant (CAANZ). Chris received his degree from Victoria University of Wellington.

Management Team

Chris Ronan

Chief Marketing Officer

Chris is IKE's Chief Marketing Officer where he is accountable for IKE's marketing, communications, brand, and customer experience. Prior to joining IKE, as the founder & president of two leading North American digital marketing agencies, Chris led marketing and brand initiatives for some of the world's leading companies including Ford Motor Company, Dell, Air New Zealand, Emirates Team New Zealand, and SouthWest Airlines among others, helping these businesses shape their identities and tell their stories. He has a [Arts] degree from Midwestern State University. Before entering the world of commerce Chris was a semi-professional road cyclist.

Chris DeJohn

SVP, Sales

Chris leads IKE's sales team and customer engagement. He brings a wealth of experience in the enterprise and telecommunications market, having participated in the emergence and transformation of some of the largest data, cellular, and voice network infrastructure in the world throughout his career, including as Regional Vice President of Sales at Radisys, Sales Director Strategic Accounts at Sonus, and Director of Sales at Cabletron. Chris' experience puts him in a unique position at IKE to prepare our customers for change through his proven track record, expertise, and wholesome approach to the customer experience.

Lydia Siloka

Head of People

Lydia joined IKE in the second half of 2020 to lead our people function and drive employee engagement. Lydia joins IKE having been in People leadership positions across a range of international and growth businesses including as Senior People Manager at Amazon, Country People Director at Thales Digital and Security, HR Manager, South Africa for Teleperformance, and a HR leader at Victoria University.

Board of Directors

Board of Directors

Rick Christie / (MSc (Hons) Chemistry)

Chairman and Independent Director

Rick Christie is the former Chairman of Ebos Group, where he was Chair through much of its growth to become a >$3B business today. He has experience on a number of other major boards, including TVNZ. Rick was previously CEO of investment company Rangatira Ltd and had 20 years' executive management experience in the international oil & gas industry.

Glenn Milnes / (MBA (Dist.), BSc (Hons), B PhD)

CEO & Managing Director

Glenn Milnes is the CEO and managing director at ikeGPS, where he is accountable for the company's overall strategy, performance, and growth. Prior to leading ikeGPS, Glenn previously held senior executive, strategy and corporate development positions in the Communications industry with Cable & Wireless International, and with No. 8 Ventures.

Eileen Healy / (BS Electrical Engineering)

Independent Director

Serial entrepreneur of two high-tech startups addressing the U.S. communications market including Healy & Co, the provides outsourced engineering to the U.S. utility market. Customers include AT&T Mobility, T-Mobile, Vodafone, Verizon Wireless, Frontier Communications, and FirstNet.

Alex Knowles

Director

Alex has investing and operating experience with international companies in the information technology and transportation industries. Based in Los Angeles, He was formerly Chief Operating Officer of the largest international freight forwarder and small parcel consolidator in the U.S.

Mark Ratcliffe

Independent Director

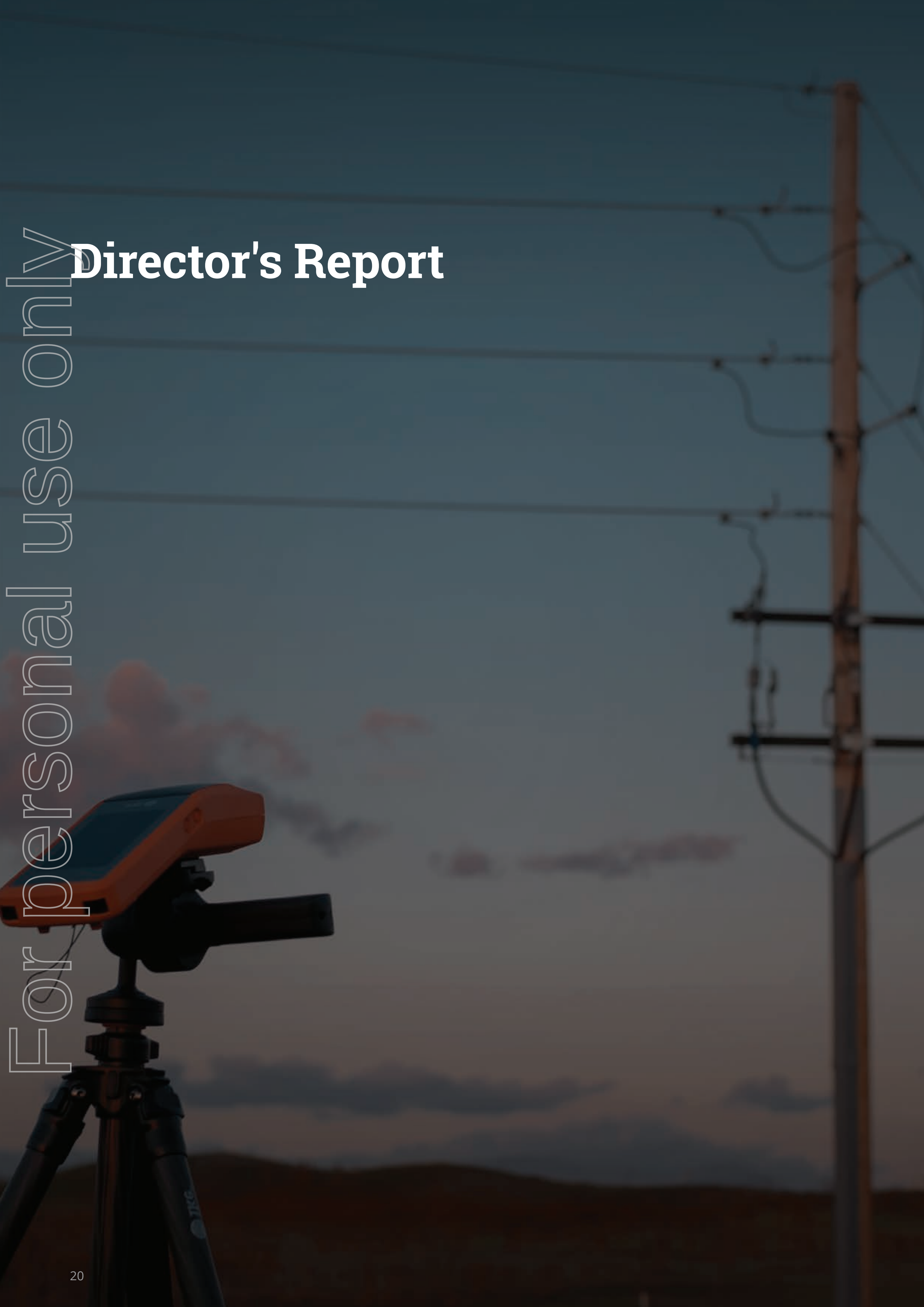
Mark joined IKE from Chorus, where he was its CEO leading the deployment of New Zealand's national fiber network. Prior to Chorus Mark was CIO and COO of Spark (formerly Telecom NZ). His other governance roles include non-executive Director of 2Degrees Mobile, Chairman of First Gas, Deputy Chairman of Ultra Fast Fibre, and Chairman of Spencer Henshaw.

Fred Lax / (MSEE AND BSEE)

Independent Director

Fred Lax is an executive leader with extensive global experience in the telecommunications industry and related technologies. Based in California, he is a former director of NASDAQ listed Ikanos Communications Inc. (acquired by Qualcomm Atheros), and former Chief Executive Officer and President of NASDAQ listed Tekelec Inc.

Director's Report



Corporate Governance

ikeGPS Group Limited ("the Group") is a New Zealand company. Its shares are quoted on the New Zealand Stock Exchange (NZX) and Australian Securities Exchanges (ASX). The Group became a foreign exempt listed issuer on the ASX in September 2016.

On our website: https://www.ikegps.com/company/ you will find the following corporate governance documents referred to in this section:

+ Constitution
+ Corporate Governance Code
+ Code of Ethics
+ Diversity Policy
+ Securities Trading Policy
+ Continuous Disclosure Policy
+ Nominations and Remuneration Committee Charter
+ Audit and Risk Management Committee Charter

Corporate Governance Statement

Under NZX Rule 3.7.1, NZX has a set of principles and recommendations, the NZX Corporate Governance Code that listed companies must report against. The overarching purpose of the NZX Code is to promote good corporate governance. The Board considers that, as at 31 March 2021, the Company complies with the recommendations set by the NZX Corporate Governance Code, except where it deems alternative measures are more appropriate as disclosed.

NZX Code

Ethical Behaviour

Code of conduct

The Group has a Code of Ethics, setting out the ethical and behavioural standards expected of Directors and staff. Directors and staff are also expected to uphold the Group values.

Whistle blowing

The Group Code of Ethics includes specific direction on action to be taken by a person who suspects a breach of the Code.

Avoiding conflicts of interest

The Board is updated at each meeting on changes in Directors' interests and any potential conflicts. The register records relevant transactions and our disclosures of interests. A current listing of Directors' interests is found on page 28.

Trading in securities

The Groups Directors are restricted from trading in the Groups shares under New Zealand law and by the Groups Security Trading Policy. The policy details "blackout periods" where trading is forbidden, as well as a process for authorisation at other times.

Our Directors current shareholdings are set out on pages 29-30.

Board composition and performance

Board composition

The structure of the Group's Board and its governance arrangements are set out in the Company's Constitution, and in the Board's written Charter setting out the Board's roles and responsibilities. The management and control of the business of the Group is vested in the Board. The Charter sets out the matters reserved for our decision making including (amongst other key matters) the establishment of the Company's overall strategic direction and strategic plans.

Management is responsible for implementing the strategic objectives, operating within the risk appetite the Board has set, and for all other aspects of the day-to-day running of the Company.

The Board delegates the day-to-day leadership and management of the Company to the CEO. The delegations are set out in the Board Charter and in a Delegated Authority framework, which also sets out authority levels for types of commitments that the Company's management can make.

As at 31 March 2021 the Board consists of six non-executive Directors and one executive Director.

1. Rick Christie (Independent, Non-executive Chairman, Remuneration Committee),
2. Alex Knowles (Non-executive Director),
3. Bill Morrow (Independent, Non-executive Director),
4. Fred Lax (Independent, Non-executive Director, Audit and Risk Committee Chairman),
5. Mark Ratcliffe (Independent, Non-executive Director, Audit and Risk Comittee),
6. Glenn Milnes (Not Independent, Chief Executive Officer and Managing Director)

Bruce Harker resigned as a director on 29 September 2020. Eileen Healy was apointed as a director on 1 April 2021. Bill Morrow resigned as a director on 30 April 2021.

Profiles of the Directors can be found on pages 19.

The nominations committee identifies and recommends to the Board, individuals for nomination as members of the Board and its Committees taking into account such factors as it deems appropriate including experience, qualifications, judgement and the ability to work with other Directors.

Board meetings

Between 1 April 2020 and 31 March 2021, 10 Board meetings were held. All meetings were attended by all Directors (or committee members) apart from one meeting in March where Bill Morrow was absent.

Board composition

The Board considers its composition in accordance with the institute of directors' framework. The Directors believe the respective skills and experience of individual Directors to be complementary, appropriate for the Company, balanced and reasonably diverse. The Group's Directors have expertise and experience in strategy development, executive leadership, acquisitions and divestment, technology, data, corporate responsibility, governance, legal and regulatory matters, public policy, and finance (including the assessment of financial controls). In accordance with the applicable listing rules, all directors are re-elected within 3 years or on the third annual general meeting following their appointment.

Diversity Policy

The Company fosters an inclusive working environment that promotes employment equity and workforce diversity at all levels, including within the executive team and Board. The Diversity Guidelines are available on the investor relations website.

A gender breakdown of Directors and officers of the Company and its subsidiaries as at 31 March 2020 and 31 March 2021 are detailed below. For the purposes of accurate disclosure Glenn Milnes is shown both as a Director and an officer.

	2021	2020
Directors		
Male	6	7
Female	-	-
Officers		
Male	2	2
Female	-	-

Corporate Governance

Director independence

The Board Charter requires that at least two Directors be independent and sets out circumstances in which a Director will not be regarded as independent.

The Board assesses Director independence against the criteria in the Charter. The Board consider the following Directors to be independent at present, Rick Christie, Bruce Harker (resigned 29 Sept 2020) Bill Morrow (resigned 30 April 2021), Mark Ratcliffe, Fred Lax and Eileen Healy (appointed 1 April 2021)

Director training

Each Director undertakes appropriate education to remain current in how to best perform their duties as Directors. Individual Directors maintain membership of relevant bodies such as the Institute of Directors and receive information independently and from management in relation to specific issues relevant to the Group, the markets in which it operates, or to NZX and ASX listed companies generally.

Board performance

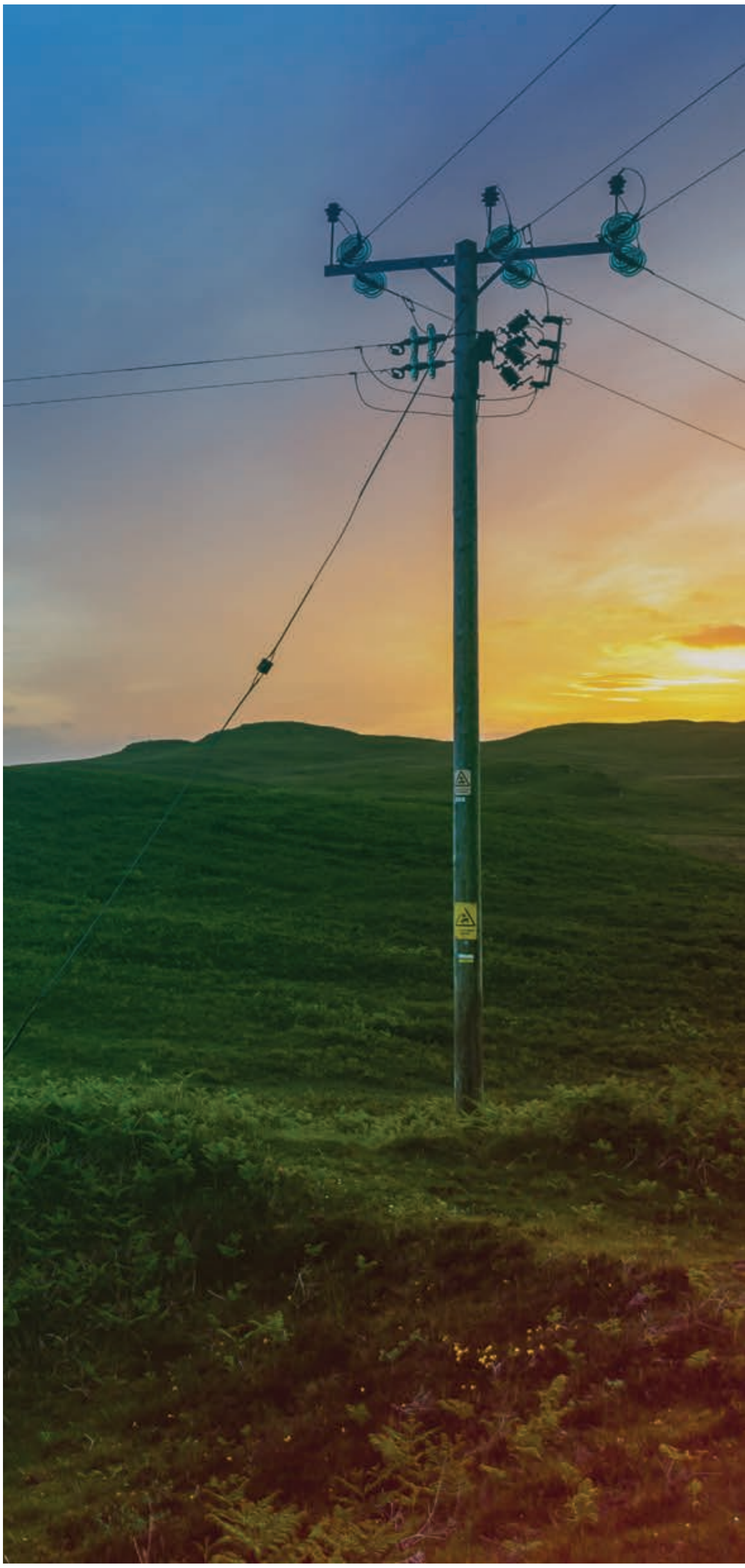
On a recurring basis the Board reviews how it is performing. The review process comprises a group self-evaluation relating to Board and committee composition and performance. The board is yet to perform this process in calendar 2021. The Board has found this effective and believe it has helped to refine the Group's strategy setting processes, and the information provided in Board papers. The Board is satisfied that the Board and its committees are operating well and that the performance process used are both effective and suited to the company.

Committees

The Board committees review and consider in detail the policies and strategies developed by management. They examine proposals and make recommendations to the Board. They don't take action or make decisions on behalf of the Board unless specifically mandated to do so.

During FY21 year the Group's standing Board committees were the

- Audit & risk management committee
- Remuneration committee



Director's Report

Audit & Risk Management committee:

Fred Lax (chair), Mark Ratcliffe, Glenn Milnes
The committee members are independent Directors with the exception of Glenn Milnes (executive director). Due to the diversity of the business operations, it is deemed appropriate that Glenn Milnes is a member of the ARC. In accordance with the NZX Code the Audit & Risk Management Committee is chaired by an independent Director, Fred Lax, who is not the Chair of the Board.

The committee's Charter is set out on the investor relations website. The committee met five times in the year to 31 March 2021. Management attend meetings only at the invitation of the committee, and at least annually the committee meets with the external auditors with management excluded.

Remuneration committee:

Rick Christie (chair), Bruce Harker (resigned 29 Sept 2020).
The committee members are independent Directors. The committee met on three occasions in the year to 31 March 2021. This committee has oversight of matters of recruitment, retention and remuneration.

Other committee matters

The Board will occasionally appoint a committee of Directors to consider or approve a specific proposal or action, if the timing of meetings or availability of Directors means the matter cannot be considered by the full Board. Their deliberations and decisions are reported back to the Board not later than the next meeting following.

Takeover protocol

The Board has decided not to establish a takeover committee or protocols documenting the procedure to be followed in the event it receives a takeover offer. The Board has determined that due to the current size and make-up of the Board, it is sufficiently independent and can manage the takeover process and any additional issues, effectively as a whole Board.

Reporting and disclosure

Financial reporting

The Board is responsible for ensuring the integrity of the Company's reporting to shareholders, including for financial statements that comply with generally accepted accounting practice. The Board's Audit & Risk Management committee oversees the quality, reliability and accuracy of the financial statements and related documents (the Audit & Risk Management committee's role is described fully in its Charter). In doing so the committee makes enquiries of management and external auditors (including requiring management representations) so that the committee can be satisfied as to the validity and accuracy of all aspects of the Group's financial reporting.

The CEO and CFO certify to the Board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control.

Non-financial reporting

The Group has not adopted a formal environmental, social and governance (ESG) reporting framework at this time. The Group's assessment of exposure to non-financial risks, including economic, environmental and social sustainability risks, is incorporated into the Comprehensive and Key Risk assessments that we refer to under risk management. The Group is predominantly an office-based software company with minimal impact on non-financial risks.

Disclosure to the market

The Group has a written disclosure policy – the Continuous Disclosure Policy, found on the investor relations site. It sets out requirements for full and timely disclosure to the market of material issues, so all stakeholders have equal access to information. The Board reviews and approves material announcements. The Board specifically consider with management at each Board meeting whether there are any issues which might require disclosure to the market under the NZX and ASX continuous disclosure requirements.

Information for investors

The Group's investor relations website includes the Company's presentations, reports, announcements, and media releases, as well as the Charters and guidelines referred to in this section. The Annual Report is available in electronic and hard copy format.

The Group's annual meeting will be held virtually on Thursday, 30 September 2021. A notice of the meeting and proxy form will be circulated to shareholders closer to the time. The external auditors, PWC, will respond to any questions submitted prior to the meeting.

Remuneration

Remuneration of Directors

The total remuneration pool for Directors is set at $420,000 per annum.
For the financial year the annual fees paid to Directors were:

- Chairman $90,000 (including all committee responsibilities)
- All other Directors $257,875

The last increase in Directors' fees was made with effect from 01 May 2019. The Directors' fees for FY21 are set out on page 29.

Remuneration of employees

The Group aims to have remuneration framework and policies to attract and retain talented and motivated people.
The Company wants to:

- Be recognized as a great place to work, and attract, retain and motivate high-performing individuals.
- Align employee incentives with the achievement of good business performance and shareholder return.
- Recognize and reward individual success, while encouraging teamwork and a high-performance culture.
- Be competitive in the labour market.
- Be fair, consistent and easy to understand.

Employee remuneration principles

The Group uses market data to determine competitive salary and total remuneration levels for all staff. The Group makes allowance for individual performance, scarcity of skills, internal relativities and specific business needs. The Group is operating in a growth industry and has a skilled and mobile workforce.
All employees have fixed remuneration. Selected employees have the potential to earn a Short Term Incentive (STI) and Long Term incentive (LTI).

CEO remuneration

Glenn Milnes's employment agreement for his role as CEO commenced July 2010. His agreement reflects appropriate standard conditions for a chief executive of a listed company.
Glenn's remuneration is a combination of fixed salary and incentive arrangements. The incentives are an STI component set at up to 50% of base salary, linked to specific financial and non-financial targets set annually by the Board, and an LTI component, in employee stock options.

Glenn's fixed salary for the year to 31 March 2021 was US$350,000 and he received a bonus in calendar 2020 of US$157,500.

Glenn had 1,000,000 employee stock options as at 31 March 2020. On 13 May he exercised 200,000 options which resulted in 111,141 shares being issued. On 11 February and 31 March 2021 he exercised 250,000 and 150,000 options which resulted in 132,713 and 65,786 shares being issued. On 12 December 2020 the company granted stock options of 300,000 to Glenn.

Glenn had 700,000 employee stock options as at 31 March 2021. The remaining employee stock options have vesting dates from 2019 to 2025. Vesting at each date is dependent on him remaining an employee at the applicable vesting date.

Risk management

The Group has an enterprise risk management framework in place to identify, quantify and monitor risks. That framework categorises the enterprise risks and sets out specific actions to effectively manage each risk. Management reviews the enterprise risk register . The Group doesn't have an internal audit function.

Health and Safety Risk

The Group values the health, safety and wellness of our people and we believe that everyone should be able to work in an environment where risks are managed and controlled. Management has adopted health, safety and wellness measures to address and mitigate identified risks.

The Group is a relatively low-risk office-based business. However, we do have employees performing training and in some instances field work for customers. The Board is conscious of these risks to employees and have viewed the actions currently in place to mitigate these. The frequency of incidents has been very low, so the Board has not required LTIFR reporting to date.

Auditors

The Group has an external Auditor Policy that requires the external auditor to be independent and to be seen as independent. The Board is satisfied that there is no relationship between the auditor and the Group or any related person at this time that could compromise the auditor's independence. The Board also obtained confirmation of independence formally from the auditor. To ensure full and frank dialogue amongst the Audit & Risk Management committee and the auditors, the auditor's senior representatives meet separately with the Audit & Risk Management committee (without management present) at least once a year.

Non-audit work

The Audit Independence Policy sets out restrictions on non-audit work that can be performed by the auditor.

Shareholder rights and relations

The Group's financial reports and corporate governance documentation is available on the group's website https://www.ikegps.com/company/.
The Group keeps shareholders informed through periodic reporting to NZX and ASX, and through its continuous disclosure. The Group provides briefings and presentations to media and analysts (which are made immediately available on the investor relations website) and communicate with shareholders through annual and half-year reports and annual shareholder meeting, as well as through a range of releases to media on matters which the company believes will interest shareholders and members. The Group encourages shareholders to refer to the investor relations website, and to receive annual and half-year reports electronically but hard copies of the reports can readily be obtained from the share registrar, Link Market Services Ltd. The Group take care to write all shareholder communications in a clear and straightforward way and to limit the use of jargon.

Disclosures

Audit Fees

The amounts payable to PwC as auditor of the Group are as set out in Note 7 to the financial statements.

Subsidiary company Directors

The following people held office as Directors of subsidiary companies of the Company on 31 March 2021:

1. ikeGPS Inc: Glenn Milnes and Alex Knowles.
2. ikeGPS Limited: Rick Christie, Bruce Harker (resigned 29 Sept 2020)

Dividends

As part of the Group's growth plans, dividends are not currently paid and the Board did not declare a dividend in respect of the period ending 31 March 2021 nor does it expect to declare any dividends during the period ending 31 March 2022.

Net Tangible Assets

The Net Tangible Assets per security on 31 March 2021 was $0.06 (31 March 2020: $0.04).

NZX Waivers

There were no waivers obtained or relied on during the period to 31 March 2021

Key Management

The Company's officers as at 31 March 2021, and their respective roles, were as follows:

Glenn Milnes	Chief Executive Officer
Chris Birkett	Chief Financial Officer and Chief Operating Officer

Annual Meeting

The Company will hold a fully virtual Annual Meeting of shareholders on 30 September 2021. A notice of Meeting and Proxy Form will be circulated to shareholders closer to the time.

Disclosures

Entries recorded in interests register

The following are particulars of entries made in the Company's interests register pursuant to section 140 of the Companies Act 1993 for the period 1 April 2020 to 31 March 2021 (including in respect of those Directors who are Directors of the Company's subsidiaries).

Director	Interest	Declaration
Rick Christie - Chairman		**No conflicting interests**
Solnet Group	Director	
National e-Science Infrastructure (NeSI)	Chairman	
Victoria University Foundation	Trustee	
Dr Bruce Harker - Non Executive Director (retired September 2020)		**No conflicting interests**
Tilt Renewables Ltd	Chairman	
Glenn Milnes - Executive Director		**No conflicting interests**
Orange Sustainability Group Ltd	Director	
Alex Knowles - Non Executive Director		**No conflicting interests**
Alphian Investments Ltd	Director	
A Way To Move Inc	Director	
Trinium Technologies LLC / QED LLC	Board Member	
Xenon FS LLC	Board Member	
AWA Shipping / Intelligent SCM LLC	Board Member	
Epe Frame Metal Spa	Director	
Framemax Systems Inc	Director	
Infrastructure Solutions Group LLC	Board Member	
Climate Coatings Ltd	Director	
Bill Morrow - Non Executive Director (resigned 30 Apr 2021)		**No conflicting interests**
2019 Daisie Ltd	Director	
Mark Ratcliffe - Non Executive Director		**No conflicting interests**
Mark Ratcliffe Consulting Ltd	Director	
Te Awanga Investments Ltd (Retired 31 Mar 2021)	Director	
Ratcliffe Barker Family Trust	Trustee and Beneficiary	
Auckland Transport (ceased Feb 2020)	Director	
First Gas and related companies; Gas Services Ltd, Gas Services NZ, Midco Ltd, Gas Services SPV1 Ltd and Rock Gas Ltd	Chairman	
2Degrees Ltd (resigned as director 31 Aug 2020)	Director	
Kaibosh Charitable Trust	Trustee	
The Guildford Timber Company Ltd	Chairman	
WilliamsWarn NZ Ltd and WilliamsWarn Holdings Ltd	Chairman	
Ultra Fast Fibre Ltd and related companies; First Fibre Midco Ltd, First Fibre BidCo Ltd, UFF Holdings Ltd	Deputy Chairman	

Disclosures

Directors remuneration and other benefits

Directors' fees are currently set at a maximum of $420,000 for the non-executive Directors. The actual amount of fees paid in the year to 31 March 2021 was $347,875 (2020: $335,500).

Directors fees and other remuneration and benefits (including share option expense) from the Company recognized in profit or loss during the accounting period ended 31 March 2021 are as follows:

Director	Salary & Board Fees	Share Option Expense and other Benefits
Rick Christie	90,000	2,218
Bruce Harker	34,000	1,420
Alex Knowles	50,000	2,219
Frederick Lax	65,000	2,219
William Morrow	50,000	2,219
Mark Ratcliffe	58,875	92,547
Glenn Milnes*	823,597	164,608
Total	**$1,171,472**	**$ 267,450**

*Glenn Milnes received salary and entitlements in US$ as employees of ikeGPS Limited. Remuneration shown above, has been converted to NZ$ at the average rate for the month each transaction took place. Glenn received no remuneration in his capacity as a Director of the Group.

Each Director is separately entitled to be reimbursed for reasonable travelling, accommodation and other expenses incurred in performing their role as a Director.

No Director of either of the Company's subsidiaries receives any remuneration in that capacity.

Options granted to Directors are stated below in Directors' relevant interests.

Statement of Directors' relevant interests

Directors (including Directors of subsidiary companies) held the following relevant interests in equity securities of the Company as at 31 March 2021.

Quoted Shares	With beneficial interest	As trustee or associated person of registered holder	Total number of ordinary shares 31 March 2021	Unlisted options to acquire ordinary share
Rick Christie	181,965	-	181,965	49,999
Bruce Harker	-	748,418	748,418	-
Bill Morrow	150,000	-	150,000	300,000
Alex Knowles	-	10,066,939	10,066,939	50,000
Glenn Milnes	1,006,134	120,300	1,126,434	700,000
Frederick Lax	494,828	-	494,828	50,000
Mark Ratcliffe	-	163,964	163,964	300,000
Total	**1,832,927**	**11,099,621**	**12,932,548**	**1,449,999**

Disclosures

Director share dealing

Date	Director	Registered holder / Associated entity	Class of financial product	Acquired / (Disposed of)	Consideration $	Notes
13/05/2020	Glenn Milnes	Glenn Milnes	Ordinary shares	111,141	72,542	Exercised share option
7/07/2020	Mark Ratcliffe	Ratcliffe Barker Family Trust	Ordinary shares	71,415	33,480	On market purchase of shares
5/08/2020	Alex Knowles	BK and MK Trust	Ordinary shares	1,227,117	834,440	Placement participant
5/08/2020	Bruce Harker	BJ & JS Harker Trust	Ordinary shares	64,366	43,769	Placement participant
5/08/2020	Fred Lax	Fred Lax	Ordinary shares	73,530	50,000	Placement participant
5/08/2020	Mark Ratcliffe	Ratcliffe Barker Family Trust	Ordinary shares	73,530	50,000	Placement participant
19/08/2020	Bruce harker	BJ & JS Harker Trust	Ordinary shares	119,995	81,597	Retail entitlement offer
19/08/2020	Rick Christie	Richard Christie	Ordinary shares	38,269	26,023	Retail entitlement offer
19/08/2020	Mark Ratcliffe	Ratcliffe Barker Family Trust	Ordinary shares	19,019	12,933	Retail entitlement offer
19/08/2020	Glenn Milnes	Glenn Milnes	Ordinary shares	105,000	71,400	Retail entitlement offer
16/10/2020	Bruce Harker	BJ & JS Harker Trust	Ordinary shares	113,492	103,824	Exercised share option
11/02/2021	Alex Knowles	BK & MK Trust	Ordinary shares	250,000	135,000	Exercised share option
11/02/2021	Glenn Milnes	Glenn Milnes	Ordinary shares	132,713	152,620	Exercised share option
10/03/2021	Fred Lax	Fred Lax	Ordinary shares	118,366	121,917	Exercised share options

Spread of security holders

Security holders as at 10 May 2021

Size of shareholding	Number of holders	% of holders	Total shares held	% of shares
1-1,000	142	12.26%	88,883	0.07%
1,001-5,000	307	26.51%	919,284	0.69%
5,001-10,000	207	17.88%	1,625,551	1.22%
10,001-50,000	334	28.84%	7,775,001	5.83%
50,001-100,000	68	5.87%	4,900,721	3.67%
Greater than 100,000	100	8.64%	118,072,237	88.52%
Total	**1158**	**100%**	**133,381,677**	**100%**

Disclosures

Twenty largest registered shareholders

As at 10 May 2021

Rank	Shareholder	Holding	% total shares on issue
1	David Jonathon Wilson & Nicola Jane Wilson	24,159,975	18.1%
2	Douglas Irrevocable Descendants Trust, Douglas Family Trust & K&M Douglas Trust	13,766,922	10.3%
3	Mr Scobie D Ward	12,738,673	9.6%
4	Naomi Knowles Lane & Veronica Paulina Lawrie	10,066,939	7.5%
5	Ellerston Capital	6,611,683	5.0%
6	Ballylinch	3,115,429	2.3%
7	Accident Compensation Corp	2,548,551	1.9%
8	Aspiring Asset Mgt	2,400,000	1.8%
9	Dongwen Xiong	1,713,814	1.3%
10	NZ Growth Capital Partners	1,685,029	1.3%
11	Mr Hector R Nicholls & Mrs Kerry L Prendergast	1,462,474	1.1%
12	TR Harrison Securities Trust	1,411,087	1.1%
13	Combes Investment Mgt	1,388,141	1.0%
14	Mr Leon M L V Toorenburg	1,270,615	1.0%
15	Regal Funds Mgt	1,197,616	0.9%
16	Pie Funds Mgt	1,195,200	0.9%
17	Mr Glenn S Milnes	1,192,220	0.9%
18	Private Clients of Forsyth Barr	1,039,151	0.8%
19	Mr C B Sutherland	1,032,565	0.8%
20	Mr Nawal Alkhalifa & Mr Fahdi Junior	915,963	0.7%
Total		**90,912,047**	**68.2%**

Substantial product holders

According to notices given under the Securities Markets Act 1988 and the Financial Markets Conduct Act 2013 as at 31 March 2021, the following were substantial product holders in respect of the 133,140,763 ordinary shares of the Company on issue as at 31 March 2021 (being the Company's only class of quoted voting securities):

Name	Shareholding	%	Nature of relevant interest
David Jonathan Wilson and Nicola Jane Wilson	24,159,975	18.11%	Registered holder and beneficial owner of financial products
Douglas Irrevocable Descendants Trust, Douglas Family Trust & K&M Douglas Trust	13,766,922	10.34%	Registered holder and beneficial owner of financial products
Scobie Ward	12,738,673	9.57%	Registered holder and beneficial owner of financial products
Naomi Knowles Lane & Veronica Pauline Lawrie	10,066,939	7.55%	Registered holder and beneficial owner of financial products

Disclosures

Employee Remuneration

The following table shows the number of current or former employees (excluding employees holding office as Directors of the parent or a subsidiary) who received remuneration and other benefits in excess of $100,000 from the subsidiary companies of the Group during the year ended 31 March 2021:

Band	Number of employees	Band	Number of employees
$100,000 to $109,999	3	$260,000 to $269,999	-
$110,000 to $119,999	4	$270,000 to $279,999	1
$120,000 to $129,999	2	$280,000 to $289,999	1
$130,000 to $139,999	-	$290,000 to $299,999	-
$140,000 to $149,999	3	$300,000 to $309,999	-
$150,000 to $159,999	4	$310,000 to $319,999	-
$160,000 to $169,999	-	$320,000 to $329,999	1
$170,000 to $179,999	1	$330,000 to $339,999	-
$180,000 to $189,999	-	$340,000 to $349,999	1
$190,000 to $199,999	-	$350,000 to $ 359,999	1
$200,000 to $209,999	-	$360,000 to $ 369,999	-
$210,000 to $219,999	-	$370,000 to $ 379,999	2
$220,000 to $229,999	-	$380,000 to $ 389,999	-
$230,000 to $239,999	-	$390,000 to $ 399,999	1
$240,000 to $249,999	1	$400,000 to $ 409,999	-
$250,000 to $259,999	-	$410,000 to $ 419,999	1
		Total	**27**

Donations

No member of the Group made any significant donations during the financial year. The Group undertakes regular promotional sponsorship activity through a variety of channels.

Consolidated Financial Statements

Year End // 31 March 2021

Independent auditor's report

To the Shareholders of ikeGPS Group Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of ikeGPS Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group incurred an operating cash outflow of $3.5 million for the year ended 31 March 2021, and an investing outflow of $6.6 million. The Group also incurred a net loss of $8.5 million for the year. The cash balance at 31 March 2021 was $11.3 million. The Directors disclose in note 2 that due to the high growth nature of the business, historic accuracy of forecasting has been challenging and this is exacerbated in the current economic environment caused by COVID-19. If the Group fails to achieve its FY22 business plan (particularly forecast sales volume growth), manage costs or obtain alternative sources of financing it may not be able to meet its obligations as they fall due. As stated in note 2, these pwc

conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Impairment assessment of the carrying value of assets As disclosed in note 2, Basis of preparation, the Group has undertaken an assessment of the carrying value of its assets. The ike suite of products' continued operating losses and the lower than expected revenue from the Spike business unit are indicators of impairment. In addition, the Group is required to assess the carrying value of goodwill on an annual basis. To determine whether the carrying value of the assets is reasonable, management identified four cash generating units (CGUs): • Ike core platform, development assets, property, plant and equipment, leased assets and working capital (CGU1); • Spike inventory, development assets and Software Development Kit (CGU2); • Pole Forman software, customer contracts and relationships and training materials (CGU3); and • Visual Globe software, customer relationships and goodwill (CGU4). Management assessed the performance of CGU3 and did not identify any indicators of impairment. Management performed an impairment assessment of CGU1, CGU2 and CGU4 on a value in use (VIU) basis. These assessments were based on discounted cash flow models using the Board	We obtained an understanding and evaluated the Group's processes and controls relating to the assessment of impairment indicators of assets, the preparation and approval process of forecasts, and the execution of the impairment assessment. We performed procedures to evaluate and challenge the Group's determination of CGUs. This included reviewing internal management reporting to assess the level at which the Group monitors performance, comparing CGU's to our knowledge of the Group's operations and reporting systems, and reconciling assets allocated to CGUs to accounting records. We obtained management's impairment assessments and tested the mathematical accuracy of the impairment models. We considered and challenged key assumptions and used our internal valuation experts to assess the models' compliance with NZ IAS 36, and the appropriateness of the pre-tax discount rates and terminal growth rates, based on their experience and external evidence. We compared the forecast cash flows used for FY22 to the Board approved business plan. For CGU1, we also compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts. For CGU2, we also overlaid specific considerations of historic sales volumes over the previous three years and management plans for the Spike product line. For CGU3, we obtained management's assessment that there were no indicators of impairment and we assessed whether indicators were present and whether this assessment was consistent with our understanding of the operations and environment of the business.

approved budgets for the year ending 31 March 2022, then extrapolating cash flows for subsequent years. The Board approved budgets have been adjusted to meet the requirements of NZ IAS 36 *Impairment of Assets*. Key assumptions for CGU1 include: • Average forecast annual revenue growth of 30%; • A growth rate of 2% to determine the terminal value; and • A pre-tax discount rate of 16.0%. Key assumptions for CGU2 include: • Sales volumes returning to FY20 levels by FY23; • Nil sales volume growth subsequent to FY23; • A remaining useful life of five years, resulting in no terminal value; and • A pre-tax discount rate of 16.0%. Key assumptions for CGU4 include: • Revenue of US$1.2 million in FY22 with projected growth of 175%, 103% and 41.8% respectively in FY23 to FY25; • A growth rate of 1.5% to determine the terminal value; and • A pre-tax discount rate of 33.4%. The impairment assessments were a key audit matter due to the materiality of the assets, the risk of impairment, and the significant level of judgement applied in estimating future cash flows and other key assumptions in determining the recoverable amount of a CGU. Based on management's assessments, an impairment of $0.1 million was recognised in respect to CGU2 and attributed to development assets. Refer to notes 2 and 16 in the financial statements for disclosures on the impairment assessment of the carrying value of assets.	For CGU4, we considered the financial performance of the business since acquisition to determine whether this was consistent with forecast performance assessed at acquisition date. We consider management's assessment that: • The recoverable amounts of CGU1 and CGU 4 are in excess of their carrying values is supported by the evidence we obtained; • The carrying value of CGU2 is impaired by $0.1 million is supported by the evidence we obtained; and • There are no indicators of impairment for CGU3 is supported by the evidence we obtained. We audited the disclosures in the financial statements to ensure they are compliant with the requirements of the relevant accounting standards, in particular that the key assumptions, sensitivities and reasonably possible changes that could result in an impairment were disclosed.

Acquisition of the Visual Globe business

As disclosed in note 2, Basis of preparation, the Group acquired certain assets of Visual Globe, LLC. (VG) in January 2021.

The Group paid US$5.4 million for VG as follows:

- US$3.3 million paid in cash at acquisition date;
- US$1.5 million of estimated contingent consideration to be paid in cash on the achievement of certain revenue milestones over a three-year period; and
- US$0.6 million of estimated contingent consideration to be paid in shares on the achievement of certain revenue milestones over a three year period.

In accounting for the acquisition of VG, management has assessed the contingent consideration to be a financial liability on acquisition date. Management has also assessed the fair value of the assets acquired at US$3.1 million. These assets primarily comprise software and customer relationships.

The acquisition of VG was a key audit matter due to the significant judgement involved in identifying the appropriate accounting treatment of the acquisition and in determining the fair values of the assets acquired, liabilities assumed and contingent consideration.

We obtained an understanding and evaluated the Group's processes and controls relating to the accounting for business combinations and the valuation of assets acquired and liabilities assumed.

We completed the following audit procedures to test the acquisition:

- We used our internal technical accounting experts to evaluate and challenge the Group's determination of the components of the consideration paid and the appropriate recognition and measurement;
- We obtained management's assessment of the assets acquired and challenged whether that assessment included all assets requiring recognition under accounting standards;
- We obtained management's models used to calculate the fair value of the assets acquired and liabilities assumed and tested the mathematical accuracy of those models;
- We validated the assumptions and source data underlying the models, in particular the forecast sales profile; and
- We used our internal valuation experts to:
  - Challenge and assess the appropriateness of the valuation methods used to determine the fair values of each of the assets acquired; and
  - Assess the appropriateness of the discount rates.

We audited the disclosures in the financial statements to ensure they are compliant with the requirements of the relevant accounting standards.

Our audit approach

Overview

Overall group materiality: $92,000, which represents approximately 1% of total revenue.

We chose total revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We selected transactions and balances to audit based on their materiality to the Group.

As reported above, we have two key audit matters, being:

- Impairment assessment of the carrying value of assets
- Acquisition of the Visual Globe business

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The financial statements are a consolidation of the Company and two subsidiaries, one in New Zealand and one in the United States of America. The Company and both subsidiaries share one centralised group finance function.

We developed the scope of our audit procedures on a Group financial statement line item basis and completed audit work on those Group balances at the materiality level set for the Group. All audit procedures were conducted by the group audit team.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Ussher.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
29 June 2021

Wellington

Consolidated statement of profit or loss and other comprehensive income

		Year ended 31 March Group	
		2021	2020 Restated*
Continuing operations		**$'000's**	**$'000's**
Operating revenue	6	9,324	9,838
Cost of sales		(3,403)	(2,878)
Gross profit		**5,921**	**6,960**
Other income	6	915	1
Foreign exchange (losses)/gains		(553)	5
Revaluation of contingent consideration		(178)	-
Total other income, gains and losses		**184**	**6**
Support costs		(428)	(541)
Sales and marketing expenses		(5,556)	(4,697)
Research and engineering expenses		(2,394)	(3,383)
Corporate costs*		(5,164)	(4,344)
Expenses	7	**(13,542)**	**(12,965)**
Operating loss		**(7,437)**	**(5,999)**
Net finance (expense)/income		(55)	(22)
Net loss before income tax		**(7,492)**	**(6,021)**
Income tax (expense)/credit	13	-	(17)
Loss attributable to owners of ikeGPS Group		**(7,492)**	**(6,038)**
Other comprehensive loss			
Exchange differences on translation of foreign operations*		(972)	501
Comprehensive loss		**(8,464)**	**(5,537)**
Basic and diluted loss per share	24	$ (0.06)	$ (0.06)

*See note 26 for details of restatement of prior period errors

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of changes in equity

	Share capital	Accumulated losses Restated*	Share based payment reserve Restated*	Foreign currency translation reserve	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Closing balance at 31 March 2019	**55,132**	**(45,846)**	**192**	**(115)**	**9,363**
Prior period adjustments*	-	(398)	79	(5)	(324)
Restated balance at 31 March 2019	**55,132**	**(46,244)**	**271**	**(120)**	**9,039**
Changes in accounting policy	-	(45)	-	-	(45)
Restated balance at 1 April 2019	**55,132**	**(46,289)**	**271**	**(120)**	**8,994**
Loss for the year*	-	(6,038)	-	-	(6,038)
Currency translation differences	-	-	-	501	501
Total comprehensive income/(loss)	**-**	**(6,038)**	**-**	**501**	**(5,537)**
Issue of ordinary shares from share placement and share purchase plan	5,940	-	-	-	5,940
Recognition of vesting of share-based options*	-	-	407	-	407
Issue of shares from exercise of share options	37	-	(27)	-	10
Share based options forfeited during the year*	-	2	(19)	-	(17)
Equity movements arising from business combinations	389	-	121	-	510
Total transactions with owners	**6,366**	**2**	**482**	**-**	**6,850**
Restated Balance at 31 March 2020	**61,498**	**(52,325)**	**753**	**381**	**10,307**

	Share capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	$'000's	$'000's	$'000's	$'000's	$'000's
Opening balance at 1 April 2020	**61,498**	**(52,325)**	**753**	**381**	**10,307**
Loss for the year	-	(7,492)	-	-	(7,492)
Currency translation differences	-	-	-	(972)	(972)
Total comprehensive loss	**-**	**(7,492)**	**-**	**(972)**	**(8,464)**
Issue of ordinary shares from share placement and share purchase plan	18,465	-	-	-	18,465
Recognition of vesting of share-based options	-	-	656	-	656
Issue of shares from exercise of share options	446	-	(311)	-	135
Share based options forfeited during the year	-	-	(36)	-	(36)
Equity movements arising from business combinations	523	-	116	-	639
Total transactions with owners	**19,434**	**-**	**425**	**-**	**19,859**
Balance at 31 March 2021	**80,932**	**(59,817)**	**1,178**	**(591)**	**21,702**

*See note 26 for details of restatement of prior period errors

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated balance sheet

	Note	2021	2020 Restated*	2019 Restated*
			As at 31 March	**Group**
ASSETS		**$'000's**	**$'000's**	**$'000's**
Current assets				
Cash and cash equivalents	8	11,342	4,327	3,475
Trade and other receivables	10	2,630	1,576	1,370
Prepayments		254	681	294
Inventory	9	798	876	1,691
Total current assets		**15,024**	**7,460**	**6,830**
Non-current assets				
Property, plant and equipment*	15	1,053	1,165	921
Intangible assets*	16	13,845	6,468	3,571
Inventory	9	352	534	-
Lease assets	22	434	727	-
Deferred tax asset	13	-	-	17
Total non-current assets		**15,684**	**8,894**	**4,509**
Total assets		**30,708**	**16,354**	**11,339**
LIABILITIES				
Current liabilities				
Trade and other payables	11	960	931	505
Employee entitlements		303	231	226
Provision*	28	711	521	268
Other liabilities	21	3,894	574	-
Lease liabilities	22	339	327	-
Deferred income	6	2,449	2,392	1,246
Total current liabilities		**8,656**	**4,976**	**2,245**
Non-current liabilities				
Lease liabilities*	22	174	482	-
Other liabilities	21	148	534	-
Deferred income	6	28	55	55
Total non-current liabilities		**350**	**1,071**	**55**
Total liabilities		**9,006**	**6,047**	**2,300**
Total net assets		**21,702**	**10,307**	**9,039**
EQUITY				
Share capital	14	80,932	61,498	55,132
Share based payment reserve*		1,178	753	271
Accumulated losses*		(59,817)	(52,325)	(46,244)
Foreign currency translation reserve*		(591)	381	(120)
Total equity		**21,702**	**10,307**	**9,039**

Director Date: 29 June 2021 Director Date: 29 June 2021

NZ (New Zealand Time) NZ (New Zealand Time)

*See note 26 for details of restatement of prior period errors

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 March Group 2021 $'000's	2020 $'000's
Cash flows from operating activities			
Cash receipts from customers		8,611	10,306
Cash paid to suppliers and employees		(12,869)	(11,303)
Payment of low value and short term leases	22	(59)	(73)
Paycheck protection programme payments		838	-
Interest paid		(63)	(34)
Net cash used in operating activities	23	**(3,542)**	**(1,104)**
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(844)	(781)
Additions to intangible assets		(1,192)	(683)
Purchase of assets in business combination		(4,600)	(2,592)
Interest received		8	12
Net cash used in investing activities		**(6,628)**	**(4,044)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(271)	(161)
Exercising of share options		135	10
Proceeds from issuance of shares		18,495	5,940
Net cash from financing activities		**18,359**	**5,789**
Net (decrease)/increase in cash and cash equivalents		**8,189**	**641**
Cash and cash equivalents at 1 April		4,327	3,475
Effect of exchange rate fluctuations on cash held		(1,174)	211
Cash and cash equivalents		**11,342**	**4,327**

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2021

1. Reporting Entity

ikeGPS Group Limited (the "Company") is a limited liability company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX") and Australian Securities Exchange ("ASX"). The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The consolidated financial statements for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the "Group") which comprises of ikeGPS Limited and ikeGPS Inc.

The principal activity of the Group is that of design, sale, and delivery of a solution for the collection, analysis, and management of distribution assets for electric utilities and communications companies.

The consolidated financial statements were authorised for issue by the Directors on 29 June 2021.

2. Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and Financial Reporting Act 2013.

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis with the exception of certain financial instruments which are measured in accordance with the specific relevant accounting policy.

Critical estimates and judgments

The preparation of financial statements requires management 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.

2. Basis of preparation (cont.)

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 and in any future periods affected.

The material judgments and estimates used in preparation of the consolidated financial statements are outlined below.

Impact of COVID-19

The majority of the Group's customers operate in North America, where the economic environment experienced a substantial slow-down over the fiscal year 2021 ("FY21") period due to the impact of COVID-19.

Our target customers, being communications companies, electric utilities and their associated engineering service providers, are considered "critical businesses". However, while these customers have not been as impacted by restrictions as other industries, trading has been significantly more restrictive than normal as discretionary work has been reduced. This reduction in discretionary work is most noticeable in the electric utilities sector.

The Group acknowledges the uncertainty that COVID-19 continues to have across the US. The Group is continuing to focus on the health and safety of staff and the resilience of its supply chain and operational capacity.

The areas most impacted by the uncertainty caused by the COVID-19 pandemic are the assessment of future cashflows utilised in going concern and impairment testing, and the measurement of contingent consideration from business combinations. The Group derives revenue from customers being out in the field collecting pole data which can be directly impacted by safety restrictions and this can impact future cashflows.

On 1 May 2020 IKE received USD $511,594 under the US Federal Government CARES Act Paycheck Protection Program ("PPP") via its bank, Silicon Valley Bank. Under the PPP structure the loan is forgivable as long as the proceeds are used to cover payroll costs and rent and utility costs over the covered period of the loan. The Group received confirmation the loan was forgiven on 15 February 2021. In addition, the Group received NZD $81,525 on 27 March 2020 under the New Zealand COVID-19 Wage Subsidy scheme. The funds received have been recorded as government grant income over the period in which the costs were incurred.

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

Going concern

These consolidated financial results have been prepared based on the Group being a going concern, which assumes the Group has the ability and intention to continue operations for a period of at least 12 months from the date the consolidated financial results are approved.

The Group has continued its plan for growth, investing in developing and acquiring technology to expand the Group's revenue generating product and service offerings. Throughout FY21, revenue was impacted by a restricted operating environment due to the COVID-19 pandemic. This impacted the timing of our customers' investment in their assets and therefore timing of IKE revenue.

During the FY21 year the Group had cash outflows of $3,542,000 (2020: $1,104,000) relating to operations, and $6,628,000 (2020: $4,044,000) relating to capitalised internal and acquired development for the year ended 31 March 2021.The cash balance on 31 March 2021 was $11,342,000 (2020: $4,327,000).

The Board of the Group has approved a business plan for FY22 which assumes material growth from FY21 in the communications and utilities market as Federal, State and company restrictions related to COVID-19 continue to be lifted with increased vaccinations in North America. Transactional revenue is expected to grow above prior periods and revenue from recently acquired technology is expected to materialise in quarter 3 and quarter 4. The FY22 plan has been based on a strong order forecast through the fourth quarter of FY21 with a number of large contracts closing. However, the Board acknowledges continued uncertainty related to COVID-19 remains.

The key judgements in assessing the Group's going concern position are:

+ Achievement of the revenue growth anticipated in the FY22 business plan through the expected rebound in core market activity as COVID-19 restrictions are lifted
+ Continued development of technology solutions that support future revenue growth
+ The ability to reduce operating expenses if planned revenue growth is delayed
+ The ability to raise capital for future acquisitions and support operating cash flow

The FY22 business plan has been extended out to June 2022 to project cash flows for a period of twelve months after the approval of these consolidated financial results.

Historically it has been a challenge for the Group to accurately forecast business growth, and this is exacerbated in the current economic climate caused by COVID-19. The Group has assessed the degree of market sensitivity, and stress testing has been performed on the FY22 plan to June 2022.The stress testing takes account of historic forecasting volatility, reducing forecast receipts from customers by 23% in FY22, and reducing planned additional headcount and discretionary cost in response to reduced revenue in the second half of FY22. The outcome of this analysis shows that the Group remains in a strong cash on hand position albeit with

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

reduced available funds. Further cost reduction measures are available to the Group if one or more components of the plan are not realised.

The Group has also considered its ability to raise additional capital in the future. In FY21, the Group completed an institutional placement and rights entitlement offer raising approximately $19.7 million. This successful capital raise has put IKE in a strong position to invest in increasing the Group's sales and delivery capability and it provided funding for the acquisition of an artificial intelligence and machine learning platform. The Directors believe that additional capital could be raised through the Australian and New Zealand capital markets to enable the Group to fund operational cash flows and pursue the growth opportunities available to the business, including any future strategic acquisition opportunities.

However, the liquidity risk arising from the ability of the Group to meet sales growth forecasts or reduce expenditure and raise capital should revenue growth not occur as anticipated creates a material uncertainty that cash inflows and cash on hand may not be sufficient for the Group to meet its obligations as they fall due. This may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, may result in the Group's inability to realise its assets and settle its liabilities in the normal course of business. These consolidated financial results do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Group were unable to continue as a going concern.

While acknowledging the uncertainty that exists, the Directors believe that projected cash inflows, combined with cash on hand at 31 March 2021 of $11.3 million, means that the Group has sufficient funding to continue a growth trajectory for at least the next 12 months from the date of approval of the consolidated financial results, and hence consider the use of the going concern basis appropriate.

Impairment

The carrying amounts of the Group's assets were reviewed to determine whether there is any indication of impairment. The Directors identified the following cash generating units (CGUs):

+ CGU1 – IKE Core platform: intangible assets, property plant and equipment, capital work in progress, lease assets and working capital.
+ CGU2 – Spike: intangible assets and working capital.
+ CGU3 – Pole Forman: intangible assets and working capital.
+ CGU4 – Visual Globe: intangible assets, including goodwill acquired in the business combination, and working capital.

The Directors concluded that operating losses associated with CGU1 are an indicator of impairment, requiring an estimate of the CGU1 recoverable amount. Additionally, they determined that due to the lower than expected revenue from CGU2, an indicator of impairment existed requiring an estimate of the CGU2 recoverable amount.

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

The Directors assessed CGU3 for indicators of impairment and, taking account of its performance including its historical and forecast positive cashflows, determined that no impairment indicator existed. CGU4 was acquired on 4 January 2021 (refer to the Business combinations section below). Goodwill was identified as part of the acquisition, and there is a requirement to test this annually for impairment. The details of each impairment test are outlined below:

CGU1 was determined to have a carrying value of $4,459,090. Future cash flows are forecast based on a five year business model for CGU1, which included an average revenue growth rate of 30% and operating expenses reflecting the FY21 business plan for CGU1. A pre-tax discount rate of 16% was used to establish the recoverable amount on a value in use basis.

The forecast financial information is based on both past experience and future expectations of operating performance and requires judgements to be made as to revenue growth, operating cost projections and the market environment. Despite the impact of COVID-19, in the medium term the Group remains optimistic that the CGU1 core infrastructure market will continue due to the significant multiyear investment programmes our customers have in place. The value in use assessment is sensitive to changes in each of these assumptions, actual results may be substantially different. To determine terminal value the Group applied a 2% growth rate.

Sensitivity analysis was performed on key assumptions. A likely material impairment would need to be considered if the forecast sales volume growth was lower than the forecast by greater than 20%.

The Directors have determined that no impairment is required as CGU1 continues to have a useful life and that the current carrying value of the CGU1 does not exceed its value in use.

CGU2 was determined to have a carrying value of $586,843. Future cash flows are forecast based on a five-year business model for CGU2 and a pre-tax discount rate of 16% was used to establish the recoverable amount on a value in use basis.

Spike sales volumes in FY21 were COVID-19 impacted, and the Directors have assumed these will recover to FY20 levels by FY23. Zero growth in sales volumes has been assumed subsequently for FY24 to FY26. An estimate of the cash flows required to market and sell the Spike products was based on the business plan for FY21. No terminal value is assumed, which aligns with the remaining expected useful life of the assets.

The Directors have determined that an impairment of $85,000 is required as the carrying value exceeded the value in use calculation by that amount. The impairment has been recorded against the Spike applications and SDK software and is included in the Research and Engineering line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

The forecast financial information is based on both past experience and future expectations of operating performance and requires judgements to be made as to revenue growth, operating cost projections and the market environment. It is sensitive to changes in each of the assumptions outlined above and actual results may be substantially different. Any change in the assumptions would likely cause a material change in the impairment recognised by the Group.

CGU4 was determined to have a carrying value of $7,881,457 including goodwill. Future cash flow assumptions have not changed from the acquisition date and are consistent with the assumptions referred to in the Business combinations section below. A pre-tax discount rate of 33.4% was used to establish the recoverable amount on a value in use basis. In determining the terminal value, the Group applied a 1.5% growth rate. The Directors have concluded that no impairment exists, however any change in these assumptions would result in an impairment being recognised.

Sales Tax Provision

Key judgements were made in determining the sales tax provision liability. These judgments are described in note 28.

Business Combination

On 4 January 2021 ikeGPS Inc acquired the assets, customer contracts and processes of Visual Globe LLC. Visual Globe LLC is a software company specialising in the automated analysis of utility poles and related database records. This strategic acquisition complements the Group's existing offerings and provides the potential for the Group to grow its addressable market within the communications and utility segment.

The purchase consideration was allocated to the acquired assets based on their estimated fair values as at the date of acquisition.

Purchase consideration	**$'000's (NZD)**	**$'000's (USD)**
Cash Paid	4,600	3,300
Contingent consideration	2,969	2,130
Total purchase consideration	**7,569**	**5,430**

Valuation experts were utilised to establish the fair value of the assets and liabilities recognised as a result of the acquisition as follows:

Intangible assets	**$'000's (NZD)**	**$'000's (USD)**
Technology	3,988	2,861
Customer relationships	361	259
Other	21	15
Net identifiable assets	**4,370**	**3,135**
Goodwill	3,199	2,295
Total net assets acquired	**7,569**	**5,430**

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

The goodwill recognised is attributable to the future growth potential of the acquired business. For tax purposes ikeGPS Inc can claim amortisation on the goodwill balance. As a result, no deferred tax liability has been recognised related to goodwill.

The methods, assumptions and critical estimates and judgments used to determine the fair value of the assets acquired and contingent consideration paid in the business combination are outlined below.

Contingent consideration

In the event that certain pre-determined revenue amounts are achieved in the three years ended 31 March 2024, additional consideration of up to a total of USD $3.9 million in cash and USD $1.7 million in Group shares may be payable.

The potential undiscounted amount payable under the agreement and revenue targets in USD are outlined below.

Revenue target	Cash Consideration (per milestone reached)	Share Consideration (per milestone reached)	Total cumulative consideration (share and cash)
$'000's (USD)	**$'000's (USD)**	**$'000's (USD)**	**$'000's (USD)**
3,300	1,333	561	1,894
10,100	1,333	561	3,788
21,000	1,333	561	5,682

In addition, if revenue exceeds USD $30 million in the three-year period an additional royalty of 3% of the revenue in excess of USD $30 million is payable.

The fair value of the contingent consideration of NZD $2.96 million (USD$2.13 million) was estimated by calculating the present value of the future expected cashflows of the business.

The estimates are based on a discount rate of 28%, with projected revenue in the first full year (being 1 April 2021 to 31 March 2022) of USD $1.2 million, and a projected revenue growth rate of 175%, 103% and 41.8% respectively in the following years. These have been determined based on management's analysis of the obtainable market share that can be achieved by the Group. Based on these revenue growth rates the model has an assumption that revenue targets one and two will be met in 2023 and 2024. The model has assumed revenue target three and the royalty target will not be met and no consideration has been allocated to these targets.

The estimates of the probability and timing of the revenue targets being met are based on forecast cashflows and subject to both timing and achievement uncertainty, due to the early-stage nature of the business. If the revenue targets are achieved a year earlier than forecast the impact on profit or loss from the revaluation of contingent consideration would be a decrease of USD $0.58 million.

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

If the targets are achieved a year later than forecast the impact on profit or loss from the revaluation of contingent consideration would be an increase of USD $1.17 million. If the revenue targets are not achieved profit or loss will increase by USD $2.13 million from the revaluation of contingent consideration.

Contingent consideration is classified as a liability and forms part of the other current liabilities balance. Contingent consideration is recognised at fair value and remeasured at each reporting period. At 31 March 2021 there has been no change in the fair value of the contingent consideration (expect for the unwinding of the discount of NZD $178,000), as there has been no change in the probability of the revenue targets being met.

Fair value of asset recognised

Intangible assets – technology

Internally generated software (the Visual Globe Platform) was acquired as part of the business combination. The value of this software was determined as NZD $3.988 million using a relief from royalty method.

The premise underlying the method is that the user of a developed technology and software realises an enhanced earnings capacity from ownership of the intangible asset, equal to the royalty they would otherwise have to pay a third party for use of the developed technology and software if it were not owned by the company. The method requires assumptions for both future expected revenues connected to the developed technology and a reasonable estimate of a royalty rate. The major assumptions used in the method to arrive at a fair value for the Visual Globe Platform are outlined below:

Projected revenue in the first full year (being 1 April 2021 to 31 March 2022) of USD $1.2 million and a projected revenue growth rate of 175%, 103% and 41.8% respectively in the following three years.

A revenue growth rate of 1.5% for the remaining life of the asset (assessed at 10 years)

A royalty payment rate of 14% of revenues payable

A 22% discount rate has been applied

Intangible assets – customer relationships

Customer relationships were acquired as part of the business combination. The value of these relationships was determined to be NZD $361,000 using a multi period excess earnings method.

This method requires assumptions for future expected revenues, the average life of a customer contract, the expected margin and operating expenses and contributory asset charges. The major assumptions used in the method to arrive at a fair value for the customer relationships are outlined below:

Notes to the consolidated financial statements for the year ended 31 March 2021

2. Basis of preparation (cont.)

Projected revenue in the first full year (being 1 April 2021 to 31 March 2022) of USD $1.2 million and a projected revenue growth rate of 175%, 103% and 41.8% respectively in the following three years.

A revenue growth rate of 1.5% for terminal value

An average customer life of 10 years

Margins remaining constant

A 22% discount rate has been applied

During the current financial year, the Group recorded revenue of $26,000 related to the business. If the acquisition had occurred on 1 April 2020, the revenue and net loss after tax for the Group would have been approximately NZD $9.4 million and NZD ($9.5 million) respectively. As this was an asset purchase this is an indicative figure based on the extrapolated current year's revenue and expenses.

Transactions recognised separately from the business combination

As part of the transaction the Group agreed to pay additional consideration if two key employees remained employed for a three-year period. The additional consideration is equivalent to USD $1 million in cash, and USD $400,000 in ikeGPS Group shares. Payment (via cash or issue of shares) is required to be made after each year of service has been completed by the employee.

The payments have been assessed as not forming part of the business combination and instead being remuneration for future employment services. This is primarily because the payments are reliant on the employees remaining employed by the Group, if the employees cease to be employed by the Group during the period, unpaid consideration will be forfeited.

The payments are required to be paid after each year of employment has been completed and employee expenses are recognised as services are rendered. Expenses of NZD $165,000 were recognised as employee expenses in 2021.

3. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

+ Definition of Material – amendments to NZ IAS 1 and NZ IAS 8
+ Definition of a Business – amendments to NZ IFRS 3
+ Interest Rate Benchmark Reform – amendments to NZ IFRS 9, NZ IAS 39 and NZ IFRS 7
+ Revised New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (2018 NZ Conceptual Framework)
+ 2019 Omnibus Amendments to NZ IFRS
+ Going Concern Disclosures – Amendments to FRS 44

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. Significant accounting policies

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Transactions eliminated on consolidation

Intra-Group transactions, balances, and any unrealised gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The functional currency of the Company is New Zealand dollars. The functional currency of the Group's USA subsidiary is United States dollars. These consolidated financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are initially translated to functional currencies at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group companies

The results and financial position of the US subsidiary are translated into the presentation currency as follows:

+ assets and liabilities are translated at the closing rate at the date of the balance sheet;
+ income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
+ all resulting exchange differences are recognised in other comprehensive income.
+ on consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax ("GST") and other indirect taxes except for trade receivables and trade payables that are stated inclusive of GST.

4. Significant accounting policies (cont.)

Financial Instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

They include trade and other receivables, trade and other payables, cash and cash equivalents, lease liabilities and other liabilities. They are included in current assets and current liabilities, except for loans and receivables with payment terms greater than 12 months which are included in non-current assets.

The Group classifies its financial assets and liabilities as 'measured at amortised cost' or 'fair value through profit or loss' at initial recognition.

The following table shows the Group's financial assets and liabilities and their classification.

Financial instrument	Classification
Trade and other receivables and payables	Measured at amortised cost
Lease liabilities	Measured at amortised cost
Other liabilities – deferred consideration	Measured at amortised cost
Other liabilities – contingent consideration	Fair value through profit or loss

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Interest income from these financial assets is included in finance income using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Financial liabilities measured at amortised cost are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Interest expense from these financial liabilities is included in finance expense using the effective interest rate method.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Financial assets and liabilities recognised at fair value through profit or loss are originally and subsequently remeasured to fair value, with gains/(losses) being recognised in the profit or loss.

4. Significant accounting policies (cont.)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables arise when the Group provides money, goods and services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Lease assets and liabilities

Lease assets are contracts which convey the right to use office space in both Colorado and Wellington. Lease assets are recognised at the present value of the lease payments that are not paid at the inception of the lease. After initial recognition the lease asset is recorded at the amount initially recognised less amortisation and impairment.

The corresponding lease liability to the lessor is included in the balance sheet as a lease liability. Lease payments are apportioned between finance charges and a reduction in the lease liability. The finance charges and amortisation of the lease asset are charged directly to profit or loss.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Other liabilities

Other liabilities are obligations from current and prior business combinations that the Group has entered. Other liabilities are initially recorded at their fair values and subsequently measured either at amortised cost or fair value through profit or loss.

Other liabilities arising from business combinations that are not derivative financial instruments and are not contingent consideration are subsequently measured at amortised cost.

Other liabilities that are the result of contingent consideration are subsequently measured at fair value through profit or loss.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Impairment of financial assets

The Group assesses impairment on a forward-looking basis, the expected credit loss associated with its financial assets carried at amortised cost. The Group will assess if there has been a significant increase in credit risk by assessing market conditions, forward looking estimates and previous financial history of counterparts.

For trade receivables the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected credit losses on these financial assets are assessed using a provision matrix, adjusted for factors that are specific to the receivables including customers' historical credit loss experience, individual customer characteristics, customer market segment and economic environment.

The Group writes off a financial asset when there is information indicating default or delinquency in payments, the probability that they will enter bankruptcy, liquidation or other financial reorganisation and there is no real prospect of recovery.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

Office furniture and equipment	20% - 33%
Plant and equipment	20% - 50%
IKE rental devices	30%

Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

4. Significant accounting policies (cont.)

Intangible assets

Research and development

All research costs are recognised as an expense when they are incurred.

Capitalised development costs

The Group capitalises employee and consultants' costs directly related to development of an intangible asset. The Group regularly reviews (at least annually) the carrying value of capitalised development costs to ensure they are not impaired. Management has reviewed the expected remaining useful life of assets and concluded that the development costs for all products are amortised over periods of 4 to 10 years to reflect the expected useful life of the assets.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

+ it is technically feasible to complete the software product so that it will be available for use;
+ management intends to complete the software product and use or sell it;
+ there is an ability to use or sell the software product;
+ it can be demonstrated how the software product will generate probable future economic benefits;
+ adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
+ the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other intangible assets

Separately purchased intangible assets (i.e. software) are recognised at cost, plus any initial directly attributable costs. They are subsequently measured at cost less accumulated amortisation and impairment. Purchased software has a useful life ranging from 4 -10 years.

Customer contracts, relationships, trademarks and training material are initially recognised at fair value. They are subsequently measured at cost less accumulated amortisation and impairment and have a useful life ranging from 4 -10 years.

4. Significant accounting policies (cont.)

Goodwill

Goodwill is measured as described in note 4 - Business Combinations. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill and work in progress are not amortised and are tested for impairment annually.

Impairment of non-financial assets

Intangible assets under development are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying amount of the Group's other non- financial assets are reviewed at each balance date to determine whether there is any indication of impairment or objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost comprises direct materials, direct labour and production overhead. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received, and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate. Government grants are included in 'other income'.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Share-based payment

The Group operates an employee option scheme (equity-settled) under which employees receive the option to acquire shares at a predetermined exercise price. The options are measured at fair value at grant date using the Black Scholes model with the fair value recognised as an employee benefit expense in profit or loss with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimate of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in share-based payment reserve with a corresponding change to share based compensation reserve in equity.

In addition, the Group provides share-based payments to employees related to business combination. The employees are required to perform service conditions and an expense is recognised over the vesting period. The rewards are considered equity settled and recognised as an employee benefit expense and an increase to either share capital or share based compensation reserve.

Revenue

The Group derives its revenue from the sale of product and related services, subscription revenue, software licenses, providing access to hardware and software platform and technical pole data analysis. Revenue is recognised when performance obligations have been satisfied. A performance obligation has been satisfied when control of the good or service associated with the performance obligation has been transferred to the customer.

Revenue is recognised using the five-step model to account for revenue arising from contracts with customers. Under NZ IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The five-step model for recognising revenue from contracts with customers requires consideration of the following steps:

+ Identifying the contract
+ Identifying the individual performance obligations within the contract
+ Determining the transaction price
+ Allocating the transaction price to distinct performance obligations
+ Recognising revenue

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

We have provided the table below that provides the key judgements made on the application of NZ IFRS 15 across each revenue type with standardised terms and conditions. The Group has applied a practical expedient permitted by the standard; therefore, no significant financing component exists on deferred income.

Other business

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
Spike Device	ikeGPS sells Spike devices through direct orders and online software.	No major judgement required.	N/A	**Point in time** Recognised when the unit is received by the customer.

Utility and communications

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
IKE Device Solution	The IKE Solution is marketed to the utility & communications market as an all-in-one package which includes the IKE4 device, preconfigured IKE Field Android mobile application and online access to IKE Office - a cloud-based software platform that enables customers to measure and analyse assets captured with the IKE device.	The contract for an IKE Device, IKE Field and IKE Office is generally sold as a packaged solution. Management has determined the individual performance obligations within the contract. The total contract price is allocated to each performance obligation. Where possible management uses external comparatives to identify standalone performance obligations and respective price. Where an external comparative is not available, management's judgement is applied.	Management has determined that the IKE Device, Software licence (IKE Field) and Subscription (IKE Office) are distinct performance obligations of the IKE Solution. In determining this management has relied on market comparables to establish standalone performance obligations.	**Point in time** Both the IKE device and IKE Field mobile application are recognised at the point in time when the device is sent to the customer. **Over time** IKE Office is recognised over the term of the contract.
Subscription	Customers are required to renew software subscriptions to allow continued access to the IKE Office online cloud functionality and the ability to customise and add new forms onto the IKE device.	Determining when each performance obligation is fulfilled.	Customers use the IKE Field and IKE Office solution to store and analyse data, customise and add new forms. Along with integration capability these performance obligations can be described as 'stand ready' services which can be recognised over time.	**Over time** Subscription software recognised over time.
Services	Service revenue is made up of training, deployment, and replacement unit revenue.	Determining when the performance obligation is delivered.	Revenue is recognised when the service is performed for the customer. For example, when the training to the customer is performed.	**Point in time** Service revenue is recognised when the service is delivered.

4. Significant accounting policies (cont.)

Utility and communications

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
IKE Platform subscription revenue	Customers subscribe to the Platform subscription to access both an IKE device and the functionality of IKE Office. This subscription enables customers to go out in the field and collect data via our platform where IKE or the customer can analyze the data online.	The subscription is in two parts; 1. The lease of the IKE device under NZ IFRS 16, 2. The subscription to IKE Office. This requires management to allocate the contract price to each performance obligation and determine when each performance obligation is fulfilled.	Management has determined the contract price allocated to the lease and subscription portion of the platform subscription is on the same basis as the IKE Solution discussed above (IKE Device and IKE Office). The performance obligations for the subscription portion of the IKE Platform subscription is consistent with the treatment above under subscription.	**Point in time** The lease of the IKE device is recognised at a point in time in accordance with NZ IFRS 16. **Over time** IKE Office is recognised over the term of the contract.
IKE Analyze	Providing either an end-to-end technical solution for customers; performing pole loading analysis and make ready engineering assessments or customers capturing pole data and transacting on our platform.	Determining when each performance obligation is fulfilled. Initially the customer performs data collection, the customer also receives an annual subscription to access IKE Field and Office. Once customer data is collected it is uploaded into IKE Office where IKE either performs the analysis and completes requested reports or when the data is uploaded onto the platform.	The business is required to perform certain activities as per the scoping document for each customer. Once the activity is complete the Group will recognise the revenue.	**Point in time** Each transaction (completed record) is recognised when the performance obligation has been completed.
Pole loading software license	IKE sells a license of its pole loading software to customers.	Management has determined the individual performance obligations of the contract. The total contractual price allocated to each performance obligation using the stand-alone selling price.	Management has determined that the perpetual license and first year of maintenance and support are separate performance obligations. IKE has used the stand-alone selling price to allocate the contractual price.	**Point in time** The pole loading software license is recognised at the point in time when the software is transferred. **Over time** The annual maintenance and support is recognised over the first year.
Pole loading maintenance and support subscription	Ongoing software support, maintenance and software updates through an annual subscription.	Determining when each performance obligation is fulfilled.	Customers use the maintenance and support to have the latest pole loading software and calculations available. These performance obligations occur at any time during the subscription period.	**Over time** Pole loading software maintenance and support are recognised over time.
IKE Insight revenue	IKE Insight revenue is derived from our IKE Insight AI & machine learning platform processing pole data and delivering an agreed output to the customer.	Determining when each performance obligation is fulfilled. Once customer data is collected it is uploaded onto the IKE Insight platform where analysis is completed based on the statement of work agreed.	The business is required to perform certain analysis as per the scoping document for each customer. Once the activity is complete the Group will recognise the revenue.	**Point in time** Each transaction (completed record) is recognised when the performance obligation has been completed.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Sale of product

Revenue from the sale of product is derived from the sale of the Group's laser measurement devices, associated software and accessories. Revenue is recognised when the products are shipped to the customer being the point at which control is considered to have transferred to the customer.

IKE Platform subscription revenue

IKE platform as a service revenue is when the Group provides a customer with an IKE unit and access to IKE Field and Office cloud platform. This product enables the customer to capture data out in the field and process that data through transactions on the platform. Revenue is derived from fees charged to customer on an annual or a monthly basis. Consideration received in advance (of the service being provided), is recognised in the balance sheet as deferred income. The transactions associated with the customers collected data is recognised as IKE Analyze revenue.

By providing an IKE unit as part of the service the revenue is considered an operating lease as the Group retains the significant portion of the risks and rewards of ownership. Platform payments received (net of any incentives) are recognised as lease revenue in profit or loss on a straight-line basis over the period of the lease.

Subscription revenue for access to IKE Field and Office is recognised in accordance with the policy below on subscription revenue.

Subscription revenue

Subscription revenue is recognised as the services are provided to the customers. Consideration received in advance (of the service being provided), is recognised in the balance sheet as deferred income.

IKE Analyze revenue

IKE Analyze revenue is derived from transactions captured and analysed through our platform. The IKE Anlayze offering ranges from customers self-performing analysis on the platform through to IKE completing annotation analysis, pole loading analysis or performing make ready engineering analysis for the customer. Revenue is recognised either when the data has been analysed and the customer requirements outlined in the engagement statement of work have been completed or when the pole data is captured and uploaded onto the platform.

IKE Insight revenue

IKE Insight revenue is derived from our IKE Insight AI & machine learning platform processing pole data and delivering an agreed output to the customer. Revenue is recognised when the data has been analysed through the platform and the output information is delivered to the customer as outlined in the engagement statement of work completed.

Notes to the consolidated financial statements for the year ended 31 March 2021

4. Significant accounting policies (cont.)

Pole loading software license and services

Revenue is derived from selling a software program for performing structure analysis of utility poles. Revenue is recognised when the software is transferred to the customer or when any initial configuration and training service is provided.

Pole loading maintenance and support subscription

Revenue is derived from providing customers with an annual subscription to receive software updates, maintenance and ongoing support for the software. Revenue is recognised over the period in which the service is available to customers.

Other operating revenue

Other operating revenue includes consulting, unit repairs and training revenue. Revenue is recognised when the services are performed.

Consideration received prior to the service being provided is recognised in the balance sheet as deferred income.

Finance income and expenses

Interest income is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings, recognised using the effective interest method.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

4. Significant accounting policies (cont.)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Earnings per share

The Group presents earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares that would be issued on conversion of all of the dilutive potential ordinary shares into ordinary shares.

Other reserves

Share-based payments reserve

The share-based payments reserve is used to recognise both the grant date fair value of options issued to employees but not exercised and contractual share payments to be made to employees based on the period of employment.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in the foreign currency translation accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

+ fair values of the assets transferred
+ liabilities incurred to the former owners of the acquired business
+ equity interests issued by the group
+ fair value of any asset or liability resulting from a contingent consideration arrangement, and
+ fair value of any pre-existing equity interest in the subsidiary.

4. Significant accounting policies (cont.)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.)

The excess of the:

+ consideration transferred,
+ amount of any non-controlling interest in the acquired entity, and
+ acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

5. Operating segments

The CEO and the Board of Directors are assessed to be the Chief Operating Decision Maker (CODM) who regularly review financial information by product and gross margin. Reporting of overheads and balance sheet position is not undertaken at a level lower than the Group as a whole. Geographically, revenue is substantially generated in the United States.

During FY21 the Group's selling activities were focused and organised into two customer segments namely Utility & Communications and Other Business. The Utility & Communications segment includes electrical utility companies, engineering service providers and sales to companies involved in the broadband fiber and cellular 5G roll out in the United States.

Within the Utilities & Communications segment the Group derives its revenue from:

+ selling an IKE device and corresponding annual subscription revenue,
+ the IKE Platform solution where customers collect pole data on a leased IKE device and is either analysed by IKE according to an agreed statement of work or our customers use the software platform directly to process their pole data,
+ transactional revenue by analysing pole data through an AI and machine learning platform through its recent acquisition of the Visual Globe assets,
+ pole loading software licenses and ongoing subscriptions for maintenance and support.

Notes to the consolidated financial statements for the year ended 31 March 2021

5. Operating segments (cont.)

These segments differ from those used in prior periods to analyse the business and comparative information has been presented on a consistent basis to the revised segments.

The segment information provided to the CEO and Board of Directors for the year ended 31 March 2021 are as follows:

	2021			2020		
	Utility & Communication	Other Business	Group	Utility & Communication Restated*	Other Business Restated*	Group Restated*
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Sales of Product Sale of product & services	2,091		2,091	2,250		2,250
Subscription	2,654		2,654	2,730		2,730
Contribution	**3,481**		**3,481**	**3,733**		**3,733**
IKE Platform Solution Subscription and lease	939	-	939	571	-	571
IKE Analyze	2,321	-	2,321	3,244	-	3,244
Contribution	**1,327**	**-**	**1,327**	**2,425**	**-**	**2,425**
Poleforman Pole loading software licenses, services and subscriptions	999	-	999	402	-	402
Contribution	**999**	**-**	**999**	**402**	**-**	**402**
Spike Sale of product	-	286	286	-	591	591
Subscription	-	34	34	-	50	50
Contribution	**-**	**114**	**114**	**-**	**400**	**400**
Gross Profit			**5,921**			**6,960**
Sales and marketing costs			(5,556)			(4,697)
Other corporate income and expenses			(7,858)			(8,284)
Net loss before tax			**(7,492)**			**(6,021)**

Notes to the consolidated financial statements for the year ended 31 March 2021

6. Revenue

Revenue	2021 $'000's	2020 $'000's
Sale of product (Point in time)	2,100	2,653
Platform as a service (Over time and Point in time)	940	571
IKE Analyze (Point in time)	2,294	3,243
IKE Insight (Point in time)	26	-
IKE subscription (Over time)	2,688	2,780
Pole loading licence and subscription (Over time and Point in time)	999	403
Services (Point in time)	277	188
Total Operating revenue	**9,324**	**9,838**
Government grants	899	1
Other income	16	-
Total other income	**915**	**1**

In the current year, no customer within a particular operating segment represented more than 10% of revenue (FY20: no customers).

Reconciliation of deferred income balances

	2021 $'000's	2020 $'000's
Opening deferred income balance	2,447	1,301
Subscription revenue recognised	(1,643)	(1,230)
Platform as a service revenue recognised	(299)	-
PoleForeman maintenance and support	(378)	-
New Zealand wage subsidy	(81)	81
Unsatisfied performance obligations for the current year	2,431	2,295
Closing deferred income balance	**2,477**	**2,447**

Notes to the consolidated financial statements for the year ended 31 March 2021

6. Revenue (cont.)

Government grants are payments received in relation to COVID-19 government relief. This includes the New Zealand COVID-19 wage subsidy and U.S. Federal Government CARES Act Paycheck Protection Programme (PPP).

The New Zealand COVID-19 wage subsidy are payments received to enable businesses to continue to pay employee wages. To qualify for the wage subsidy the following criteria needed to be met:

- A 30% reduction in revenue for any one month due to COVID-19 for the applicable period (between 20 January 2020 and 9 June 2020)

- Active steps were taken to mitigate the impact of COVID-19

- 80% of usual wages were paid to employees

The Group met the revenue reduction threshold for the month of April 2020 and met all other eligibility criteria at that time. The payments were recognised as 'other income' as the corresponding wages were paid (in the period April to June 2020). As at balance date all revenue had been recognised.

The PPP is a 'small business' loan for businesses to continue to employ and pay their employees during the COVID-19 crises. The loan is forgivable as long as the proceeds are used to cover payroll costs, rent and utility costs over the covered period after the loan is made.

To qualify for the PPP loan the following criteria needed to be met:

+ Considered a 'small business' being those with less than 500 employees

+ Certify that the current economic uncertainty makes the loan necessary to support the ongoing operations of the business

+ The loan funds will be used to retain workers and maintain its payroll or make lease payments and utility payments

On application, due to the market uncertainty, the difficulty to predicting future cashflows and the impact the pandemic would have on our customers future projects. The Group met the above criteria. The payment was recognised as 'other income' as the corresponding payroll costs and lease payments were paid (in the period May and June). The Group received confirmation the loan was forgiven on 15 February 2021.

Notes to the consolidated financial statements for the year ended 31 March 2021

7. Expenses

Operating expenses

Operating expenses consist of operations costs, sales and marketing expenses, engineering and research expenses and corporate expenses.

	Note	2021 $'000's	2020 Restated* $'000's
Audit of consolidated financial statements			
Audit and review of consolidated financial statements		295	155
Other services			
Other assurance services[1.]		-	6
Total other services		**-**	**6**
Total fees paid to auditor		**295**	**161**
Amortisation of development asset	16	947	936
Depreciation		504	287
Total amortisation and depreciation[2.]		**1,451**	**1,223**
Employee benefit expense		8,700	6,623
Share-based payment		880	512
External contractors and consultants		582	644
Employee benefit expense capitalised[3.]		(1,274)	(683)
Operating lease expenses[4.]		234	180
Direct selling and marketing[5.]		318	836
Sales tax expense		275	201
Impairment of assets[6.]		85	1,100
Credit loss provision and write off expense[7.]		(88)	317
Other operating expenses[8.]		2,084	1,851
Total operating expenses		**13,542**	**12,965**

*See note 26 for details of prior period error.

Notes

1. Other assurance services in 2020 comprise the review of Callaghan Innovation research and development grant claim for the 2019 income year.
2. Total depreciation for the year is $945,000 (2020: $682,000) which is made up of depreciation on fixed assets of $659,000 (2020: $510,000) as per note 15 and depreciation on leased assets of $286,000 (2020: $172,000) as per note 22. All of amortisation and $218,000 (2020: $115,000) of depreciation are included in engineering and research expenses, $286,000 (2020: $172,000) related to lease assets under NZ IFRS 16 is included in corporate costs. The balance of depreciation totalling to $441,000 (2020: $395,000) is included in cost of sales.
3. Relates to employee benefit expense, external contractors and consultants' expenses that are directly attributable to the development of intangible assets and have been capitalised.

Notes to the consolidated financial statements for the year ended 31 March 2021

7. Expenses (cont.)

4. Relates to short term and low value leases and common area maintenance costs.
5. Selling and marketing expenses includes expenses incurred mainly in relation to promotional activities which include travel, commissions and other direct marketing expenses.
6. Impairment of intangible assets of Spike and SDK.
7. A revenue contract with a customer was modified during the year. This resulted in a prior year impairment provision being reversed in the current year of $118,000.
8. Other operating expenses include corporate advisory, travel, engineering expenses, facilities and IT expenses.

8. Cash and cash equivalents

	2021	2020
	$'000's	**$'000's**
Cash at bank	11,342	3,827
Call / term deposits	-	500
Total	**11,342**	**4,327**

An overdraft facility of NZ$250,000 is in place with BNZ. BNZ has security interest on all property of ikeGPS Limited. On the BNZ facility there is an outstanding guarantee to another party of $75,000.

9. Inventory

	2021	2020
	$'000's	**$'000's**
Finished goods	681	764
Components	469	646
Total inventory	**1,150**	**1,410**
Current	**798**	**876**
Non-current	**352**	**534**

Included in cost of sales is $1,089,743 (2020: $995,695) relating to the amount of inventory recognised as an expense in the year. During the year IKE materials have been written down by $124,882 and Spike finished goods by $161,105 (2020: Spike raw materials valuing $146,545).

Inventory is treated as non-current if it is not expected to be sold within twelve months of balance date.

Notes to the consolidated financial statements for the year ended 31 March 2021

10. Trade and other receivables

	2021 $'000's	2020 $'000's
Trade receivables	2,622	1,828
Impairment provision	(106)	(329)
GST receivable	88	72
Other receivables	26	5
Total trade and other receivables	**2,630**	**1,576**

The Group has $690,305 of trade receivables past due but not impaired at 31 March 2021. (2020: $887,183)

30 – 90 days	90 days +	Total past due
$467,638	$222,667	$690,305

11. Trade and other payables

	2021 $'000's	2020 $'000's
Trade payables	591	469
Other payables	-	292
Accrued expenses	369	170
Total trade and other payables	**960**	**931**

12. Subsidiaries

			Investment	
Name of entity	**Country of incorporation**	**Principal activity**	2021 **$'000's**	2020 **$'000's**
ikeGPS Limited	New Zealand	Product development and business operations	1,000	1,000
ikeGPS Inc.	USA	Business operations	1,000	1,000
			2,000	**2,000**

ikeGPS Limited and ikeGPS Inc. are 100% (2020: 100%) owned by the Company. All subsidiaries have 31 March balance dates.

Notes to the consolidated financial statements for the year ended 31 March 2021

13. Current and deferred tax

The Group's tax expense/ (benefit) comprises:

	2021	2020
	$'000's	$'000's
Deferred tax	-	17
Income tax expense /(credit)	**-**	**17**

Prima facie income tax expense on pre-tax accounting loss from operations reconciles to the accounting loss from operations and reconciles to the income tax expense/(credit) in the consolidated financial statements as follows:

	2021	2020
	$'000's	$'000's
Net loss before income tax	(7,492)	(6,021)
Prima facie income tax credit at 28%	(2,098)	(1,686)
Effect of different foreign income tax rates	255	-
Non-deductible expenses	(162)	145
Deferred tax on temporary differences	(13)	(24)
Unrecorded tax losses	2,018	1,565
Income tax expense /(credit)	**-**	**-**

	2021	2020
	$'000's	$'000's
Deferred tax opening balance	-	17
Temporary differences		
Employee entitlements and provisions	25	2
Deferred research and development	38	24
IFRS 16 Leases	4	1
Property, plant and equipment	(179)	-
Intangible assets	(114)	(44)
Other	22	-
Tax losses	204	
Deferred tax closing balance	**-**	**-**

Deferred tax assets on deductible temporary differences have been recognised to the extent taxable temporary differences exist in the same tax jurisdiction. No deferred tax asset is recognised in excess of the available taxable temporary differences, due to the uncertainty of when the unused tax losses can be utilised.

Unrecognised deferred tax assets related to deductible temporary differences total $544,231.

Notes to the consolidated financial statements for the year ended 31 March 2021

13. Current and deferred tax (cont.)

The New Zealand Group has unrecognised tax losses of $19,178,691 (2020: $14,793,000), available for use against future taxable profits, subject to the New Zealand Tax Legislation requirements being met.

The entity incorporated in the United States has unrecognised tax losses of $32,333,968 (2020: $34,579,439, of which $7,917,482 is available indefinitely for use against future taxable profits and $24,416,486 available to be carried forward up to 20 years from the date the tax loss was created.

14. Contributed equity

Share capital

	2021	2020
	$'000's	**$'000's**
On issue at beginning of year	61,498	55,132
Issued under share placement	9,757	5,306
Issued under share purchase plan	9,938	1,194
Less listing costs offset against issue proceeds	(1,230)	(560)
Exercise of share options	446	37
Issued as part of business combination	523	389
Total share capital	**80,932**	**61,498**

Share capital on issue

	2021	2020
Fully paid total shares at beginning of year	102,194,048	90,469,567
New ordinary shares offered	28,963,035	10,833,333
Ordinary shares issued on settlement of options	1,128,334	242,134
Ordinary shares issued as part of business combination	855,346	649,014
Fully paid ordinary shares	**133,140,763**	**102,194,048**

Notes to the consolidated financial statements for the year ended 31 March 2021

15. Property, plant and equipment

	Plant & equipment	IKE rental devices	Office furniture & equipment	Total
	$'000's	$'000's	$'000's	$'000's
Cost				
Balance at 1 April 2019	1,219	183	753	2,155
Additions	-	587	194	781
Disposals	-	(115)	(47)	(162)
Exchange differences	-	62	75	137
Balance at 31 March 2020	**1,219**	**717**	**975**	**2,911**
Balance at 1 April 2020	1,219	717	975	2,911
Additions	92	594	158	844
Disposals	-	(225)	(377)	(602)
Exchange differences	-	(100)	(106)	(206)
Balance at 31 March 2021	**1,311**	**986**	**650**	**2,947**
Depreciation				
Balance at 1 April 2019	719	34	481	1,234
Depreciation for the year	241	116	153	510
Disposals	-	(4)	(40)	(44)
Exchange differences	-	10	36	46
Balance at 31 March 2020	**960**	**156**	**630**	**1,746**
Balance at 1 April 2020	960	156	630	1,746
Depreciation for the year	232	231	196	659
Disposals	-	(60)	(369)	(429)
Exchange differences	-	(21)	(61)	(82)
Balance at 31 March 2021	**1,192**	**306**	**396**	**1,894**
Carrying amounts				
At 31 March 2020	**259**	**561**	**345**	**1,165**
At 31 March 2021	**119**	**680**	**254**	**1,053**

Notes to the consolidated financial statements for the year ended 31 March 2021

16. Intangible assets

	Development assets	Work in Progress	Patents	Goodwill	Customer contracts, relationships and trademarks	Training materials	Total
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Cost							
Balance at 1 April 2019	8,995	125	174	-	-	-	9,294
Additions	3,794	284	-	-	303	206	4,587
Exchange differences	314	15	-	-	18	13	360
Balance at 31 March 2020	**13,103**	**424**	**174**	**-**	**321**	**219**	**14,241**
Balance at 1 April 2020	13,103	424	174	-	321	219	14,241
Additions	4,266	915	-	3,199	382	-	8,762
Disposals	-	-	-	-	-	-	-
Exchange differences	(601)	-	-	85	(36)	(31)	(583)
Balance at 31 March 2021	**16,768**	**1,339**	**174**	**3,284**	**667**	**188**	**22,420**
Amortisation and impairment losses							
Balance at 1 April 2019	5,549	-	174	-	-	-	5,723
Amortisation for the year	887	-	-	-	38	11	936
Impairment	1,100	-	-	-	-	-	1,100
Exchange differences	14	-	-	-	-	-	14
Balance at 31 March 2020	**7,550**	**-**	**174**	**-**	**38**	**11**	**7,773**
Balance at 1 April 2020	7,550	-	174	-	38	11	7,773
Amortisation for the year	845	-	-	-	82	19	946
Impairment	85	-	-	-	-	-	85
Exchange differences	(220)	-	-	-	(8)	(1)	(229)
Balance at 31 March 2021	**8,260**	**-**	**174**	**-**	**112**	**29**	**8,575**
Carrying amounts							
At 31 March 2020	**5,553**	**424**	**-**	**-**	**284**	**207**	**6,468**
At 31 March 2021	**8,508**	**1,339**	**-**	**3,284**	**555**	**159**	**13,845**

Total additions consist of $5,792,000 of cash and $2,970,000 of non-cash additions included in the investing outflows in the statement of cash flows.

The Goodwill asset has been allocated to CGU 4 and tested for impairment within this CGU. See note 2 Impairment and Business Combinations for the assumptions utilised at arriving at the value.

Notes to the consolidated financial statements for the year ended 31 March 2021

16. Intangible assets (cont.)

During the year the group recognised a number of assets from a business combination. See note 2 – Business combinations for the assumptions utilised to arrive at the initial fair value of Goodwill, Work in progress, Development assets and Customer Contracts recognised as part of that combination. The inputs utilised to determine the fair value were level 3, unobservable inputs. See note 19 for details of the fair value hierarchy.

17. Financial instruments and financial risk management

Financial instruments

The Group's principal financial instruments comprise cash balances, trade and other receivables, trade and other payables, employee entitlements and other liabilities.

The following table shows the designation of the Group's financial instruments:

				2021 $'000's			2020 $'000's
	Financial Assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at fair value	Total carrying value	Financial Assets at amortised cost	Financial liabilities at amortised cost	Total carrying value
Financial assets							
Cash and cash equivalents	11,342	-	-	11,342	4,327	-	4,327
Trade and other receivables	2,542	-	-	2,542	1,504	-	1,504
Total financial assets	**13,884**	**-**	**-**	**13,884**	**5,831**	**-**	**5,831**
Financial liabilities							
Employee entitlements	-	303	-	303	-	231	231
Trade payables	-	591	-	591	-	469	469
Other payables	-	-	-	-	-	292	292
Accrued expenses	-	369	-	369	-	170	170
Lease liabilities	-	513	-	513	-	809	809
Other liabilities	-	816	3,226	4,042	-	1,108	1,108
Total financial liabilities	**-**	**2,592**	**3,226**	**5,818**	**-**	**3,079**	**3,079**

Financial risk factors

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risks, which arise in the normal course of the Company and Group's business. The Group uses different methods to measure and manage different types of risks to which it is exposed. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Notes to the consolidated financial statements for the year ended 31 March 2021

17. Financial instruments and financial risk management (cont.)

Credit risk

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Financial instruments that potentially subject the Group to credit risk principally consist of cash and cash equivalents, and trade and other receivables. All cash and cash equivalents in New Zealand are held with high credit quality counterparties, being trading banks with "AA-" grade or better credit ratings, and a Moody's A3 rating in the USA. The Group does not require collateral or security from its trade receivables. The Group performs credit checks and ageing analyses and monitoring of specific credit allowances. The Group does not anticipate any material non-performance of those customers. The total impaired trade receivables as at balance date is $105,562 (2020: $328,605).

At balance date 81% (2020: 79%) of the Group's cash and cash equivalents were with one bank. The Group will continue to monitor the impact of COVID-19 on customers' ability to pay outstanding receivables (refer note 2).

Maximum exposure to credit risk at balance date:

	2021	2020
	$'000's	**$'000's**
Cash at bank	11,342	4,327
Trade and other receivables	2,630	1,576
Total	**13,972**	**5,903**

Liquidity risk

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's forward financing plans, commitments and the close monitoring of any impact COVID-19 has on the business (refer note 2). Based on this the Group believes that it has sufficient liquidity to meet its obligations as they fall due for the next 12 months.

The following table sets out the undiscounted cash flows for all financial liabilities of the Group:

						2021
						$'000's
	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	3 to 4 years	No stated maturity
Employee entitlements	303	-	-	-	-	303
Trade payables	591	591	-	-	-	-
Accrued expenses	369	369	-	-	-	-
Lease liabilities	525	185	173	167	-	-
Other liabilities	4,277	223	93	147	-	3,814
Total financial liabilities	**6,065**	**1,368**	**266**	**314**	**-**	**4,117**

17. Financial instruments and financial risk management (cont.)

2020 $'000's	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	3 to 4 years	No stated maturity
Employee entitlements	231	-	-	-	-	231
Trade payables	469	469	-	-	-	-
Other payables	292	203	89	-	-	-
Accrued expenses	170	170	-	-	-	-
Lease liabilities	809	160	167	482	-	-
Other liabilities	300	166	-	81	53	-
Total financial liabilities	**2,271**	**1,168**	**256**	**563**	**53**	**231**

Foreign currency risk management

The Group is exposed to foreign currency risk on its sales and a significant portion of its expenses that are denominated in USD which is different to the Group's presentation currency. The Group currently does not hedge its exposures arising from its transactions denominated in a foreign currency.

At 31 March 2021, had the local currency strengthened / weakened against the USD by 10% the pre-tax loss would have been (higher)/lower as follows:

	Carrying value of FX impacted financial instruments	+10%	-10%
	USD $'000's	**$'000's**	**$'000's**
Cash and cash equivalents	5,881	(764)	934
Trade and other receivables	1,752	(227)	278
Trade and other payables	252	33	(40)
Intercompany balance foreign	29,315	(3,807)	4,653

Interest rate risk management

The Group's interest rate risk arises from its cash balances. The Group currently has no significant exposure to interest rate risk other than in relation to the amount held at the bank. A reasonably expected movement in the prevailing interest rate would not materially affect the Group's consolidated financial statements.

18. Capital management

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the Company. The Group manages its capital to ensure the entities in the Group are able to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

In the current financial year, the Group completed an institutional placement, accelerated entitlement offer and retail entitlement offer raising $19.7m. The Group's aim is to maintain a sufficient capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Group's capital requirements are regularly reviewed by the Board of Directors.

There have been no material changes in the Group's management of capital from the previous year.

This note should be read in conjunction with note 2; Going Concern which outlines the material uncertainty around the Group's going concern assumption and the FY22 plan that Directors believe will enable the Group to continue operations.

19. Fair value estimation

The Group measures certain assets and liabilities at fair value either at initial recognition and/or continually. In order to determine these fair values, valuation techniques are utilised.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has identified what level of input is utilised in the valuation in the note for each asset or liability. An explanation of each level is below.

Level 1: The fair value of assets/liabilities traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of assets/liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the asset/liability is included in level 3.

Assets and liabilities measured utilising fair value are outlined below:

Other liabilities – see note 21

20. Commitments and contingencies

	2021 $'000's	2020 $'000's
Non-cancellable short-term leases and low value or lease related costs		
Less than one year	211	232
Between one and five years	66	308
Total	**277**	**540**

Operating leases are in relation to rented premises (short term under one year) and photocopiers (low value assets). This does not include leases accounted for under IFRS 16.

Contingent asset

The Group has recorded a sales tax provision for outstanding tax not collected, refer note 28. The Group has the right to reduce this obligation further by invoicing customers the sales tax shortfall, however any such recovery has not been recognised due to it not being virtually certain of receipt. Contacting customers is yet to commence, therefore due to the uncertainty of the outcome of this process of it is not practical to provide an estimate of any potential recoveries at the reporting date.

21. Other liabilities

	2021 $'000's	2020 $'000's
Less than one year		
Accrued liability for services	316	166
Deferred consideration on business combination	352	408
Earn-out consideration on business combination	3,226	-
	3,894	**574**
Between one and three years		
Accrued liability for services	148	134
Deferred consideration on business combination (share based)	-	400
	148	**534**
Total other liabilities	**4,042**	**1,108**

All other liabilities are in relation to business combination entered into in both the current and prior year.

21. Other liabilities (cont.)

Accrued liabilities for services

The Group has employment agreements, which result in cash payments being made to staff at the end of a three-year service period. The expenses are accrued as services are delivered and payment is made at the end of the service period. The liability is initially measured at fair value and subsequently measured at amortised cost.

Deferred consideration on business combination

The Group acquired PoleForeman assets in the 2020 year. As part of this transaction consideration was deferred for a period over three-years. Consideration consists of a cash payment and an unfixed number of shares. The liability is initially measured at fair value and subsequently measured at amortised cost.

Earn out consideration on business combination (cash and shares)

During the year, the Group acquired certain assets from Visual Globe LLC. As part of this acquisition contingent consideration was recognised related to revenue milestones. The consideration consists of both cash payments and share issues. The contingent consideration liability is initially and subsequently measured at fair value with gains or losses recognised in profit or loss. A revaluation of contingent consideration of $178,000 has been recognised in the year from the movement of this instrument.

The fair value of contingent consideration was measured utilising discounted cashflow methods, using the assumptions outlined in note 2. At year end the assumptions had not materially changed and the fair value movement represents the unwind of the discount.

The inputs utilised to determine the fair value were level 3, unobservable inputs.

22. Leases

The Group leases different offices spaces in Colorado and Wellington. These leases typically run for a period ranging from 1 to 3 years with an option to renew the lease. The renewal periods were not taken into account as management is not reasonably certain that these leases will be renewed.

During the year the Group entered into a new 3 year lease for office space in Wellington, New Zealand. The Group's incremental borrowing rate applied to the new lease liabilities was 5.50%.

The Group has adopted NZ IFRS 16 from 1 April 2019 using the simplified transition approach. Under this approach the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to retained earnings as at 1 April 2019.

The Group elected to apply the exemption for low-value assets on the lease of the photocopier and the exemption for short term leases on the office space rented in Alabama. The lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements for the year ended 31 March 2021

22. Leases (cont.)

The Group negotiated rent deferrals with both its Colorado and Wellington office leases as a result of the impact of the COVID-19 pandemic during the year. The practical expedient for COVID-19-related rent concessions as detailed in the Amendment to IFRS 16 were applied consistently to eligible rent deferrals/concessions. The payments deferred had no material impact on the value of the lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the 'incremental borrowing rate'. The Group's incremental borrowing rate applied to the lease liabilities was 5.50%.

Lease Liabilities

	2021 $'000's	2020 $'000's
Balance at 1 April	809	-
Additions due to first-time adoption of IFRS 16	-	412
Additions during the year	73	528
Payments made	(310)	(161)
Interest charges	37	30
Derecognition of lease liability	(20)	-
Exchange differences	(76)	-
Balance at 31 March	**513**	**809**

The maturity of the lease liabilities is as follows:

	2021 $'000's	2020 $'000's
Less than one year	339	327
One to five years	174	482
Lease liabilities recognised as at 31 March	**513**	**809**

Lease Assets

	2021 $'000's	2020 $'000's
Balance at 1 April	727	-
Additions due to first-time adoption of IFRS 16	-	367
Additions during the year	73	532
Depreciation charges	(283)	(172)
Derecognition of lease assets	(20)	-
Exchange differences	(63)	-
Balance at 31 March	**434**	**727**

Notes to the consolidated financial statements for the year ended 31 March 2021

22. Leases (cont.)

The following leases are exempt from the application of NZ IFRS 16 and have been recognised as an expense in the consolidated statement of profit and loss:

	2021	2020
	$'000's	**$'000's**
Photocopier	3	4
Office space	56	69
	59	**73**

23. Cash used in operations

	2021	2020 Restated
	$'000's	**$'000's**
Loss for the year	**(7,492)**	**(6,038)**
Less investment interest received	(8)	(12)
Add non-cash items included in net loss		
Depreciation	945	680
Amortisation of intangible assets	947	936
Asset impairment	85	1,100
Raw materials write-off	286	146
Debtor & Creditor write off	(88)	258
Deferred tax expense	-	17
Share based payment expense	880	512
Write off of obsolete materials, assets and IKE devices transferred to customers on rental close out	169	118
Revaluation of contingent consideration	178	-
Foreign exchange (gains)/losses	553	(5)
	3,545	**3,750**
Add/(less) movement in working capital items		
Decrease/(Increase) in trade and other receivables	(1,058)	(524)
Decrease/(Increase) in inventories	260	134
Decrease/(Increase) in prepayments	427	(390)
Increase/(Decrease) in trade and other payables	(29)	485
Increase/(Decrease) in deferred income	(30)	990
Increase/(Decrease) in other liabilities	230	282
Increase/(Decrease) in provision	275	201
Increase/(Decrease) in employee entitlements	(72)	6
	3	**1,184**
Net cash used in operating activities	**(3,542)**	**(1,104)**

Notes to the consolidated financial statements for the year ended 31 March 2021

24. Basic and diluted earnings per share

	2021 $'000's	2020 Restated $'000's
Total loss for the year attributable to the owners of the parent	(7,492)	(6,038)
Ordinary shares issued	133,140,763	102,194,048
Weighted average number of shares issued	121,474,636	95,950,183
Basic loss per share	$(0.06)	$(0.06)

There has been no change to the 2020 loss per share as a result of the restatement.

The potential shares and options are anti-dilutive in nature due to the Group being in a loss position. The diluted loss per share is therefore the same as the undiluted EPS at ($0.06) and ($0.06) for the respective periods.

25. Share based payments

Share based payments are in relation to both share options granted and contractual share payments to be made to employees based on the period of employment.

	2021 $'000's	2020 Restated* $'000's
Share based payment reserve		
Share options	913	632
Share based payment on earn-out	265	121
Total	**1,178**	**753**

*See note 26 for details on prior period error.

The contractual share based payments are in relation to employees who have service conditions, which when completed grant the right to shares. These arrangements arose from prior business combinations. The Company has no legal or constructive obligation to settle the shares in cash and has no history of choosing to settle these payments in cash. As such, these awards are treated as equity settled share based payments.

The Company determines the value of shares issued under contractual share-based payments based on the agreed share price at the time of grant. This price is fixed.

A total of 226,415 shares at a value of $135,849 were issued during the period for services rendered.

Share options are granted to directors and selected employees to retain, reward and motivate such individuals to contribute to the growth and profitability of the Group.

25. Share based payments (cont.)

Options outstanding at 31 March 2021 have a contractual life from grant date of between 2.5 and 6 years. Options can be exercised at any time after vesting and unexercised options expire at the end of the contract or if the employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Any share to be issued on the exercise of the option will be issued on the same terms and will rank equally in all respects with the ordinary shares in the company on issue.

Movements in the number of share options outstanding and their related average exercise prices are as follows:

	2021		2020 (restated)	
	Average Exercise Price	**Options ('000's)**	**Average Exercise Price**	**Options ('000's)**
At 1 April	0.53	4,785	0.52	3,350
Granted	0.78	1,550	0.51	2,275
Exercised	0.52	(2,599)	0.44	(567)
Forfeited	0.57	(231)	0.52	(273)
Expired	nil	nil	nil	nil
	$0.64	**3,505**	**$0.53**	**4,785**

Out of the 3,504,998 outstanding options 1,820,852 (2020: 2,867,923) had vested and were exercisable at 31 March 2021.

Options outstanding

Share options outstanding at the end of the year have the following expiry date and exercise price.

25. Share based payments (cont.)

Year Granted	Expiry date	Exercise price	2021 Number of options	2021 Term remaining (years)	2020 (restated) Number of options	2020 (restated) Term remaining (years)
2017					200,000	0.25
2018					1,100,000	1.00
2018					1,400,000	1.00
2019	31-Dec-21	$0.64	250,000	0.75	250,000	1.75
2020	31-Mar-25	$0.51	850,000	4.00	1,150,000	5.00
2020	31-Mar-25	$0.51	75,001	4.00	75,001	5.00
2020	31-Mar-25	$0.51	379,997	4.00	499,999	5.00
2020	31-Mar-25	$0.51	400,000	4.00	400,000	5.00
2020	30-Sep-25	$0.65		4.50	150,000	5.00
2021	31-Dec-24	$0.90	300,000	3.75		
2021	30-Jun-25	$0.75	1,250,000	4.25		

Measurement of fair value

The Company determined the fair value of options issued using the Black Scholes valuation model. The significant inputs to the model are level 3 inputs and were:

	2021	2020 (restated)
Fair value of options issued in the year	$0.47, $0.62, $0.64, $0.67	$0.16, $0.17, $0.49, $0.41
Weighted average share price	$0.78	$0.51
Exercise price	$0.90 & $0.75	$0.51 & $0.65
Volatility	55%	30%
Dividend yield	Nil	Nil
Risk free interest rate	0.10% - 0.37%	0.80% - 1.27%

See note 19 for details of the fair value hierarchy.

26. Restatement of prior period errors

In the preparation of the FY21 financial results, the Group has identified a number of matters which require the correction of prior period errors in historic financial statements.

Notes to the consolidated financial statements for the year ended 31 March 2021

26. Restatement of prior period errors (cont.)

Consolidated statement of profit or loss and other comprehensive income	31 March 2020	Increase	31 March 2020 Restated
	$'000's	$'000's	$'000's
Recognition of vesting of share-based payments		149	
Share options forfeited during the year		(17)	
Sales tax expense		201	
Corporate costs	4,011	333	4,344
Exchange differences on translation of foreign operations	552	(52)	500

Consolidated balance sheet

	31 March 2019	Increase / (Decrease)	31 March 2019 Restated	31 March 2020	Increase / (Decrease)	31 March 2020 Restated
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
Assets						
Property, plant and equipment	944	(23)	921	1,188	(23)	1,165
Intangible assets	3,604	(33)	3,571	6,501	(33)	6,468
Lease assets	-	-	-	705	22	727
Liabilities						
Provision	-	268	268	-	521	521
Non-current lease liabilities	-	-	-	460	22	482
Equity						
Share based payment reserve	192	79	271	545	208	753
Foreign currency translation reserve	(115)	(5)	(120)	437	(56)	381
Accumulated losses	(45,846)	(398)	(46,244)	(51,596)	(729)	(52,325)

Accumulated losses consist of:	31 March 2019	Increase / (Decrease)	31 March 2019 Restated	31 March 2020	Increase / (Decrease)	31 March 2020 Restated
Rental pool under depreciated		(23)			(23)	
Amortisation of intangibles		(33)			(33)	
Share based payment		(79)			(208)	
Sales tax expense		(263)			(465)	
Accumulated losses	(45,846)	(398)	(46,244)	(51,596)	(729)	(52,325)

Share based payment reserve consists of:						
Share option expense		103			251	
Options forfeited during the year		(24)			(43)	
Share based payment reserve	192	79	271	545	208	753

26. Restatement of prior period errors (cont.)

Sales tax provision

The Group identified that customer sales tax may be payable in multiple States relating to prior period sales and a best estimate of the liability has been provided for in the respective periods refer to note 28.

Share based payments.

In FY21 it was discovered that the recognition of share-based payment expense had been incorrectly recorded. The error resulted in an understatement of the share-based payment expense and corresponding reserve for FY20 and earlier years. The Group had historically recognised the share-based payment expense on a straight-line basis as the options vest. However, a share based payment expense for each option granted should be recognised from grant date to the date the option vests. This results in a higher share-based payment expense being recognised in earlier vesting periods and a lower expense being recognised in later vesting periods rather than an equal expense recognised over the vesting period.

Accumulated identified misstatements

The Group has carried forward a number of prior year uncorrected misstatements backdating to financial years before 31 March 2020 as they were deemed immaterial. With the reduced overall materiality applicable for the current year, these carried forward adjustments now have a material impact on the opening retained earnings in aggregate. The Group is correcting these carried forward adjustments by way of restatement of a prior period as a prior period error.

These carried forward adjustments relate to:

+ The rental pool assets that were under depreciated by $23,000 in the 2019 financial year due to the Group not capitalising the assets when they we initially leased to customers.

+ Capitalised intangible assets being under amortised by $33,000. In 2019 financial year the Group failed to amortise development costs capitalised for a project, thereby overstating intangible assets.

+ In FY20 the Group valued options issued using a volatility rate of 30%, a higher volatility rate was deemed more appropriate for the year resulting in an adjustment of $18,000 in FY20.

+ In FY20 the Group, as part of the adoption of NZ IFRS 16 leases, calculated the lease liability and leased asset using an incremental borrowing rate of 5.5%, this was deemed too high resulting in an understatement of both the leased asset and leased liability of $22,000 in FY20.

26. Restatement of prior period errors (cont.)

The following table supplements restated amounts:	Note	31 March 2020 $'000's	Increase $'000's	31 March 2020 Restated $'000's
Lease assets and lease liabilities	**22**			
Lease liability additions during the year		506	22	528
Lease asset additions during the year		510	22	532
Share based payment reserve	**25**			
Share options		424	208	632
Sales tax provision	**28**			
Sales tax provision		-	521	521
Operating expenses	**7**			
Sales tax provision		-	201	201
Share based payment		380	132	512
Related parties	**27**			
Share option expense directors and senior management		160	69	229

27. Related parties

	2021 $'000's	2020 Restated $'000's
Short term benefits to directors and senior management	1,581	1,535
Share option expense for directors and senior management	367	229

*This note has been restated to reflect a prior period error see note 26.

Key management are identified as the Chief Executive Officer, Chief Financial and Operating Officer and Directors.

The Group issued 850,000 of unlisted share options at NZD$0.75 and NZD$0.90 to Directors and key management during the period in accordance with the ikeGPS Group Limited Employee Share Scheme.

In addition to the unlisted options issued, key management and directors exercised 1,825,001 unlisted options (1,600,000 exercisable at NZD$0.54, 25,001 exercisable at NZD$0.51 and 200,000 exercisable at NZD$0.29) resulting in 991,407 new ordinary shares being issued to key management and directors.

28. Sales tax provision

	2021	2020 Restated*	2019 Restated*
	$'000's	$'000's	$'000's
Opening balance	521	268	74
Sales tax expense	275	201	189
Foreign exchange movement	(85)	52	6
Closing balance	711	521	268

The primary market for sales of the Group's products or services is the United States of America. Sales tax obligations can arise in individual States where IKE is deemed to have sales tax nexus. The Group identified that customer sales tax may be payable in multiple States relating to prior and current period sales and a best estimate of the liability has been provided for in the respective periods.

In determining the liability, the Group has reviewed all states where sales have been made over the last 5 years to determine if a sales tax nexus was triggered (obligation to register and collect sales tax in the state). A sales tax nexus is achieved through either having a physical presence or reaching an economic threshold. The Group reviewed physical nexus triggers over the period, with regards to rental units the group has made the judgement that more than 3 units sold annually within an individual state triggers a physical nexus.

The Group also reviewed the value of sales made in each state to determine if an economic threshold was met in any individual state.

If a state was deemed to have a nexus, the Group has applied an average state sales tax rate of 7.3% on the taxable transactions and applied an average interest rate of 10% to the outstanding amounts. The Group believes that due to the nature of the companies it transacts with, being utilities and communications companies or engineering service providers, a portion of the tax outstanding may either not be payable or has already been paid directly by the customer. However, due to the uncertainty of estimating this impact, the Group made the judgement not to reduce the sales tax provision calculated. In assessing the sales tax provision, the Group performed a sensitivity analysis which included an assessment of the probability of customers holding any exempt certificates or having self-paid the amounts owing and the physical nexus judgement discussed above.

The Group is in the process of registering in the states identified and remitting the sales tax owed, the timing of this is likely to occur over the first half of FY22. The Group will contact customers to request any exemption certificates or confirm that the customers have self-paid. The Group also retains the right to reduce this obligation further by invoicing the customer the sales tax shortfall, however any recovery has not been recognised due to it not being virtually certain of receipt. The error resulted in an understatement of the corporate expense and corresponding sales tax provision for FY20 and earlier years.

29. Subsequent events

There are no subsequent events.

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