

150614

NESC Standards
No Violations

ICE



1.25"

WIND



50 MPH

TEMP



-15° F

50kV Transformer

CATV Amplifier



Consolidated Financial Statements

FY25 Interim Report

For the six month period ended 30 September 2024

Contents

Consolidated interim statement of profit or loss and other comprehensive income	1
Consolidated interim statement of changes in equity	2
Consolidated interim balance sheet	3
Consolidated interim statement of cash flows	4
Notes to the consolidated interim financial statements	5 to 13

Consolidated interim statement of profit or loss and other comprehensive income

Unaudited
6 months to
September 2024

Unaudited
6 months to
September 2023

Continuing operations		NZ\$000	NZ\$000
Operating revenue	4	12,172	10,519
Cost of sales		(4,071)	(4,344)
Gross profit		8,101	6,175
Other income	4	-	97
Foreign exchange gains		(398)	223
Movement of fair value assets and liabilities	4	(55)	73
Total other income, gains, and (losses)		(453)	393
Support costs		(753)	(678)
Sales and marketing expenses		(4,589)	(3,970)
Research and engineering expenses		(5,868)	(5,308)
Corporate costs		(3,608)	(3,594)
Expenses	4	(14,818)	(13,550)
Operating profit/(loss)		(7,170)	(6,982)
Net finance income/(expense)		59	132
Net profit/(loss) before income tax		(7,111)	(6,850)
Income tax expense		-	-
Profit/(loss) attributable to owners of ikeGPS Group		(7,111)	(6,850)
Other comprehensive gains			
Exchange differences on translation of foreign operations		130	443
Comprehensive income/(loss)		(6,981)	(6,407)
Basic and diluted earnings/(loss) per share		\$ (0.04)	\$ (0.04)

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

Consolidated interim statement of changes in equity


	Share capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Opening balance at 1 April 2023 (audited)	105,118	(75,492)	3,699	610	33,935
Profit for the period	-	(6,850)	-	-	(6,850)
Currency translation differences	-	-	-	443	443
Total comprehensive (loss)/ income	-	(6,850)	-	443	(6,407)
Issue of ordinary shares	-	-	-	-	-
Recognition of vesting of share-based options	-	-	471	-	471
Issue of shares from exercise of share options	57	-	(57)	-	-
Share based options forfeited during the period	-	71	(121)	-	(50)
Equity movements arising from business combinations	201	-	(165)	-	36
Total transactions with owners	258	71	128	-	457
Balance at 30 September 2023 (unaudited)	105,376	(82,271)	3,827	1,053	27,985


	Share capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Opening balance at 1 April 2024 (audited)	105,542	(90,307)	3,901	961	20,097
Loss for the period	-	(7,111)	-	-	(7,111)
Currency translation differences	-	-	-	130	130
Total comprehensive income	-	(7,111)	-	130	(6,981)
Recognition of vesting of share-based options	-	-	304	-	304
Issue of shares from share based payments	130	-	-	-	130
Issue of shares from exercise of share options	-	-	-	-	-
Share based options forfeited during the period	-	159	(47)	-	112
Equity movements arising from business combinations	112	-	(224)	-	(112)
Total transactions with owners	242	159	33	-	434
Balance at 30 September 2024 (unaudited)	105,784	(97,259)	3,934	1,091	13,550

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

Consolidated interim balance sheet

	Unaudited September 2024	Audited March 2024
	NZ\$000	NZ\$000
ASSETS		
Current assets		
Cash and cash equivalents	6,761	10,242
Trade and other receivables	4,357	5,114
Prepayments	1,518	782
Contract costs	827	696
Financial instruments	-	10
Inventory	1,098	1,865
Total current assets	14,561	18,709
Non-current assets		
Property, plant and equipment	2,221	2,857
Intangible assets	5	11,204
Inventory	161	205
Lease assets	1,052	1,245
Total non-current assets	14,638	17,392
Total assets	29,199	36,101
LIABILITIES		
Current liabilities		
Trade and other payables	905	1,226
Employee entitlements	1,578	1,664
Current tax payable	8	-
Provision	10	272
Other liabilities	6	279
Financial instruments	18	-
Lease liabilities	329	324
Deferred income	7,351	7,403
Total current liabilities	10,445	11,168
Non-current liabilities		
Lease liabilities	821	1,009
Deferred income	4,383	3,827
Total non-current liabilities	5,204	4,836
Total liabilities	15,649	16,004
Total net assets	13,550	20,097
EQUITY		
Share capital	8	105,784
Share based payment reserve	3,934	3,901
Accumulated losses	(97,259)	(90,307)
Foreign currency translation reserve	1,091	961
Total equity	13,550	20,097

Director  Date: 21 November 2024
NZ (New Zealand Time)

Director  Date: 21 November 2024
NZ (New Zealand Time)

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

Consolidated interim statement of cash flows

	Unaudited 6 months to September 2024	Unaudited 6 months to September 2023
	NZ\$000	NZ\$000
Operating activities		
Receipts from customers	13,926	11,189
Payments to suppliers and employees	(16,492)	(16,475)
Payment of low value and short term leases	(10)	(24)
Government Grants received	-	97
Interest paid	-	-
Net cash from/(used in) operating activities	9	(5,213)
Investing activities		
Purchases of property, plant, and equipment	(329)	(1,209)
Additions to intangible assets	(32)	(1,693)
Payment for financial instruments	-	-
Interest received	113	177
Net cash used in investing activities	(248)	(2,725)
Financing activities		
Payments of principal portion of lease liabilities	(210)	(138)
Proceeds from issuance of shares	-	-
Net cash (used in)/from financing activities	(210)	(138)
Net (decrease)/increase in cash and cash equivalents	(3,034)	(8,076)
Cash and cash equivalents at 1 April	10,242	18,048
Effect of exchange rate fluctuations on cash held	(447)	261
Cash and cash equivalents at the end of the period	6,761	10,233

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

Notes to the consolidated interim financial statements

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 interim financial statements for the six months ended 30 September 2024 comprise the Company and its subsidiaries (together referred to as the "Group"), which include 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 interim financial statements were authorised for issue by the Directors on 21 November 2024.

2. Basis of preparation

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

Basis of measurement

These unaudited interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and NZ IAS 34, Interim Financial Reporting.

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.

These unaudited interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2024, which were prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). All significant accounting 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 2024.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, 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.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2024, unless separately identified in the notes.

Notes to the consolidated interim financial statements

2. Basis of preparation (continued)

Going concern

The considered view of the Board Directors is that the going concern assumption is valid. This view has been reached after making due enquiry and having regard to the circumstances that the Directors consider will occur and those that are reasonably likely to affect the Group during the period of one year from the date these consolidated financial statements are approved.

The Group recorded a net loss of NZ\$7.1M (Unaudited) for the 6 months ended 30 September 2024 (2023: NZ\$6.9M) with a cashflow deficit of NZ\$3.0M for the same period (2023: NZ\$8.1M) and is expected to make further losses in the following financial year whilst continuing our trajectory to cash breakeven.

Notwithstanding the above, the Group has prepared cash flow forecasts and sensitivity analyses that indicate cash-on-hand at the end of the 6 month period (NZ\$6.8M), combined with the net cash flows from operations, will enable the Group to continue operating as a going concern for at least twelve months from the date of authorising these consolidated financial statements

Impairment of non-financial assets

At the end of the period, the Group has reviewed the cash generating unit (CGU) carrying amounts, key assumptions, and estimates for indicators of impairment. The Directors have identified the following CGUs:

- + CGU1 – IKE Core platform
- + CGU2 – Spike
- + CGU3 – IKE Structural
- + CGU4 – IKE Insight

The Directors determined that there have been no material changes since the 31 March 2024 Annual Report for CGU1, CGU2, and CGU3.

However, indicator of impairment existed in CGU4 due to the lower-than-expected revenue, requiring an estimate of the CGU4 recoverable amount.

CGU4 was determined to have a carrying value of \$6.9M including goodwill. CGU4 is an early-stage business segment and technology asset that IKE acquired January 2021. Future cash flows are forecasted based on a five-year business model for CGU4, with the year two revenue forecasted to be \$1.7M with an average revenue growth rate of 120% in years three to five and operating expenses reflecting the FY25 business plan. A pre-tax discount rate of 15.9% was used to establish the recoverable amount on a value in use basis. In determining the terminal value, the Group applied a 2% growth rate.

The Directors believe that given the large desire for automation in the industry and use of artificial intelligence to complete pole analysis the CGU could outperform these estimates. During the year the first of several products to be released have been launched in the marketplace with further products close to commercial launch.

However, given the prior years lower than expected revenue the Directors have taken a prudent approach to forecasting future revenues.

Based on this approach, the Directors have determined that no impairment of CGU4's intangible assets is required as the carrying amount does not exceed the value in use calculation.

Notes to the consolidated interim financial statements

3. Operating segments

The CEO is 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 of America.

The Group derives its revenue from:

Platform subscriptions:

- + the IKE Platform solution where customers use the functionality of IKE Office and if applicable the IKE Device,
- + pole loading software licences and ongoing subscriptions for maintenance and support.

Platform transactions:

- + IKE Analyze revenue by providing an end-to-end technical solution for customers; IKE captures and analyses pole loading and make-ready engineering assessments, or customers capture pole data and transact on the platform,
- + transactional revenue by analysing pole data through an artificial intelligence and machine learning platform.

Hardware and other services:

- + IKE Device and Spike device sales,
- + Other services including training and deployment.

The segment information provided to the CEO and Board of Directors for the six months ended 30 September 2024 was as follows:

	Unaudited 6 months to September 2024 NZ\$000	Unaudited 6 months to September 2023 NZ\$000
Platform Subscriptions		
Platform as a Service revenue	1,885	1,745
IKE Structural pole loading software licenses and subscription revenue	1,831	908
Subscription revenue	2,817	2,444
Cost of sales	(865)	(638)
Contribution	5,668	4,459
Platform Transactions		
IKE Analyze revenue	3,964	3,747
Cost of sales	(2,501)	(3,040)
Contribution	1,463	707
Hardware and other services		
Hardware and accessories revenue	1,202	1,365
Other service revenue	473	310
Cost of sales	(705)	(666)
Contribution	970	1,009
Total Operating Revenue	12,172	10,519
Total Cost of Sales	(4,071)	(4,344)
Total Gross Profit	8,101	6,175
Sales and marketing costs	(4,589)	(3,970)
Net attributable (other corporate income and expenses)	(10,623)	(9,055)
7 Net profit/(loss) before tax	(7,111)	(6,850)

Notes to the consolidated interim financial statements

4. Revenue and expenses

	Unaudited 6 months to September 2024 NZ\$000	Unaudited 6 months to September 2023 NZ\$000
Revenue		
Sale of product (point in time)	1,202	1,365
Platform as a Service (over time and point in time)	1,885	1,745
IKE Analyze (point in time)	3,964	3,747
IKE Insight (point in time)	-	-
IKE subscription (over time)	2,817	2,444
Pole loading licence and subscription (over time and point in time)	1,831	908
Services (point in time)	473	310
Total operating revenue	12,172	10,519
Government grants ¹	-	97
Other income	-	-
Total other income	-	97
Fair value movement on other liabilities	-	-
Fair value movement on financial instruments	(55)	73
Total movement of fair value assets and liabilities	(55)	73

Operating expenses

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

Amortisation of intangible assets	1,504	1,186
Depreciation ²	284	256
Total amortisation and depreciation	1,788	1,442
Audit of financial statements	128	113
Employee benefit expense	8,367	8,124
External contractors and consultants	678	1,237
Employee benefit, contractors and consultants expense capitalised ³	(36)	(1,434)
Share-based payment	511	421
Operating lease expenses ⁴	148	109
Direct selling and marketing ⁵	1,313	1,532
Movement of sales tax provision	4	-
Impairment of inventories	-	-
Other operating expenses ⁶	1,917	2,006
Total operating expenses	14,818	13,550

Notes to the consolidated interim financial statements

4. Revenue and expenses (continued)

- Government grants were payments received under the research and development tax incentive scheme relating to FY22 research and development costs and the NZTE International Growth Fund.
- Total depreciation for the period is \$973k (2023: \$868k), comprised of depreciation on fixed assets of \$803k (2023: \$716k) and depreciation on leased assets of \$170k (2023: \$152k). Engineering and research expenses included \$86k (2023: \$105k) and corporate costs included \$170k (2023: \$152k) of depreciation on leased assets under NZ IFRS 16. The balance of depreciation totalling to \$717k (2022: \$611k) is included in cost of sales.
- Relates to employee benefit expenses, external contractors, and consultants' expenses that are directly attributable to the development of intangible assets and have been capitalised.
- Relates to short term and low value leases and common area maintenance costs.
- Direct selling and marketing expenses includes expenses incurred mainly in relation to promotional activities such as commissions, travel, and other direct marketing expenses.
- Other operating expenses include corporate advisory, travel, engineering, facilities, and IT costs.

5. Intangible assets

	Development assets	Work in progress	Patents	Goodwill	Customer contracts, relationships, trademarks	Training materials	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Cost							
Balance at 1 April 2023	21,064	2,935	174	3,689	746	210	28,818
Additions	-	2,273	-	-	266	-	2,539
Transfers	2,806	(2,806)	-	-	-	-	-
Disposals/Expensed	(5)	(329)	-	-	-	-	(334)
Exchange differences	612	(10)	-	151	35	9	797
Balance at 31 March 2024	24,477	2,063	174	3,840	1,047	219	31,820
Balance at 1 April 2024	24,477	2,063	174	3,840	1,047	219	31,820
Additions	-	172	-	-	-	-	172
Transfers	1,511	(1,511)	-	-	-	-	-
Disposals	(6)	(135)	-	-	-	-	(141)
Exchange differences	(673)	(53)	-	(220)	(60)	(13)	(1,019)
Balance at 30 September 2024	25,309	536	174	3,620	987	206	30,832
Amortisation and impairment losses							
Balance at 1 April 2023	12,123	-	174	2,969	373	75	15,714
Amortisation for the year	2,342	-	-	-	178	71	2,591
Impairment	-	-	-	-	-	-	-
Exchange differences	272	-	-	130	26	2	430
Balance at 31 March 2024	14,737	-	174	3,099	577	148	18,735
Balance at 1 April 2024	14,737	-	174	3,099	577	148	18,735
Amortisation for the period	1,350	-	-	-	83	34	1,467
Disposals	(5)	-	-	-	-	-	(5)
Impairment	-	-	-	-	-	-	-
Exchange differences	(348)	-	-	(177)	(33)	(8)	(566)
Balance at 30 September 2024	15,734	-	174	2,922	627	174	19,631
Carrying amounts							
At 31 March 2024	9,740	2,063	-	741	470	71	13,085
At 30 September 2024	9,575	536	-	698	360	32	11,201

Notes to the consolidated interim financial statements

6. Other liabilities

Other liabilities are obligations from prior year business combinations and were initially recorded at fair value. They are deferred consideration and are subsequently measured at amortised cost.

	Unaudited 6 months to September 2024	Audited year ended March 2024
	NZ\$000	NZ\$000
Accrued liabilities for services	-	279
	-	279

Accrued liabilities for services

The Group has employment agreements that result in cash payments being made to certain staff at the end of a service period. The expense is accrued as services are delivered and payment is made at the end of the service period. The liability was initially measured at fair value and subsequently measured at amortised cost.

7. Foreign currency risk management

The Group is exposed to foreign currency risk on its revenue and a significant portion of its expenses that are denominated in USD, which is different to the Group's presentational and parent's functional currency NZD. Additionally, the institutional placement and share purchase plan completed during the 2022 financial year was predominantly in AUD, creating additional foreign currency risk exposure. Therefore, the Group has purchased AUD/USD foreign exchange options to mitigate the risk on its AUD cash holdings.

If the NZD strengthened / weakened against the USD or AUD by 10% at 30 September 2024, the effect on profit / loss is as follows:

	September 2024		March 2024	
	Carrying amount in USD US\$'000	Carrying amount in AUD AU\$'000	Carrying amount in USD US\$'000	Carrying amount in AUD AU\$'000
Cash and cash equivalents	3,395	1,215	3,812	3,417
Trade and other receivables	2,762	-	3,038	-
Trade and other payables	(264)	(3)	(505)	12
Sensitivity analysis	Carrying amount US\$'000		Change in USD rate %	Effect on profit/ loss before tax NZ\$'000
September 2024	5,893		10%	(845)
			-10%	1,033
March 2024	6,345		10%	(965)
			-10%	1,179
	Carrying amount AU\$'000		Change in AUD rate %	Effect on profit/ loss before tax NZ\$'000
September 2024	1,212		10%	(120)
			-10%	147
March 2024	3,429		10%	(340)
			-10%	416

Notes to the consolidated interim financial statements

8. Contributed equity

Share capital

	Unaudited 6 months to September 2024	Audited year ended March 2024
	NZ\$000	NZ\$000
On issue at 01 April	105,542	105,118
Exercise of share options	-	57
Issue of share capital as part of share based payment	130	166
Issued as part of business combination	112	201
Total share capital	105,784	105,542

Share capital on issue

	Qty	Qty
Fully paid total shares at beginning of year	160,242,975	159,731,745
New ordinary shares offered	-	-
Ordinary shares issued on settlement of options	-	28,241
Ordinary shares issued as share based payment	372,094	218,637
Ordinary shares issued as part of business combination	134,668	264,352
Fully paid ordinary shares	160,749,737	160,242,975

9. Reconciliation of operating cash flows

	Unaudited 6 months to September 2024	Unaudited 6 months to September 2023
	NZ\$000	NZ\$000
Profit/(loss) for the period	(7,111)	(6,850)
Less investment interest received	(113)	(177)
Non-cash items included in net profit/loss		
Depreciation	973	868
Amortisation of intangible assets	1,504	1,186
Raw materials and finished goods written down	143	22
Share based payment expense	511	729
Write off of obsolete materials and assets	175	77
Fair value movement	55	(73)
Finance lease interest	54	45
Unrealised foreign exchange (gain)/loss	416	(210)
Foreign exchange (gains)	(130)	(443)
	3,701	2,201
Add/(less) movement in working capital items		
Decrease in trade and other receivables	778	(992)
(Increase) in inventories	811	744
Decrease/(increase) in prepayments	(867)	(558)
Increase/(decrease) in trade and other payables	(223)	(1,187)
Increase in deferred revenue	503	1,662
Increase in other liabilities	28	(73)
(Decrease) in provision	3	110
Increase in employee entitlements	(86)	(93)
	947	(387)
Net cash from/(used in) operating activities	(2,576)	(5,213)

Notes to the consolidated interim financial statements

10. Provisions

Corporate Tax

	Unaudited 6 months to September 2024	Audited year ended March 2024
	NZ\$000	NZ\$000
Opening balance	272	-
Provision added	-	262
Provision used	-	-
Foreign exchange movement	(16)	10
Closing balance	256	272

The Group has identified a potential tax obligation linked to a series of intercompany transactions. As the transactions have occurred the Group considers it to be more likely than not the obligation exists.

11. Related parties

The group issued 1,409,000 unlisted share options at NZD\$0.475 to key management during the period, in accordance with the ikeGPS Group Limited Employee Share Scheme.

ikeGPS Group Limited

Level 2, 79 Boulcott Street
Wellington Central
Wellington, 6011
Telephone: +64 4 382 8064

Directors of ikeGPS Group Limited

Alex Knowles
Glenn Milnes
Fred Lax
Mark Ratcliffe
Roz Buick

Legal Advisers

Chapman Tripp
Level 6, 20 Cuxtomhouse Quay
PO Box 993
Wellington, 6140
Telephone: +64 4 499 5999

Auditor

Grant Thornton
Level 15, Grant Thornton House
215 Lambton Quay
PO Box 10712
Wellington, 6143
Telephone: +64 4 474 8500

Share Registrar

Link Market Services Limited
PO Box 91976, Auckland, 1142
Level 30, PwC Tower
15 Customs Street West, Auckland
Telephone: +64 9 375 5998

Bankers

Bank of New Zealand
Level 4, 80 Queen Street,
Auckland, 1010
Private Bag 39806,
Wellington Mail Centre,
Lower Hutt, 5045

www.ikegps.com