Financial Results

Year End // 31 March 2021

ikeGPS Group Limited

Contents

Consolidated statement of profit or loss and other comprehensive income

			Year ended 31 March Group		
			2021		2020
			Unaudited		Restated*
Continuing operations			**$'000's**		**$'000's**
Operating revenue			9,324		9,838
Cost of sales			(3,403)		(2,878)
Gross profit			**5,921**		**6,960**
Other income			915		1
Foreign exchange (losses)/gains			(468)		5
Fair value movements			(178)		-
Total other income, gains and losses			**269**		**6**
Support costs			(428)		(541)
Sales and marketing expenses			(5,556)		(4,697)
Research and engineering expenses			(2,445)		(3,383)
Corporate costs*			(5,124)		(4,447)
Expenses			**(13,553)**		**(13,068)**
Operating loss			**(7,363)**		**(6,102)**
Net finance (expense)/income			(54)		(22)
Net loss before income tax			**(7,417)**		**(6,124)**
Income tax (expense)/credit			-		(17)
Loss attributable to owners of ikeGPS Group			**(7,417)**		**(6,141)**
Other comprehensive loss					
Exchange differences on translation of foreign operations *			(1,017)		467
Comprehensive loss			**(8,434)**		**(5,674)**
Basic and diluted loss per share	5	$	(0.06)	$	(0.06)

*See note 6 for details of restatement of prior period error.

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

Consolidated statement of changes in equity

	Share capital $'000's	Accumulated losses Restated* $'000's	Share based payment reserve Restated* $'000's	Foreign currency translation reserve Restated* $'000's	Total $'000's
Opening balance at 1 April 2019	**55,132**	**(45,846)**	**192**	**(115)**	**9,363**
Changes in accounting policy	-	(45)	-	-	(45)
Restatement of prior period error*	-	(595)	77	(11)	(529)
Restated balance at 1 April 2019	**55,132**	**(46,486)**	**269**	**(126)**	**8,789**
Loss for the year*	-	(6,141)	-	-	(6,141)
Currency translation differences*	-	-	-	467	467
Total comprehensive income/(loss)	**-**	**(6,141)**	**-**	**467**	**(5,674)**
Issue of ordinary shares	5,940	-	-	-	5,940
Recognition of vesting of share-based options*	-	-	426	-	426
Issue of shares from exercising share options	37	-	(27)	-	10
Share options forfeited during the year*	-	-	(20)	-	(20)
Share based payment reserve movement	389	-	121	-	510
Total transactions with owners	**6,366**	**-**	**500**	**-**	**6,866**
Restated Balance at 31 March 2020	**61,498**	**(52,627)**	**769**	**341**	**9,981**

	Share capital $'000's	Accumulated losses $'000's	Share based payment reserve $'000's	Foreign currency translation reserve $'000's	Total $'000's
Opening balance at 1 April 2020*	**61,498**	**(52,627)**	**769**	**341**	**9,981**
Loss for the year	-	(7,417)	-	-	(7,417)
Currency translation differences	-	-	-	(1,017)	(1,017)
Total comprehensive loss	**-**	**(7,417)**	**-**	**(1,017)**	**(8,434)**
Issue of ordinary shares	18,465	-	-	-	18,465
Recognition of vesting of share-based options	-	-	691	-	691
Issue of shares from exercising share options	446	-	(311)	-	135
Share options forfeited during the year	-	-	(36)	-	(36)
Share based payment reserve movement	523	-	116	-	639
Total transactions with owners	**19,434**	**-**	**460**	**-**	**19,894**
Balance at 31 March 2021	**80,932**	**(60,044)**	**1,229**	**(676)**	**21,441**

*See note 6 for details of restatement of prior period errors.

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

Consolidated balance sheet

	As at 31 March		
			Group
	2021	2020	2019
	Unaudited	Restated*	Restated*
ASSETS	**$'000's**	**$'000's**	**$'000's**
Current assets			
Cash and cash equivalents	11,342	4,327	3,475
Trade and other receivables	2,630	1,576	1,370
Prepayments	254	681	294
Inventory	798	876	1,691
Total current assets	**15,024**	**7,460**	**6,830**
Non-current assets			
Property, plant and equipment	1,053	1,165	921
Intangible assets	13,795	6,468	3,571
Inventory	352	534	-
Lease assets	434	727	-
Deferred tax asset	-	-	17
Total non-current assets	**15,634**	**8,894**	**4,509**
Total assets	**30,658**	**16,354**	**11,339**
LIABILITIES			
Current liabilities			
Trade and other payables	861	931	505
Employee entitlements	304	231	226
Provision*	1,012	847	473
Other liabilities	3,902	574	-
Lease liabilities	339	327	-
Deferred income	2,449	2,392	1,246
Total current liabilities	**8,867**	**5,302**	**2,450**
Non-current liabilities			
Lease liabilities	174	482	-
Other liabilities	148	534	-
Deferred income	28	55	55
Total non-current liabilities	**350**	**1,071**	**55**
Total liabilities	**9,217**	**6,372**	**2,505**
Total net assets	**21,441**	**9,981**	**8,834**
EQUITY			
Share capital	80,932	61,498	55,132
Share based payment reserve*	1,229	769	269
Accumulated losses*	(60,044)	(52,627)	(46,441)
Foreign currency translation reserve*	(676)	341	(126)
Total equity	**21,441**	**9,981**	**8,834**

*See note 6 for details of restatement of prior period errors.

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

Consolidated statement of cash flows

	Year ended 31 March Group	
	2021 Unaudited	2020
	$'000's	$'000's
Cash flows from operating activities		
Cash receipts from customers	8,562	10,306
Cash paid to suppliers and employees	(12,596)	(11,303)
Payment of low value and short term leases	(59)	(73)
Payroll protection programme payments	838	-
Interest paid	(63)	(34)
Net cash used in operating activities	**(3,317)**	**(1,104)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(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	**18,360**	**5,789**
Net (decrease)/increase in cash and cash equivalents	**8,414**	**641**
Cash and cash equivalents at 1 April	4,327	3,475
Effect of exchange rate fluctuations on cash held	(1,399)	211
Cash and cash equivalents	**11,342**	**4,327**

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

Notes to the consolidated financial results 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 results 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 unaudited consolidated financial results were authorised for issue by the Directors on 31 May 2021.

2. Basis of preparation

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

Basis of measurement

These unaudited consolidated financial results do not include all the notes normally included in the annual consolidated financial statements presented in accordance with New Zealand Generally Accepted Accounting Practice. Accordingly, this report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2020. All significant policies have been applied on a basis consistent with those used in the audited financial statements of the Group for the year ended 31 March 2020.

Critical estimates and judgments

The preparation of financial results 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.

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 results are outlined below.

Notes to the consolidated financial results 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 $3,317,000 (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 May 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 May 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.

2. Basis of preparation (cont.)

albeit with 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 $19.7m. 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 $11.3m, 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 results 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.

CGU 4 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.

CGU1 was determined to have a carrying value of $4,558,090. 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 post-tax discount rate of 13% 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 post-tax discount rate of 13% 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 $135,000 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 results 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.

The Directors have assessed the performance of CGU4 subsequent to the date of acquisition and determined it continues to meet the forecasts used to calculate the fair values of the assets and liabilities acquired as part of the business combination. Consequently, the Directors have applied the same assumptions in assessing the recoverable amount of CGU4 on a value in use basis and concluded that no impairment exists. However any change in these assumptions would result in an impairment being recognised.

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
Cash Paid	4,600
Contingent consideration	2,969
Total purchase consideration	**7,569**

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

Intangible assets	$'000's
Technology	3,988
Customer relationships	361
Other	21
Net identifiable assets	**4,370**
Goodwill	3,199
Total net assets acquired	**7,569**

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.

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

2. Basis of preparation (cont.)

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 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 are outlined below:

Revenue target	Cash Consideration	Share Consideration
$'000's	**$'000's**	**$'000's**
3,300	1,300	560
10,100	2,600	1,120
21,000	3,900	1,680

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 USD$2.13m 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$1.2m, and a projected revenue growth rate of 145%, 103% and 41.8% respectively in the following years. Based on these revenue growth rates the model has an assumption that revenue targets one and two will be met in years three (2023) and four (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 that are expected to be achieved (being revenue target one and two) are achieved a year earlier than forecast the impact on profit or loss would be a decrease of USD $0.58m. If the targets are achieved a year later than forecast the impact on profit or loss would be an increase of USD $1.17m. If these revenue targets are not achieved profit or loss will increase by USD $2.13m.

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 $178,000), as there has been no change in the probability of the revenue targets being met.

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

2. Basis of preparation (cont.)

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 $3.988m 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$1.2m and a projected revenue growth rate of 145%, 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:

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

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

2. Basis of preparation (cont.)

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 $1m 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 $165,000 were recognised as employee expenses in 2021.

3. 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 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,
+ pole loading software licenses and ongoing subscriptions for maintenance and support,
+ transactional revenue by analysing pole data through an AI and machine learning platform through its recent acquisition of Visual Globe LLC.

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.

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

3. Operating segments (cont.)

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 (Point in time & Over time)	999	-	999	402	-	402
Contribution	**999**	**-**	**999**	**402**	**-**	**402**
Spike Sale of product	-	286	313	-	591	591
Subscription	-	34	34	-	50	50
Contribution	**-**	**114**	**114**	**-**	**400**	**402**
Gross Profit			**5,921**			**6,960**
Sales and marketing costs			(5,556)			(4,697)
Other corporate income and expenses			(7,782)			(8,387)
Net loss before tax			**(7,417)**			**(6,124)**

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

4. Basic and diluted earnings per share

	2021	2020
	$'000's	**$'000's**
Total loss for the year attributable to the owners of the parent	(7,417)	(6,124)
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)

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.

5. 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 results for the year ended 31 March 2021

6. 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.

Statement of profit or loss	31 March 2020	Increase	31 March 2020 Restated
	$'000's	**$'000's**	**$'000's**
Recognition of vesting of share-based payments		168	
Share options forfeited during the year		(20)	
Sales tax expense		288	
Corporate costs	4,011	436	4,447
Exchange differences on translation of foreign operations	552	(85)	467

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	-	473	473	-	846	846
Non-current lease liabilities				460	22	482
Equity						
Share based payment reserve	192	77	269	545	224	769
Foreign currency translation reserve	(115)	(11)	(126)	437	(96)	341
Accumulated losses	(45,891)	(595)	(46,486)	(51,596)	(1,031)	(52,627)
Accumulated losses consist of:						
Rental pool under depreciated		(23)			(23)	
Amortisation of intangibles		(33)			(33)	
Share based payment		(77)			(225)	
Sales tax expense		(462)			(750)	
Accumulated losses	(45,891)	(595)	(46,486)	(51,596)	(1,031)	(52,627)

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

7. Restatement of prior period errors (cont.)

Sales tax provision

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 period sales and a best estimate of the liability has been provided for in the respective periods. The error resulted in an understatement of the corporate expense and corresponding sales tax provision for FY20 and earlier years. IKE will look to reduce this obligation with offsetting customer exemptions certificates or invoicing the customer the sales tax shortfall, however any recovery has not been recognised due to it not being virtually certain of receipt.

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

Accumulated identified misstatements.

In the preparation of prior period financial statements, certain errors were identified but not corrected as they were deemed individually immaterial. These included:

+ Rental pool under depreciated
+ Intangible asset work in progress under depreciated
+ Volatility adjustment to the calculation of the share based payment expense.

In FY21 it has been determined that the accumulated effect of these misstatement is material to the opening retained earnings balance of the Group.

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