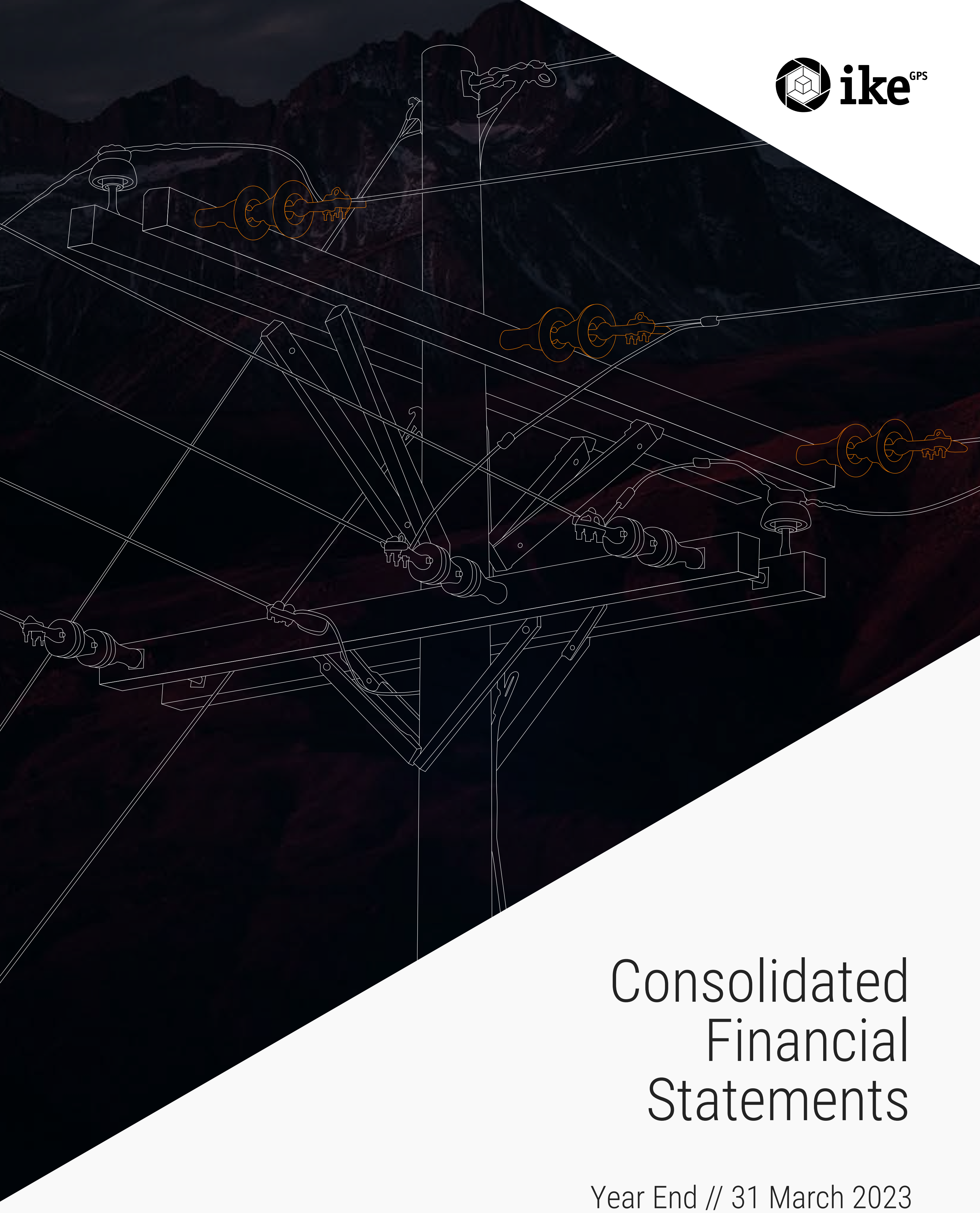

Consolidated Financial Statements

Year End // 31 March 2023

ikeGPS Group Limited

Contents

Independent auditor's report

To the shareholders of ikeGPS Group Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ikeGPS Group Limited (the Company), including its subsidiaries (the Group) on pages 4 to 37 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2023 and of its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board (NZAASB). 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 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) issued by the NZAASB 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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 and the carrying value of assets As disclosed in Note 3, Significant accounting policies, the Group has undertaken an assessment of the carrying value of its assets including intangible assets on an annual basis in accordance with NZ IAS 36 Impairment of Assets. Cash generating units (CGUs) that are yet to be profit generating may indicate there is an impairment. In addition, certain CGU's hold intangible assets in development that are not yet ready for use. Accordingly, these assets are required to be tested for impairment. Impairment assessments are 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. To determine whether the carrying value of assets including intangibles is reasonable, management performed an impairment assessment on a value-in-use (VIU) basis. Management determined there were four CGUs: • Ike core platform, development assets, property, plant and equipment, capital work-in-progress, leased assets and working capital (CGU1). • Spike: development assets and working capital (CGU2). • Ike Structural/Pole Forman: intangible assets, capital work in progress and working capital (CGU3); and • Ike Insight/Visual Globe: goodwill, intangible assets, and capital work in progress (CGU4). Impairment tests prepared by management were based on discounted cashflow models using the Board approved budget for the year ending 31 March 2024 and combined with forecasted cash flows for subsequent years. The Board approved budgets have been adjusted to meet the requirements of NZ IAS 36 Impairment of Assets. The key assumptions in assessing CGU carrying value, were as follows: • Average forecast annual revenue growth rates; • The terminal value growth rate; and • The pre-tax discount rate. Refer to notes 3 and 12 in the consolidated financial statements for disclosures on the key assumptions and impairment assessments of the carrying value of assets.	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 CGUs 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 VIU calculations. We considered and challenged key assumptions and used our internal valuation experts to assess the valuation methodology's 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 the year ending 31 March 2024 to the Board approved business plan. We audited the disclosures in the consolidated financial statements to ensure they are compliant with the requirements of the relevant accounting standards.

Information Other than the Financial Statements and Auditor’s Report thereon

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. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 identified above when it becomes available 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.

Directors’ responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, 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) 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 the auditor’s responsibilities for the audit of the financial statements is located on the External Reporting Board’s website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

Restriction on use of our report

This report is made solely to the Company’s shareholders, as a body. Our audit work has been undertaken so that we might state to the Company’s shareholders, as a body 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 opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

B R Smith

Partner

Wellington

30 May 2023

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 March Group 2023	2022
Continuing operations		NZ$'000	NZ$'000
Operating revenue	5	30,789	15,965
Cost of revenue		(14,444)	(6,077)
Gross profit		**16,345**	**9,888**
Other income	5	287	65
Foreign exchange gains		1,017	446
Movement of fair value assets and liabilities	5	2,574	1,269
Total other income, gains, and losses		**3,878**	**1,780**
Support costs		(1,100)	(452)
Sales and marketing expenses		(8,112)	(6,467)
Research and engineering expenses		(11,390)	(5,825)
Corporate costs		(7,384)	(6,712)
Expenses	**6**	**(27,986)**	**(19,456)**
Operating loss		**(7,763)**	**(7,788)**
Net finance income/(expense)		(116)	(69)
Net loss before income tax		**(7,879)**	**(7,857)**
Income tax (expense)/credit	7	(8)	-
Loss attributable to owners of ikeGPS Group Limited		**(7,887)**	**(7,857)**
Other comprehensive loss			
Exchange differences on translation of foreign operations		1,250	(49)
Comprehensive loss		**(6,637)**	**(7,906)**
Basic and diluted loss per share	19	$ (0.05)	$ (0.05)

Consolidated statement of changes in equity

	Share capital NZ$'000	Accumulated losses NZ$'000	Share-based payment reserve NZ$'000	Foreign currency translation reserve NZ$'000	Total NZ$'000
Balance at 1 April 2021	**80,932**	**(59,817)**	**1,178**	**(591)**	**21,702**
Net loss for the year after tax	-	(7,857)	-	-	(7,857)
Currency translation differences	-	-	-	(49)	(49)
Total comprehensive loss for the year	**-**	**(7,857)**	**-**	**(49)**	**(7,906)**
Transactions with owners:					
Issue of ordinary shares from share placement and share purchase plan	23,130	-	-	-	23,130
Recognition of vesting of share-based options	-	-	1,595	-	1,595
Issue of shares from exercise of share options	204	-	(204)	-	-
Share-based options forfeited during the year		-	(55)	-	(55)
Equity movements arising from business combinations	485	-	254	-	739
Total transactions with owners	**23,819**	**-**	**1,590**	**-**	**25,409**
Balance at 31 March 2022	**104,751**	**(67,674)**	**2,768**	**(640)**	**39,205**

	Share capital NZ$'000	Accumulated losses NZ$'000	Share-based payment reserve NZ$'000	Foreign currency translation reserve NZ$'000	Total NZ$'000
Balance at 1 April 2022	**104,751**	**(67,674)**	**2,768**	**(640)**	**39,205**
Net loss for the year after tax	-	(7,887)	-	-	(7,887)
Currency translation differences	-	-	-	1,250	1,250
Total comprehensive loss for the year	**-**	**(7,887)**	**-**	**1,250**	**(6,637)**
Transactions with owners:					
Recognition of vesting of share-based options	-	-	1,232	-	1,232
Issue of shares from exercise of share options	27	-	(27)	-	-
Share-based options forfeited during the year	-	69	(127)	-	(58)
Equity movements arising from business combinations	340	-	(147)	-	193
Total transactions with owners	**367**	**69**	**931**	**-**	**1,367**
Balance at 31 March 2023	**105,118**	**(75,492)**	**3,699**	**610**	**33,935**

Consolidated statement of financial position

	Note	As at 31 March Group 2023	2022
ASSETS		NZ$'000	NZ$'000
Current assets			
Cash and cash equivalents	8	18,048	24,354
Trade and other receivables	9	5,212	4,959
Prepayments		902	1,284
Contract costs		295	191
Financial instruments		193	33
Lease assets	13	12	-
Inventory	10	2,472	1,003
Total current assets		**27,134**	**31,824**
Non-current assets			
Property, plant, and equipment	11	2,798	1,803
Intangible assets	12	13,104	14,135
Lease assets	13	-	210
Inventory	10	238	269
Total non-current assets		**16,140**	**16,417**
Total assets		**43,274**	**48,241**
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,284	1,756
Employee entitlements		1,326	676
Current Tax Liability	7	8	-
Provision	24	262	40
Other liabilities	15	534	2,651
Lease liabilities	13	14	232
Deferred income	5	4,728	3,575
Total current liabilities		**9,156**	**8,930**
Non-current liabilities			
Deferred income	5	183	106
Total non-current liabilities		**183**	**106**
Total liabilities		**9,339**	**9,036**
Total net assets		**33,935**	**39,205**
EQUITY			
Share capital	18	105,118	104,751
Share-based payment reserve	21	3,699	2,768
Accumulated losses		(75,492)	(67,674)
Foreign currency translation reserve		610	(640)
Total equity		**33,935**	**39,205**

Director Date: 30 May 2023

NZ (New Zealand Time)

Director Date: 30 May 2023

NZ (New Zealand Time)

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

Consolidated statement of cash flows

	Note	2023	2022
		Year ended 31 March Group	
		NZ$'000	NZ$'000
Cash flows from operating activities			
Cash receipts from customers		31,985	14,784
Cash paid to suppliers and employees		(34,323)	(21,289)
Payment of low value and short term leases	13	(200)	(28)
Tax refund received		86	-
Interest paid		(20)	(69)
Net cash used in operating activities	**8**	**(2,472)**	**(6,602)**
Cash flows from investing activities			
Purchases of property, plant, and equipment		(2,133)	(1,761)
Additions to intangible assets		(2,998)	(1,821)
Settlement/(purchase) of financial instruments		133	(106)
Interest received		171	-
Net cash used in investing activities		**(4,827)**	**(3,688)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities	13	(227)	(308)
Proceeds from issuance of shares		-	23,130
Net cash (used in)/from financing activities		**(227)**	**22,822**
Net (reduction)/increase in cash and cash equivalents		**(7,526)**	**12,532**
Cash and cash equivalents at 1 April		24,354	11,342
Effect of exchange rate fluctuations on cash held		1,220	480
Cash and cash equivalents		**18,048**	**24,354**

Notes to the consolidated financial statements for the year ended 31 March 2023

1. Reporting Entity

ikeGPS Group Limited 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'). It 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 2023 comprise ikeGPS Group Limited and its subsidiaries (together referred to as the 'Group'), which comprises of ikeGPS Limited ('ikeGPS Ltd') and ikeGPS Incorporated ('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 30 May 2023.

2. Basis of preparation

The consolidated financial statements for the year ended 31 March 2023 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').

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that have been measured in accordance with the specific relevant accounting policy.

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 and Sales Taxes.

Basis of consolidation

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 can 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.

New and amended standard and interpretations

There are no new standards or interpretations material to the Group to be applied during the year. The Group does not anticipate adopting any standards prior to their effective date. There are no standards or amendments that have been issued but not yet effective that are expected to have a material impact on the Group.

3. Significant accounting policies

Significant accounting policies, accounting estimates, and judgments that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

3. Significant accounting policies (continued)

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

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$7.9M for the year ended 31 March 2023 (2022: NZ$7.9M) and is expected to make further losses in the following financial year.

Notwithstanding the above, the Group has prepared cash flow forecasts and sensitivity analyses that indicate cash-on-hand at year-end of $18M, 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

The carrying amounts of the Group's assets were reviewed to determine whether there is any indication of impairment and if so tested, or tested regardless in the case of indefinite life intangible assets. 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 – IKE Structural: intangible assets, capital work in progress and working capital.
+ CGU4 – IKE Insight: intangible assets and capital work in progress.

The Directors concluded that even though CGU1 achieved considerable growth over the year, the overall operating losses associated with CGU1 are an indicator of impairment, requiring an estimate of the CGU1 recoverable amount.

CGU1 was determined to have a carrying value of $6.4M. Future cash flows are forecasted based on a five-year business model for CGU1, which included a conservative average revenue growth rate of 18% and operating expenses reflecting the FY23 business plan.

The Group remains confident that of the back of two strong growth years for IKE that the revenues for CGU1 will continue to grow. This is based on the opportunity to both increase market share and become more entrenched with our current customer base. The Group remains optimistic that the infrastructure market will continue to grow due to the significant multiyear investment programmes IKE's customers have in place. A pre-tax discount rate of 18.2% was used to establish the recoverable amount on a value in use basis. To determine terminal value, the Group applied a 2% growth rate.

Sensitivity analysis was performed on key assumptions for CGU1. An impairment would need to be considered if the average growth rate was 40% lower than forecasted.

Notes to the consolidated financial statements for the year ended 31 March 2023

3. Significant accounting policies (continued)

An indicator of impairment also existed in CGU2 due to the negative operating cashflows of the CGU during the year. CGU2 was determined to have a carrying value of $0.4M. The Directors have determined an impairment of the remaining intangible asset balance of $61,000 is required. This leaves the remaining carrying value of the CGU as stock on hand which is expected to be fully realised over the coming years.

CGU3 had no indicator of impairment. However, the CGU includes intangible assets in relation to the next generation PoleForman product which is in development and not yet available to use. As required by the standard, the CGU assets not yet available for use have been tested for impairment.

Additionally, an indicator of impairment also 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 $10.7M including goodwill. CGU4 is a very 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 one and two revenue forecasted to be $0.3m and $2.5m with an average revenue growth rate of 75% in years three to five with an average annual growth rate overall of 225% and operating expenses reflecting the FY23 business plan. A pre-tax discount rate of 33.7% 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 opportunity for automation in the industry and use of artificial intelligence to complete pole analysis the CGU could outperform these estimates.

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

Based on this approach, the Directors have determined that an impairment of CGU4's intangible assets of $2.97m is required as the carrying amount exceeded the value in use calculation.

The forecasted financial information for all CGUs is based on both historical 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.

Foreign currencies

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

The functional currency of ikeGPS Ltd is New Zealand dollars. The functional currency of ikeGPS Inc is United States dollars. These consolidated financial statements are presented in New Zealand dollars, which is the Group's presentational currency.

The financial performance and position of ikeGPS Inc are translated into the presentation currency as follows:

+ assets and liabilities are translated at the closing rate at reporting date;
+ 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.

Notes to the consolidated financial statements for the year ended 31 March 2023

3. Significant accounting policies (continued)

Foreign currency transactions and balances

Foreign currency transactions are initially translated to functional currencies at the exchange rate prevailing at the transaction date. 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.

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. If the net investment is to be disposed of, the cumulative amount would be reclassified to the consolidated statement of profit or loss.

4. Operating segments

The CEO is assessed to be the Chief Operating Decision Maker (CODM) who regularly reviews financial information by product and gross margin. Reporting of overheads and the financial 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 ('USA').

The CODM now views financial information by product with similar revenue drivers, so to reflect this the segment note has been reformatted. The comparative information has been presented on a consistent basis to the revised format. The key change being consolidation of the customer segments, due to the immateriality of 'Other Business'.

The Group derives its revenue from:

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.

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.

Hardware and other services:

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

Notes to the consolidated financial statements for the year ended 31 March 2023

4. Operating segments (continued)

The segment information provided to the CEO and Board of Directors for the year ended 31 March 2023 was as follows:

	2023	2022
Platform Transactions	**NZ$'000**	**NZ$'000**
IKE Analyze revenue	18,664	6,087
Cost of sales	(11,492)	(3,450)
Gross profit	**7,172**	**2,637**
Platform Subscriptions		
Platform as a Service revenue	3,464	1,680
Pole Loading software licenses and subscription revenue	1,846	1,103
Subscription revenue	3,519	2,852
Cost of sales	(1,103)	(675)
Gross profit	**7,726**	**4,960**
Hardware and other services		
Hardware and accessories revenue	2,850	3,863
Other service revenue	446	380
Cost of sales	(1,849)	(1,952)
Gross profit	**1,447**	**2,291**
Total Operating Revenue	30,789	15,965
Total Cost of Sales	(14,444)	(6,077)
Total Gross profit	**16,345**	**9,888**
Sales & marketing costs	(8,112)	(6,467)
Other corporate income and expenses	(16,112)	(11,278)
Net loss before tax	**(7,879)**	**(7,857)**

Previous presentation for the comparative period:

Notes to the consolidated financial statements for the year ended 31 March 2023

4. Operating segments (continued)

			2023			2022
	Utility and Communication	Other Business	Group	Utility and Communication	Other Business	Group
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Sales of products						
Sale of products and services	2,978	-	2,978	3,643	-	3,643
Subscription revenue	3,480	-	3,480	2,780	-	2,780
Contribution	**4,741**	-	**4,741**	**4,645**	-	**4,645**
IKE Platform solution						
IKE Analyze revenue	18,664	-	18,664	6,087	-	6,087
Subscription and lease revenue	3,464	-	3,464	1,690	-	1,690
IKE Insight revenue	-	-	-	285	-	285
Contribution	**9,536**	-	**9,536**	**3,937**	-	**3,937**
IKE Structural						
Software license, service, and subscription revenue	1,846	-	1,846	1,125	-	1,125
Contribution	**1,846**	-	**1,846**	**1,125**	-	**1,125**
Spike						
Sale of products	-	318	318	-	321	321
Subscription revenue	-	39	39	-	34	34
Contribution	-	**222**	**222**	-	**181**	**181**
Gross profit			**16,345**			**9,888**
Sales and marketing costs			(8,112)			(6,467)
Impairment of Other Business	(2,969)	(61)	(3,030)		(100)	(100)
Other corporate income and expenses			(13,082)			(11,178)
Net loss before tax			**(7,879)**			**(7,857)**

5. Revenue

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

Revenue is recognised using a 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 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

Notes to the consolidated financial statements for the year ended 31 March 2023

5. Revenue (continued)

- Allocating the transaction price to distinct performance obligations
- Recognising revenue

The table below 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.

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
IKE device solution	This is marketed to the utility and communications market as an all-in-one streamlined solution from data capture on the IKE device, preconfigured with the IKE Field Android mobile application, through to measurement and analysis on IKE Office - a cloud-based software platform.	Management has determined the individual performance obligations of the contract. The total contractual price is allocated to each performance obligation using the stand-alone selling price.	Management has determined that the IKE Device and subscription to IKE Office are distinct performance obligations of the IKE Solution. IKE has used the stand-alone selling price to allocate the contractual price.	**Point in time** The IKE device is 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 subscription 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 the performance obligation is fulfilled.	Customers use IKE Office 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 device revenue.	Determining when the performance obligation is delivered.	Revenue is recognised when the service is performed for the customer. For example, when the training is performed.	**Point in time** Service revenue is recognised when the service is delivered.
IKE Platform as a Service / subscription revenue	Customers subscribe to the Platform 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 online platform, where IKE or the customer can then perform analysis.	The subscription is in two parts; 1. The lease of the IKE device under NZ IFRS 16 (there is no right of substitution therefore not considered an operating lease), 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. The performance obligations for the subscription portion of the IKE Platform are consistent with the above subscription treatment.	**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; IKE captures and analyses pole loading and make-ready engineering assessments, or customers capture pole data and transact on our platform.	Determining when each performance obligation is fulfilled.	Either the customer uploads or analyses the data in IKE Office, or IKE performs the analysis and completes requested reports per the scoping document. 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 2023

5. Revenue (continued)

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
IKE Structural 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 is 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 software license is recognised at the point in time when it is transferred. **Over time** The subscription is recognised over the first year.
IKE Structural 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 subscriptions are recognised over time.
IKE Insight revenue	IKE Insight revenue is derived from our IKE Insight artificial intelligence and 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.
Spike device	ikeGPS sells Spike devices through direct orders and online software.	No major judgement required.	N/A	**Point in time** Recognised when the device is received by the customer.

Consideration received prior to the service being provided is recognised as deferred income (and commission paid prior to the related contract performance is similarly deferred) on the consolidated statement of financial position.

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

Notes to the consolidated financial statements for the year ended 31 March 2023

5. Revenue (continued)

Revenue	2023 NZ$'000	2022 NZ$'000
Sale of products (Point in time)	2,850	3,539
Platform-as-a-Service (Over time and Point in time)	3,464	1,690
IKE Analyze (Point in time)	18,664	6,087
IKE Insight (Point in time)	-	285
IKE Subscription (Over time)	3,519	2,814
IKE Structural licences (Over time and Point in time)	1,846	1,125
Services (Point in time)	446	425
Total operating revenue	**30,789**	**15,965**
Government grants	192	61
Other income	95	4
Total other income	**287**	**65**
Fair value movement on other liabilities	2,261	1,342
Fair value movement on financial instruments	313	(73)
Total movement of fair value assets and liabilities	**2,574**	**1,269**

In the current year, cash was received as government grants under New Zealand Trade and Enterprise International Growth Fund, and the research and development tax credit incentive scheme, relating to FY21 research and development costs.

In the current year, one customer contributed 32% of revenue (2022: no customers over 10%).

Reconciliation of deferred income balances	2023 NZ$'000	2022 NZ$'000
Opening deferred income balance	3,681	2,477
Subscription revenue recognised	(1,860)	(1,380)
Platform-as-a-Service recognised	(1,178)	(590)
IKE Structural maintenance and support	(524)	(479)
Unsatisfied performance obligations for the current year	4,792	3,653
Closing deferred income balance	**4,911**	**3,681**
Current Deferred Revenue	4,728	3,575
Non-Current Deferred Revenue	183	106
Total Deferred Revenue	**4,911**	**3,681**

6. Expenses

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

		2023 NZ$'000	2022 NZ$'000
Audit of consolidated financial statements		189	170
Total fees paid to auditor		**189**	**170**
Amortisation of development asset	12	2,235	1,459
Depreciation		920	464
Total amortisation and depreciation [1.]		**3,155**	**1,923**
Employee benefit expense		15,808	11,982
Share-based payment		1,174	1,930
External contractors and consultants		2,041	1,176
Employee benefit expense capitalised [2.]		(2,998)	(1,821)
Operating lease expenses[3.]		215	250
Direct selling and marketing [4.]		2,615	1,551
Sales tax (expense reversal)	24	(8)	(438)
Impairment of assets		3,030	100
Credit loss provision movement and write-off expense		(17)	67
Other operating expenses [5.]		2,782	2,566
Total operating expenses		**27,986**	**19,456**

1. Total depreciation for the year is $1,358k (2022: $995k), comprised of depreciation on fixed assets of $1,143k (2022: $741k) as per note 12 and depreciation on leased assets of $215k (2022: $254k) as per note 14. Engineering and research expenses included all the $1,716k of amortisation (2022: $1,459k) and $7k of depreciation on fixed assets (2022: $210k). Corporate costs included all the $215k of depreciation on leased assets under NZ IFRS 16 (2022: $254k). The balance of depreciation totalling to $959k (2022: $531k) is included in cost of sales.

6. Expenses (continued)

2. Relates to employee benefit expense, external contractors and consultants' expenses that are directly attributable to the development of intangible assets and have been capitalised.
3. Relates to short-term and low-value leases and common area maintenance costs.
4. Selling and marketing expenses included promotional activities, travel, commissions, and other direct marketing costs.
5. Other operating expenses include corporate advisory, travel, engineering, facilities, and IT costs.

Employee benefits

Liabilities for wages, salaries, and short-term incentives (both settled and accrued), including non-monetary benefits 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 reporting date. They 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 statement of financial position.

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 an 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.

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 the consolidated statement of profit or loss with a corresponding increase in equity. The total expense is recognised over the vesting period, being the period over which all 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 the share-based payment reserve with a corresponding change to the share-based compensation reserve in equity.

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

Finance income and expenses

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

Notes to the consolidated financial statements for the year ended 31 March 2023

7. Current and deferred tax

The current income tax charge is calculated based on the tax laws enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates 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 based on 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 reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. 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.

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

	2023 NZ$'000	2022 NZ$'000
Net loss before income tax	(7,879)	(7,857)
Prima facie income tax credit at 28%	(2,207)	(2,200)
Effect of different foreign income tax rates	100	334
Non-deductible expenses	2,694	319
Deferred tax on temporary differences	170	220
Unrecorded tax losses	(749)	1,327
Income tax expense	**8**	**-**

	2023 NZ$'000	2022 NZ$'000
Deferred tax opening balance	-	-
Temporary differences		
Employee entitlements and provisions	1	41
Deferred research and development	-	58
Leases	-	2
Accruals	-	34
Property, plant, and equipment	(5)	(309)
Intangible assets	11	24
Other	(7)	9
Tax losses	-	141
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 $3,684,964 (2022: $473,190).

Notes to the consolidated financial statements for the year ended 31 March 2023

7. Current and deferred tax (continued)

ikeGPS Group Limited has unrecognised tax losses of $17,884,787 (2022: $20,472,041) available for use against future taxable profits, subject to the New Zealand Tax Legislation requirements being met. ikeGPS Inc has unrecognised tax losses of $42,490,094 (2022: $37,223,844), of which $7,917,482 is available indefinitely for use against future taxable profits and $37,300,269 available to be carried forward up to 20 years from the date the tax loss was created.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

	2023 NZ$'000	2022 NZ$'000
Cash at bank	18,048	24,354
Total	**18,048**	**24,354**

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

Reconciliation of operating cash flows:

	2023 NZ$'000	2022 NZ$'000
Loss for the year	**(7,886)**	**(7,857)**
Less Investment interest received	(171)	-
Add non-cash items included in net loss		
Depreciation	1,358	995
Amortisation of intangible assets	2,235	1,459
Asset impairment	3,030	100
Raw materials and finished goods write-off	242	126
Trade receivables write-off	-	67
Tax Expense	8	-
Share-based payment expense	1,232	1,930
Write-off of obsolete materials and assets	54	249
Movement of fair value assets and liabilities	(2,544)	(1,269)
Foreign exchange losses on translation movement	(1,250)	(538)
	4,365	**3,119**
Add/(less) movement in working capital items		
(Increase) in trade and other receivables	(253)	(2,396)
(Increase)/decrease in inventories	(1,696)	(248)
(Increase)/decrease in prepayments	487	(1,030)
(Increase)/decrease in contract costs	(105)	(191)
Increase/(decrease) in trade and other payables	528	796
(Decrease)/increase in provision	222	(671)
Increase in other liabilities	157	299
Increase/(Decrease) in deferred income	1,230	1,204
Increase/(Decrease) in employee entitlements	650	373
	1,220	**(1,864)**
Net cash used in operating activities	**(2,472)**	**(6,602)**

9. Trade and other receivables

Trade and other receivables arise when the Group provides cash, 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 reporting date that are classified as non-current assets.

The Group assesses impairment on a forward-looking basis, the expected credit loss associated with its financial assets is 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.

The Group applies the simplified approach permitted by NZ IFRS 9 for trade receivables, 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 the 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.

	2023	2022
	NZ$'000	NZ$'000
Trade receivables	4,975	4,955
Impairment provision	(88)	(128)
GST receivable	143	129
Other receivables	182	3
Total trade and other receivables	**5,212**	**4,959**

10. Inventory

Inventory is measured at the lower of cost and net realisable value. The cost of inventory is based on a weighted average cost, and includes expenditure incurred in acquiring the inventory and bringing it to its 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. Inventory is treated as non-current if it is not expected to be sold within twelve months of reporting date.

	2023	2022
	NZ$'000	NZ$'000
Finished goods	764	493
Components	1,946	779
Total inventory	**2,710**	**1,272**
Current	2,472	1,003
Non-current	238	269

Notes to the consolidated financial statements for the year ended 31 March 2023

10. Inventory (continued)

During the year, IKE materials have been written down by $nil and Spike finished goods by $53,824 (2022: IKE materials $24,710 and Spike finished goods $100,829).

11. Property, plant, and equipment

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 is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

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

Depreciation methods, useful lives, and residual values are reviewed and adjusted, if appropriate, at each reporting date. Gain and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated statement of profit or loss.

IKE rental devices increased in FY23, in line with the increase in 'Platform as a Service' revenue (see note 5).

	Plant and equipment NZ$'000	IKE rental devices NZ$'000	Office furniture and equipment NZ$'000	Total NZ$'000
Cost				
Balance at 1 April 2021	1,311	986	650	2,947
Additions	-	1,453	308	1,761
Disposals	(6)	(393)	(37)	(436)
Exchange differences	-	2	2	4
Balance at 31 March 2022	**1,305**	**2,048**	**923**	**4,276**
Balance at 1 April 2022	1,305	2,048	923	4,276
Additions	57	1,754	322	2,133
Disposals	-	(282)	(9)	(291)
Exchange differences	-	240	108	348
Balance at 31 March 2023	**1,362**	**3,760**	**1,344**	**6,466**
Depreciation				
Balance at 1 April 2021	1,192	306	396	1,894
Depreciation for the year	46	485	210	741
Disposals	-	(135)	(25)	(160)
Exchange differences	-	(3)	1	(2)
Balance at 31 March 2022	**1,238**	**653**	**582**	**2,473**
Balance at 1 April 2022	1,238	653	582	2,473
Depreciation for the year	22	879	242	1,143
Disposals	-	(99)	(2)	(101)
Exchange differences	-	77	76	153
Balance at 31 March 2023	**1,260**	**1,510**	**898**	**3,668**
Carrying amounts				
At 31 March 2022	67	1,395	341	1,803
At 31 March 2023	**102**	**2,250**	**446**	**2,798**

Notes to the consolidated financial statements for the year ended 31 March 2023

12.Intangible assets

Capitalised development costs

The Group capitalises employee and consultants' costs directly related to development of an intangible asset. The carrying values of capitalised development costs are annually evaluated for indicators of impairment. Management has reviewed the expected remaining useful life of these assets and concluded that they are appropriately amortised over periods of 4 to 10 years.

Following a review of the useful life of the development assets of the IKE Structural CGU directors have determined that the useful life of the current in-service assets have reduced, giving a remaining useful life of 2 years. The assets in development and not yet available for use are unaffected by this change.

Development costs that are directly attributable to the design and testing of identifiable and unique software 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.

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

Other intangible assets

Separately purchased intangible assets (i.e. software) were 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 to 10 years.

Software, customer contracts, relationships, trademarks, and training material acquired through business combinations were initially recognised at fair value. They are subsequently measured at initial recognition value less accumulated amortisation and impairment and have a useful life ranging from 4 to 10 years.

Goodwill

Goodwill is carried at cost less accumulated impairment losses and is annually tested for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to CGU4 for the purpose of impairment testing (see note 3 Impairment), as this CGU is expected to benefit from the business combination in which the goodwill arose.

Impairment of non-financial assets

Intangible assets under development are not subject to amortisation and are annually tested for impairment within CGU1, CGU3 and CGU4, 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 reporting date

Notes to the consolidated financial statements for the year ended 31 March 2023

12. Intangible assets (continued)

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 CGU is estimated to be less than the carrying amount, the carrying amount 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 or CGU 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 in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit or loss immediately.

Notes to the consolidated financial statements for the year ended 31 March 2023

12. Intangible assets (continued)

	Development assets NZ$'000	Work in Progress NZ$'000	Patents NZ$'000	Goodwill NZ$'000	Customer contracts, relationships, trademarks NZ$'000	Training materials NZ$'000	Total NZ$'000
Cost							
Balance at 1 April 2021	16,768	1,339	174	3,284	667	188	22,420
Additions	-	1,821	-	-	-	-	1,821
Transfers	1,473	(1,473)	-	-	-	-	-
Exchange differences	-	(13)	-	25	-	-	12
Balance at 31 March 2022	**18,241**	**1,674**	**174**	**3,309**	**667**	**188**	**24,253**
Balance at 1 April 2022	18,241	1,674	174	3,309	667	188	24,253
Additions	-	2,998	-	-	-	-	2,998
Transfers	1,787	(1,787)	-	-	-	-	-
Expensed	-	(68)	-	-	-	-	(68)
Exchange differences	1,036	118	-	380	79	22	1,635
Balance at 31 March 2023	**21,064**	**2,935**	**174**	**3,689**	**746**	**210**	**28,818**
Amortisation and impairment losses							
Balance at 1 April 2021	8,260	-	174	-	112	29	8,575
Amortisation for the year	1,330	-	-	-	110	19	1,459
Impairment	100	-	-	-	-	-	100
Exchange differences	(13)	-	-	-	(3)	-	(16)
Balance at 31 March 2022	**9,677**	**-**	**174**	**-**	**219**	**48**	**10,118**
Balance at 1 April 2022	9,677	-	174	-	219	48	10,118
Amortisation for the year	2,086	-	-	-	128	21	2,235
Impairment	61	-	-	2,969	-	-	3,030
Exchange differences	299	-	-	-	26	6	331
Balance at 31 March 2023	**12,123**	**-**	**174**	**2,969**	**373**	**75**	**15,714**
Carrying amounts							
At 31 March 2022	8,564	1,674	-	3,309	448	140	14,135
At 31 March 2023	**8,941**	**2,935**	**-**	**720**	**373**	**135**	**13,104**

13. Leases

Lease assets are contracts that convey the right to use office space in both Colorado and Wellington. They were initially recognised at the present value of the lease payments unpaid at inception. Subsequently, they are recorded at cost less accumulated depreciation and impairment, adjusted for remeasurement of the lease liability to reflect modifications.

13. Leases (continued)

The corresponding lease liability to the lessor is included on the consolidated statement of financial position as a lease liability. Lease payments are apportioned between finance charges and a reduction in the lease liability. The finance charges and depreciation of the lease asset are charged to the consolidated statement of profit or loss. Lease liabilities are measured at the present value of the remaining lease payments. The Group's 'incremental borrowing rate' used in the discounting for all lease liabilities was 5.50%.

The leases typically ran for a period ranging from 1 to 3 years with an option to renew. The renewal periods for leases were not taken into account, as management is reasonably certain that these will not be renewed. In March 2023, a lease for new office space in Colorado was signed, the resulting lease will be accounted for on commencement in April 2023.

The Group applied 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, and Wellington. Therefore, the lease payments were recognised as an expense on a straight-line basis over the lease term.

Lease liabilties	2023	2022
	NZ$'000	NZ$'000
Balance at 1 April	232	513
Additions during the year	-	84
Payments made	(227)	(325)
Interest charges	7	17
Derecognition of lease liability	-	(61)
Exchange differences	2	4
Balance at 31 March	**14**	**232**

The maturity of the lease liabilities is as follows:	2023	2022
	NZ$'000	NZ$'000
Less than one year	14	232
Lease liabilities recognised as at 31 March	**14**	**232**

Lease assets	2023	2022
	NZ$'000	NZ$'000
Balance at 1 April	210	434
Additions during the year	-	84
Depreciation charges	(215)	(254)
Derecognition of lease assets	-	(56)
Exchange differences	17	2
Balance at 31 March	**12**	**210**

13. Leases (continued)

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:

	2023 NZ$'000	2022 NZ$'000
Photocopier	4	3
Office space	196	25
	200	**28**

14. 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. Otherwise, they are presented as non-current liabilities. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

	2023 NZ$'000	2022 NZ$'000
Trade payables	2,098	1,124
Other payables	-	86
Accrued expenses	186	546
Total trade and other payables	**2,284**	**1,756**

15. Other liabilities

Other liabilities are obligations from prior year business combinations and were initially recorded at fair value. Those that are deferred consideration are subsequently measured at amortised cost, and those liabilities that are the result of contingent consideration are subsequently measured at fair value through profit or loss.

	2023 NZ$'000	2022 NZ$'000
Less than one year		
Accrued liabilities for services	534	728
Earn-out consideration on business combination	-	1,923
	534	**2,651**

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.

15. Other liabilities (continued)

Earn-out consideration on business combination (cash and shares)

The Group acquired Visual Globe assets in the 2021 year, and a contingent consideration was recognised relating to achieving revenue milestones. The consideration consisted of both cash payments and share issuances. The contingent consideration liability was initially and subsequently measured at fair value, with gains or losses recognised in the consolidated statement of profit or loss.

The fair value of the contingent consideration was estimated by calculating the present value of the future expected earn-out payment, using a 27.5% discount rate. The timing and likelihood of payment was determined based on the forecasted revenue in the earnout period to end-March 2024. The Group now assumes no revenue targets will be met within the earnout period, and therefore no consideration has been allocated to these targets. A fair value gain of $2.3m has been recognised in the period from the movement of this instrument (2022: $1.3m gain). The estimates of the probability and timing of the revenue targets being met are based on forecasted cashflows and subject to both timing and achievement uncertainty, due to the early-stage nature of the business.

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

16. Financial instruments and financial risk management

Financial instruments

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

They are trade and other receivables, trade and other payables, cash and cash equivalents, foreign exchange options, contract assets, employee entitlements, lease liabilities, and other liabilities. They are included in current assets and current liabilities, except for lease liabilities with payment terms greater than 12 months, which are included in non-current liabilities.

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
Cash and cash equivalents	Measured at amortised cost
Trade and other receivables and payables	Measured at amortised cost
Employee entitlements	Measured at amortised cost
Foreign exchange options	Fair value through profit or loss
Contract Assets	Measured at amortised cost
Lease liabilities	Measured at amortised cost
Other liabilities – contingent consideration	Fair value through profit or loss

16.Financial instruments and financial risk management (continued)

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.

Financial liabilities carried at amortised cost are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method. Interest expenses from these financial liabilities are included in finance expenses.

The fair value of financial instruments carried at amortised cost is not materially different from their stated carrying values.

Any gain or loss arising on derecognition of financial assets and liabilities is recognised directly in profit or loss and presented in other gains and losses. Impairment losses on financial assets are presented as separate line item in the consolidated statement of profit or loss.

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

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

			2023			2022
	Financial assets and liabilities at amortised cost	Financial assets and liabilities at fair value	Total carrying value	Financial assets and liabilities at amortised cost	Financial assets and liabilities at fair value	Total carrying value
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Financial assets						
Cash and cash equivalents	18,048	-	18,048	24,354	-	24,354
Trade and other receivables	5,069	-	5,069	4,830	-	4,830
Foreign exchange options	-	193	193	-	33	33
Total financial assets	**23,117**	**193**	**23,310**	**29,184**	**33**	**29,217**
Financial liabilities						
Employee entitlements	1,326	-	1,326	676	-	676
Trade payables	2,098	-	2,098	1,124	-	1,124
Other payables	-	-	-	86	-	86
Accrued expenses	186	-	186	546	-	546
Lease liabilities	14	-	14	232	-	232
Other liabilities	534	-	534	728	1,923	2,651
Total financial liabilities	**4,158**	-	**4,158**	**3,392**	**1,923**	**5,315**

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 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 2023

16.Financial instruments and financial risk management (continued)

Credit risk

The Group's exposure to credit risk arises from potential default of a 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, trade and other receivables, and the foreign exchange options. All cash and cash equivalents are held with high credit quality counterparties, being trading banks with at least an 'AA-' credit rating in New Zealand, and a Moody's 'A3' rating in the USA. Following the collapse of Silicon Valley Bank (SVB) and its subsequent purchase by First Citizen's the group determines that there is no risk to its cash holdings held by Silicon Valley Bridge Bank, N.A., a division of First Citizens Bank. This is due to the liquidity position of First Citizen's and the FDIC insurance coverage. The Group does not require collateral or security from its trade receivables, it performs credit checks, ageing analyses, and monitors specific credit allowances. The Group does not anticipate any material non-performance by customers. The total impaired trade receivables as at reporting date is $87,691 (2022: $127,540).

At reporting date, 75% (2022: 94%) of the Group's cash and cash equivalents were with one bank.

Maximum exposure to credit risk at reporting date:	2023	2022
	NZ$'000	NZ$'000
Cash at bank	18,048	24,354
Trade and other receivables	5,069	4,830
Foreign exchange options	193	33
Total	**23,310**	**29,217**

Liquidity risk

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, taking into consideration the Group's forward financing plans. Management believes that the Group 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:

					2023
	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	No stated maturity
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Employee entitlements	1,326	-	-	-	1,326
Trade payables	2,098	2,098	-	-	-
Accrued expenses	186	186	-	-	-
Lease liabilities	14	14	-	-	-
Other liabilities	534	534	-	-	-
Total financial liabilities	**4,158**	**2,832**	-	-	**1,326**

16.Financial instruments and financial risk management (continued)

					2022
	Contractual cash	6 months or less	6 months to 1 year	1 to 2 years	No stated maturity
	NZ$'000	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Employee entitlements	676	-	-	-	676
Trade payables	1,124	1,124	-	-	-
Other payables	86	86	-	-	-
Accrued expenses	546	546	-	-	-
Lease liabilities	252	133	119	-	-
Other liabilities	2,690	779	-	-	1,911
Total financial liabilities	**5,374**	**2,668**	**119**	-	**2,587**

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 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 31 March 2023, the pre-tax loss would have been (higher) / lower as follows:

		2023		2022
	Carrying amount in USD	Carrying amount in AUD	Carrying amount in USD	Carrying amount in AUD
	US$'000	AU$'000	US$'000	AU$'000
Cash and cash equivalents	5,321	5,615	6,420	13,144
Trade and other receivables	3,147	-	3,367	-
Trade and other payables	(882)	(9)	(824)	(8)

	Carrying amount	Change in USD rate	Effect on loss before tax
Sensitivity analysis	US$'000	%	NZ$'000
2023	7,586	10%	(989)
		-10%	1,208
2022	8,963	10%	(1,168)
		-10%	1,428

	Carrying amount	Change in AUD rate	Effect on loss before tax
	AU$'000	%	NZ$'000
2023	5,606	10%	(549)
		-10%	671
2022	13,137	10%	(1,286)
		-10%	1,572

Notes to the consolidated financial statements for the year ended 31 March 2023

16.Financial instruments and financial risk management (continued)

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.

17.Fair value estimation

The Group measures certain assets and liabilities at fair value either at initial recognition and/or continually. 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.

18.Contributed equity

Share capital	2023 NZ$'000	2022 NZ$'000
On issue at the beginning of the year	104,751	80,932
Issued under share placement	-	19,293
Issued under share purchase plan	-	5,476
Less listing costs offset against issue proceeds	-	(1,639)
Exercise of share options	27	204
Issued as part of business combinations	340	485
Total share capital	**105,118**	**104,751**

Shares on issue	2023	2022
Fully paid total shares at the beginning of the year	159,296,738	133,140,763
New ordinary shares offered	-	24,801,112
Ordinary shares issued on settlement of options	9,811	564,092
Ordinary shares issued as part of business combinations	425,196	790,771
Fully paid ordinary shares	**159,731,745**	**159,296,738**

The share capital of the Group consists of fully paid ordinary shares with no-par value attached. Authorised shares that have not been issued have been authorised for the Group's employee share options and other contractual share-based payments (see Note 21)

Notes to the consolidated financial statements for the year ended 31 March 2023

19. Basic and diluted 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 the dilutive potential ordinary shares into ordinary shares.

	2023	2022
Total loss for the year attributable to the owners of the parent (NZ$'000)	(7,886)	(7,857)
Ordinary shares issued	159,731,745	159,296,738
Weighted average number of shares issued	159,559,589	148,854,956
Basic loss per share	$ (0.05)	$ (0.05)

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 ($0.05) for the respective periods.

20. Capital management

The capital structure of the Group consists of equity raised by the issuance of ordinary shares. The Group manages its capital to ensure it can continue as a going concern and is not subject to any externally imposed capital requirements.

The Group's aim is to have a sufficient capital base to maintain investor and creditor confidence and to sustain future development of the business. 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.

21. Share-based payments reserve

The share-based payments reserve is used to recognise both the 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.

	2023 NZ$'000	2022 NZ$'000
Share-based payment reserve		
Share options	3,344	2,267
Contractual share-based payments	355	501
Total	**3,699**	**2,768**

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 Group 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.

21.Share-based payments reserve (continued)

The Group determined 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 425,196 shares at a value of $339,875 were issued during the period for services rendered (2022: 209,322 shares at $136,266 value).

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

Options outstanding at 31 March 2023 have a contractual life from grant date of between 4 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:

		2023		2022
	Average exercise price	Number of options '000's	Average exercise price	Number of options '000's
At 1 April	$0.80	5,834	$0.64	3,505
Granted	$0.78	2,487	$1.01	3,329
Exercised	$0.59	(80)	$0.59	(799)
Forfeited	$0.84	(127)	$0.70	(201)
Lapsed	$0.94	(228)	-	-
Expired	nil	nil	nil	nil
	$0.79	**7,886**	**$0.80**	**5,834**

Out of the 7,886,000 outstanding options 5,087,593 (2022: 3,028,106) had vested and were exercisable at 31 March 2023.

Options outstanding

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

				2023		2022
Year Granted	Expiry date	Exercise price	Number of options	Term remaining (years)	Number of options	Term remaining (years)
2020	31-Mar-25	$0.51	1,190,000	2	1,235,000	3
2021	31-Dec-24	$0.90	300,000	1.76	300,000	2.75
2021	30-Jun-25	$0.75	1,000,000	2.25	1,000,000	3.25
2022	30-Jun-25	$0.75	365,000	2.25	455,000	3.25
2022	30-Jun-26	$1.06	2,494,000	3.25	2,694,000	4.25
2022	30-Sep-26	$1.06	150,000	3.5	150,000	4.5
2023	31-Jul-27	$0.78	2,387,000	4.34		

Notes to the consolidated financial statements for the year ended 31 March 2023

21. Share-based payments reserve (continued)

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 were level 3 inputs and were:

	2023	2022
Fair value of options issued in the year	$0.41	$0.52, $0.60, $0.47, $0.48
Weighted average share price	$0.83	$1.14
Exercise price	$0.78	$0.75 & $1.06
Volatility	50%	55%
Dividend yield	Nil	nil
Risk free interest rate	3.27%	0.85% - 2.38%

See note 17 for details of the fair value hierarchy.

22. Related Parties

ikeGPS Limited and ikeGPS Incorporated are 100% owned by ikeGPS Group Limited (2022: 100%). All subsidiaries have 31 March reporting dates.

			2023	2022
Name of entity	**Country of incorporation**	**Principal activity**	**NZ$**	**NZ$**
ikeGPS Limited	New Zealand	Product development and business operations	1,000	1,000
ikeGPS Incorporated	USA	Product development and business operations	1,000	1,000
			2,000	**2,000**

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

	2023	2022
	NZ$'000	**NZ$'000**
Short term benefits to Board Directors and senior management	1,947	1,619
Share-based payment expense Board Directors and senior management	459	854

The Group issued 864,000 of unlisted share options at NZD$0.78 to Key Management during the period in accordance with the ikeGPS Group Limited Employee Share Scheme (2022: 1,799,000 at NZD$0.75 and NZD$1.06).

In addition to the unlisted options issued, nil options were exercised by key management or Board Directors (2022: 779,164 options resulting in 317,261 ordinary shares).

Notes to the consolidated financial statements for the year ended 31 March 2023

23. Commitments and contingencies

	2023 NZ$'000	2022 NZ$'000
Non-cancellable short-term and low-value leases or lease related costs		
Less than one year	11	108
Between one and five years	5	-
Total	**16**	**108**

Operating leases are in relation to rented premises (short-term under one year) and photocopiers (low-value assets). These exclude leases accounted for under IFRS 16.

24. Provisions

2023	Corporate Tax NZ$'000	Sales Tax NZ$'000	Total Provisions NZ$'000
Opening balance	-	40	40
Provision Added	262	-	262
Provision used	-	(8)	(8)
Provision estimate reversed	-	(32)	(32)
Foreign exchange movement	-	-	-
Closing balance	**262**	**-**	**262**

2022	Corporate Tax NZ$'000	Sales Tax NZ$'000	Total Provisions NZ$'000
Opening balance	-	711	711
Provision Added	-	-	-
Provision used	-	(245)	(245)
Provision estimate reversed	-	(438)	(438)
Foreign exchange movement	-	12	12
Closing balance	**-**	**40**	**40**

Sales Tax

The primary market for sales of the Group's products or services is the USA and sales tax obligations can arise where IKE is deemed to have sales tax nexus.

Previously, the Group identified that customer sales tax was payable in multiple States and a best estimate of the liability was provided for in the FY21 consolidated financial statements. The Group completed the process of voluntary disclosure and remitted the sales tax owed to the respective States.

Corporate Tax

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.

Notes to the consolidated financial statements for the year ended 31 March 2023

25. Subsequent events

The Group has entered into a lease on a new office in Broomfield, Colorado which commences on 1st April 2023.

On 2nd May 2023 Eileen Healy resigned as a director of ikeGPS

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