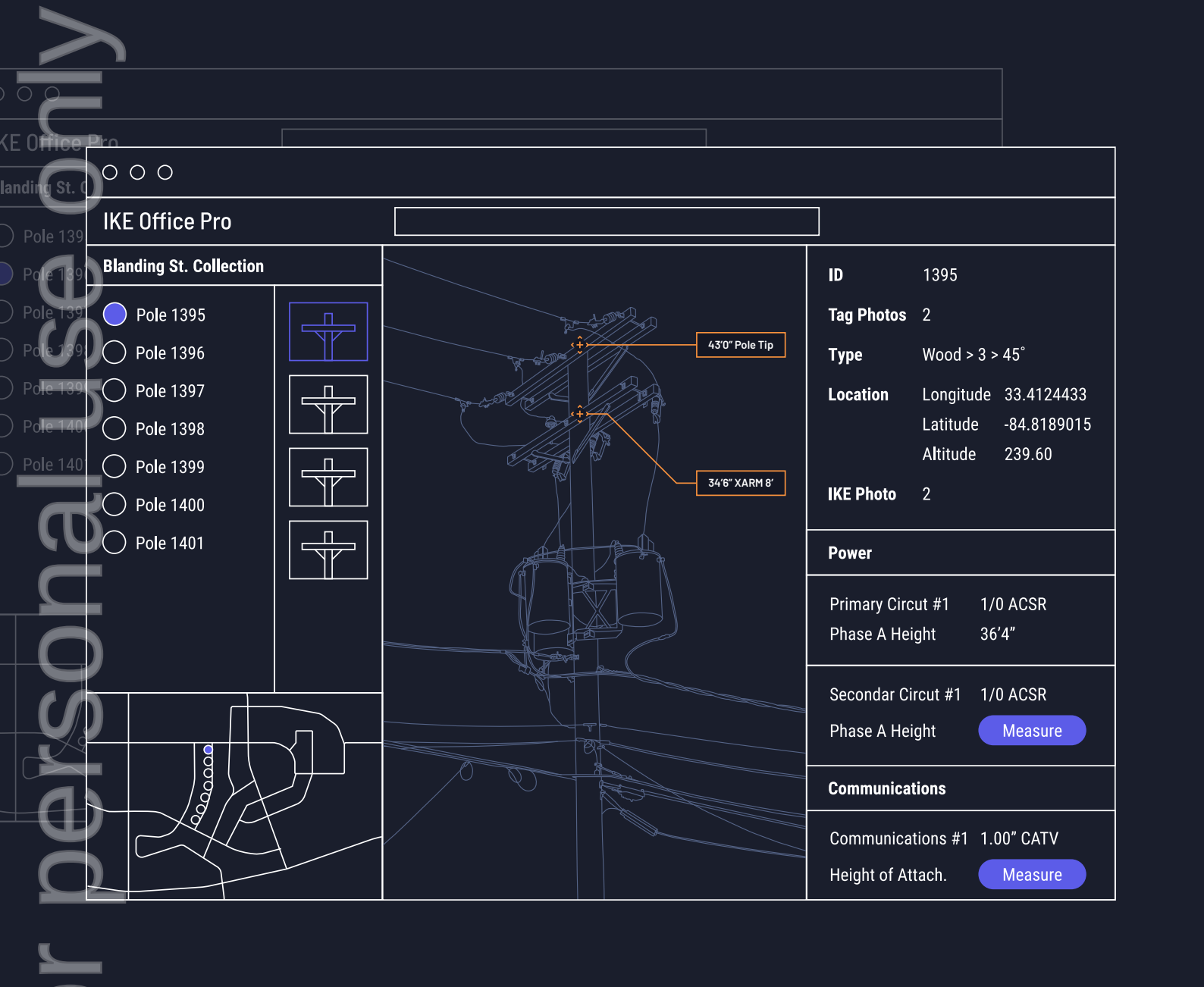




Annual Report

For the period ending 31 March 2023



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CEO and Chair Commentary

FY23 - Year in Review

Dear Shareholders,

The 2023 financial year (FY23) marked another significant period for IKE, a year in which we deepened our foothold in the North American market, and made meaningful strides in financial and operational performance.

We are pleased to report a robust financial performance for FY23, with revenue growth of 93% reaching \$30.8 million, and with 89% of this revenue coming from recurring subscriptions and reoccurring transaction sources. Gross margin was \$16.4m and EBITDA loss narrowed to \$2.1m. Our balance sheet remains very strong, with a cash & receivables position of \$23.2m. This financial performance significantly surpassed our targets.

The uplift can largely be attributed to the continued demand for our productivity solutions in the North American electric utility and communication markets, along with our strategic investment in technology development.

Our market is predominantly composed of approximately 3,000 electric utilities, 200 communications companies, and over 2,000 engineering service providers across the U.S. Today, IKE serves approximately 380 enterprise accounts, representing less than 6% of this potential customer base. This underscores the vast, untapped market and long-term growth opportunity ahead of us.

In FY23, a significant part of our investments went towards advancing the next generation of our product suite, including the next-gen PoleForeman and our AI-driven solution, IKE Insight. These advanced products, launching in FY24, are designed to dramatically improve the way our customers operate. By harnessing the power of artificial intelligence and advanced engineering, we anticipate IKE Insight will enable faster, safer, and more precise network engineering outcomes.

The upgraded capabilities of our next-gen PoleForeman solution, will also allow us to further meet the unique structural analysis needs of our customers while enhancing our software's value proposition and pricing power.

A key part of our sales strategy is to embed and expand the use of our software within these large enterprise and infrastructure accounts. Our software directly supports network engineering activities, a necessity in the face of several macro-market tailwinds. This includes the anticipated investment of over \$350b into fiber and 5G infrastructure, an additional \$60b into rural broadband network development, the urgency to increase electric network capacity to meet carbon-zero targets, and the pressure on electric utilities to harden and maintain their distribution networks.

In the words of CEO, Glenn Milnes, "The FY23 period saw another year of strong momentum across IKE. We achieved very significant revenue and gross margin growth and closed the period materially ahead of all internal stretch targets. Operating leverage is evident via the scalability of our software products and our disciplined approach to managing operating expenses. Our pipeline is strong. Macro-market tailwinds across North America remain supportive, with IKE's product suite driving productivity outcomes for these large-scale network engineering and capacity activities."

Looking forward, we expect to see continued growth in FY24, noting the potential for Q1 FY24 transaction revenue to be softer on a run rate level due to the traditional engineering practices of one or two utilities where a larger IKE customer is building a fiber network. However, our products are poised to drive productivity in support of these network engineering activities, ensuring our place in the market.

We extend our thanks to you, our shareholders, for your support and belief in our vision. As we continue to innovate and grow, we do so with the confidence that we are building something meaningful and valuable together.

Yours sincerely,



Alex Knowles
Chair and Non-Executive Director



Glenn Milnes
CEO & Managing Director



Financial performance highlights

We were pleased to hit all key growth targets through the period. Highlights include:

~ \$30.8M

FY23 Revenue

~ \$16.4M

FY23 Gross Margin, 66%
Growth vs PCP

~ 93%

FY23 Revenue Growth
vs PCP

~ 53%

FY23 Gross Margin %.
Opportunity for Growth via
Automation Tech

~ 89%

FY23 Recurring &
Reoccurring Revenue

~ \$23.2M

Cash & Receivables on
the Balance Sheet

~ 380

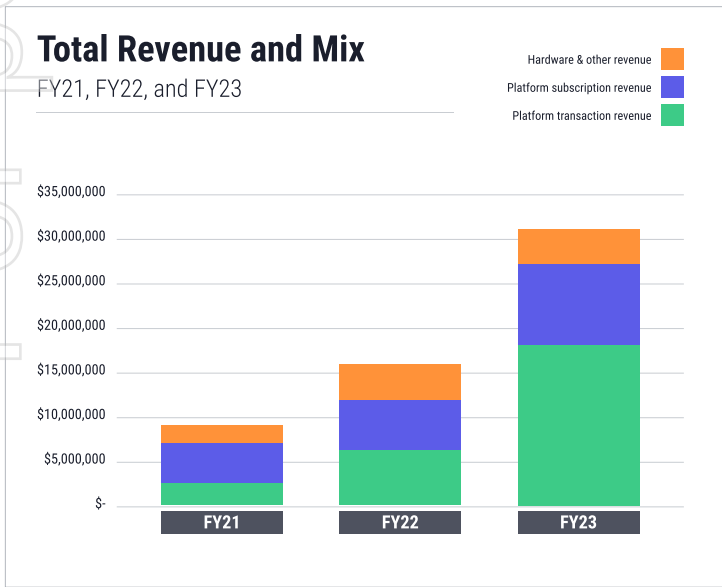
Enterprise Customers, ~6% of
North American market winning
~1 new customer per week

~ (\$2.1)M

EBITDA

Revenue FY23 of ~\$30.8m (+93% PCP)

~89% of revenue is from recurring subscriptions and reoccurring transaction sources

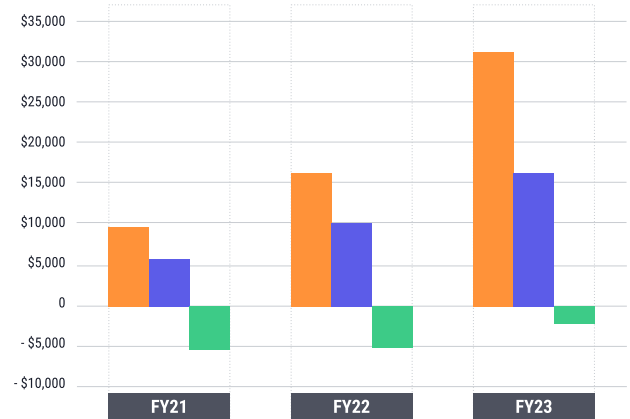


Total Revenue and Mix

Takeaways

- + Revenue outturn FY23 of ~\$30.8m (+93% vs PCP)
- + Recurring Subscription and reoccurring Transaction revenue (shown by the blue and green bars) was ~\$27.5m, representing ~89% of revenue mix
- + This revenue element continues to grow positively because of the investment into extending software products. This underpins more predictable growth and higher-quality revenue

IKE Revenue, Gross Margin, EBITDA (NZ\$'000)



IKE Revenue, Gross Margin, and EBITDA

Takeaways

- + Gross margin FY23 of ~\$16.4m (+66% vs PCP) representing an FY23 gross margin percentage of ~53%
- + EBITDA loss of ~\$2.1m, continuing the YoY improvement trend

Strong growth across all key metrics

	FY23	PCP (FY22)	% Change
Total Revenue	\$30.8M	\$16.0M	+93%
Platform Transactions			
# of Billable Transactions	491K	349K	+41%
Platform Transaction Revenue	\$18.7M	\$6.4M	+192%
Gross Margin	\$7.2M	\$2.9M	+148%
Gross Margin %	39%	45%	
Platform Subscriptions			
# of Enterprise Customers	379	319	+19%
Platform Subscription Revenue	\$8.8M	\$5.6M	+57%
Gross Margin	\$7.7M	\$5.0M	+54%
Gross Margin %	88%	89%	
Hardware & Other			
Hardware & Services Revenue	\$3.3M	\$4.0M	-18%
Gross Margin	\$1.5M	\$1.9M	-21%
Gross Margin %	45%	50%	

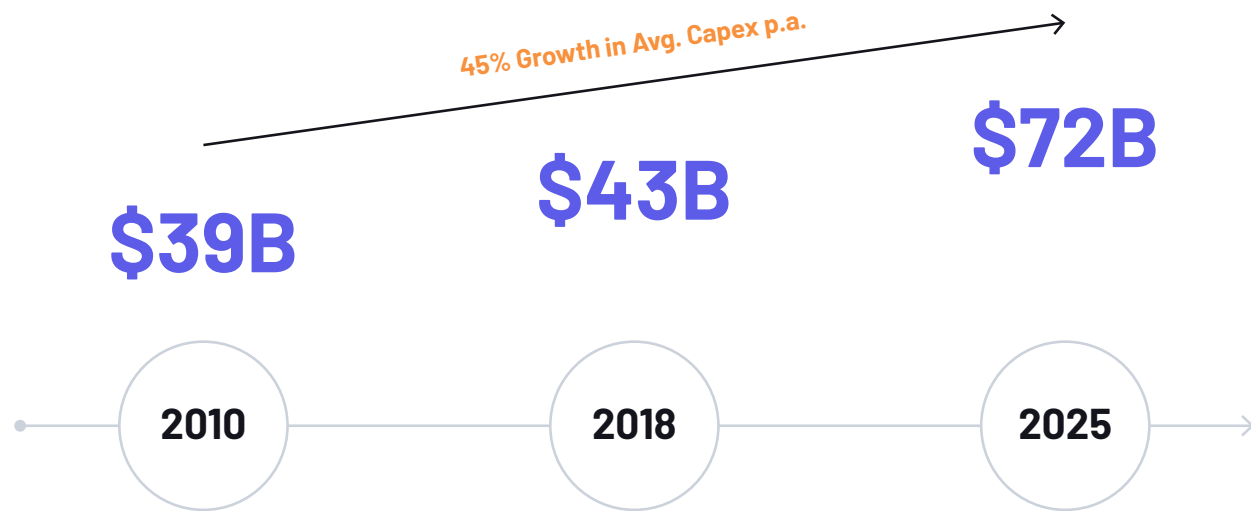


Addressing a large market opportunity across the U.S. communications segment

- + >\$300B expected investment into fiber network development in the U.S over next 5+ years
- + >\$50B expected investment into 5G network development in the U.S. over the next 5+ years
- + An additional >\$60B expected investment into rural broadband development as part of the Biden administrations new Infrastructure bill
- + >200 Communications companies competing to build a networks and win underlying customers
- + >1,000 engineering service providers supporting network development

IKE dramatically speeds up the network deployment process.

Fiber and 5G investment super-cycle in North America still in its early stages



Projected Investments into 5G & Fiber Optic Infrastructure (\$NZD)
Source: Bell Potter Initiation of Coverage Report, GSMA, American Tower. Note: Labeled Capex Figures reflect Houlihan Lokey Estimates

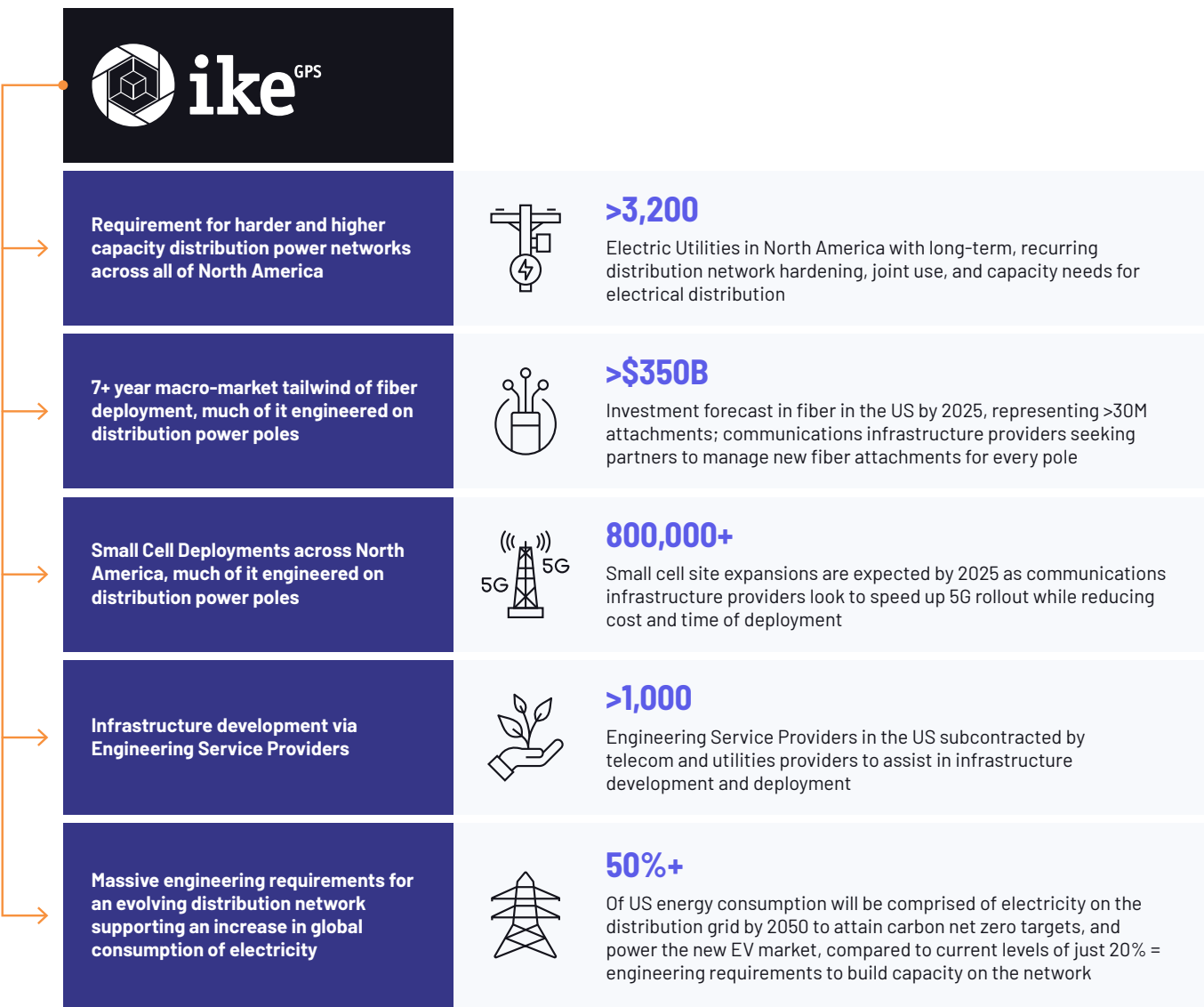
Addressing a large market opportunity across the U.S. electric utilities segment

Over 3,200 electric utilities across the U.S. are facing common challenges

- + Outages
- + Aging infrastructure
- + Potential catastrophic consequences
- + Increased O&M costs
- + Environmental clean-up costs
- + Significant legal liability
- + Regulatory and Engineering code compliance

There are over 2,000 Engineering Service Providers who can work with IKE to improve the engineering design and maintenance process of poles.

Large additional market tailwinds emerging quickly in the U.S.

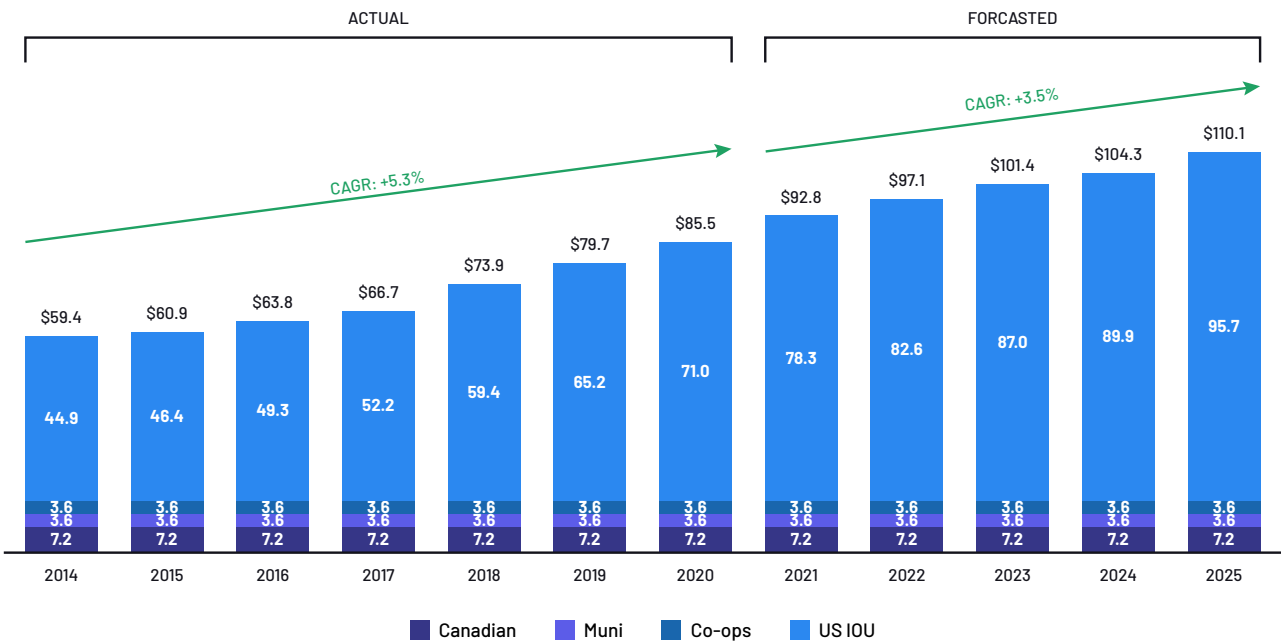


Source: Bell Potter Initiation of Coverage Report, GSMA, American Tower, Accenture, Grandview Research, Global Newswire, Ryse Energy, World Economic Forum



Growing network investment across Electric Utilities; support needed for productivity solutions such as IKE over the coming decades

U.S. and Canadian Electric Distribution Capital Expenditures (\$NZD in B)



A full stack of pole and OSP products & solutions



A sticky tier-1 customer base in place

5 of the 10 largest Investor-Owned Utilities (“IOUs”) in North America

>375 customers in North America, with 60 logos added in FY23

Opportunities to:

- + Grow, upsell, and cross-sell IKE products into the existing customer base
- + Win new logos in the North American market, with >6,000 entities participating in this space
- + Expand into international markets

Communications



Electric Utilities



Engineering & Project Management





For people

Talent on the rise

Our people come for the job and the reputation of working at IKE.
They stay for the accelerated development of their careers.

Meet some of the team who have risen with us



Liz Etzel

Support Engineer » IKE Product Manager

Joined IKE in 2017 as a Support Engineer; Liz served on the IKE Customer Brigade, sharing valuable insights into the customer experience (CX) at a post-sale level with her team members. Her appreciation for CX empathy is a cornerstone of her role as the IKE Product Manager.



Chris Chan

Electronic Technician » Operations Manager

Joined IKE in 2008 as an electronic technician; Chris leads as the operations manager for IKE. He tackles challenges from untangling supply chain knots to ensuring technology continuity for the team and customers of IKE. Chris is an ultra-smart and undeniably kind human.



Jessica Walker

IKE Analyst » IKE Analyze Manager

Joined IKE in 2017 as an Analyst; Jessica leads as the IKE Analyze manager. She demonstrated her brilliance in running the department while ranked among the earth's most likable people. All while delivering customer projects in scope and on time.



Sara Deere

IKE Analyst » Systems Engineer

Joined IKE in 2018 as an Analyst; Today, Sara is a systems engineer working to activate the IKE experience for customers moving into the IKE ecosystem. During her tenure at IKE, Sara has been recognized for running field teams with the least recollects.



Blake Collins

Support & Training Specialist » Solutions Eng. Mgr.

Joined the IKE support and training team in 2016; Blake leads as the solutions engineering manager. He has a wealth of knowledge from the field to IKE Office, including the details in between. Blake plays a lynchpin role from customer onboarding to the ongoing customer lifecycle.



Spencer Hankin

Account Manager » Senior GIS Manager

Joined IKE in 2019 as an account manager; Spencer has an uncanny ability to grok and rock GIS data in the age of cloud-based workflows. As a senior GIS manager, he generates hyperrealistic GEO-HUD displays to impress with visually rich macro and micro pole analytics.





Brand, Product, and Technology Overview

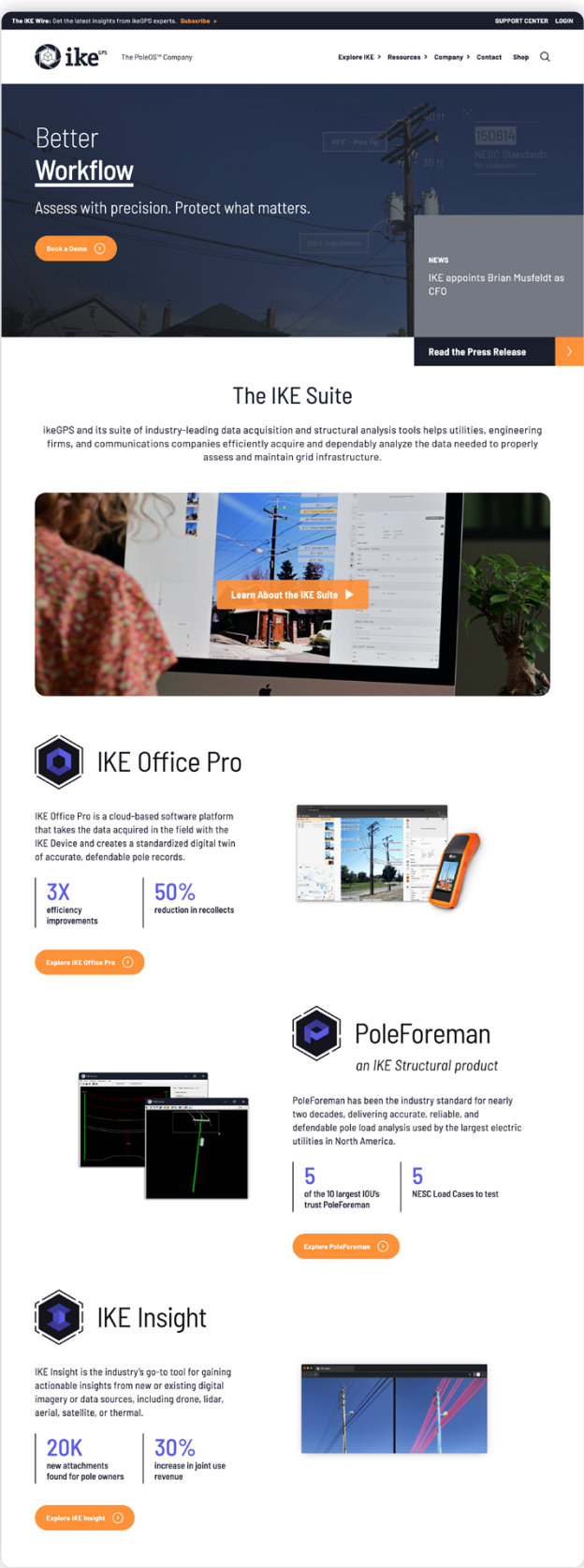


Growth of our brand

We're IKE, the PoleOS™ Company

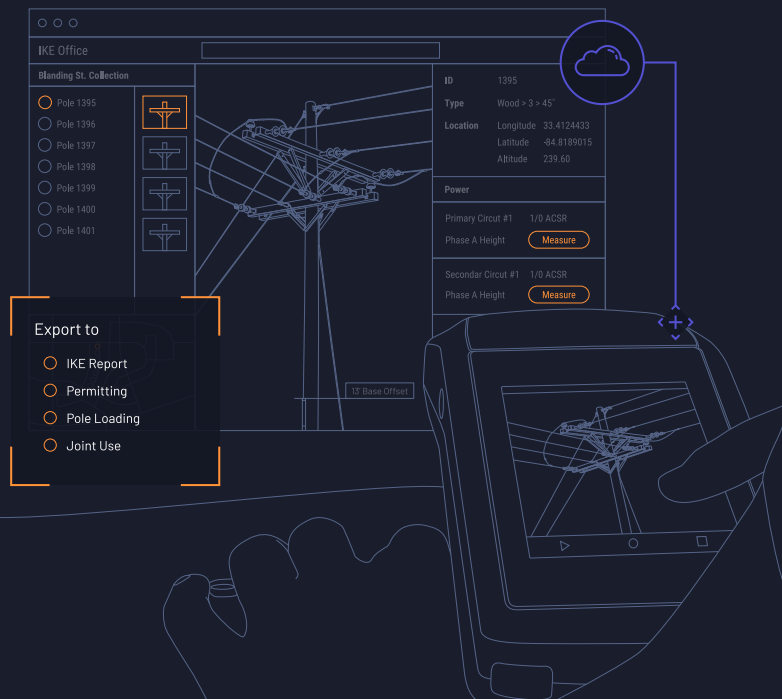
"We're IKE, The PoleOS™ Company" is our tagline which symbolizes our goal to be the underlying platform standard in the North American market to enable telecommunications, electric utilities, and engineering service companies as it relates to their pole & outside plant infrastructure projects.

See our brand in action
[Watch the IKE Suite Video >](#)





IKE Office Pro



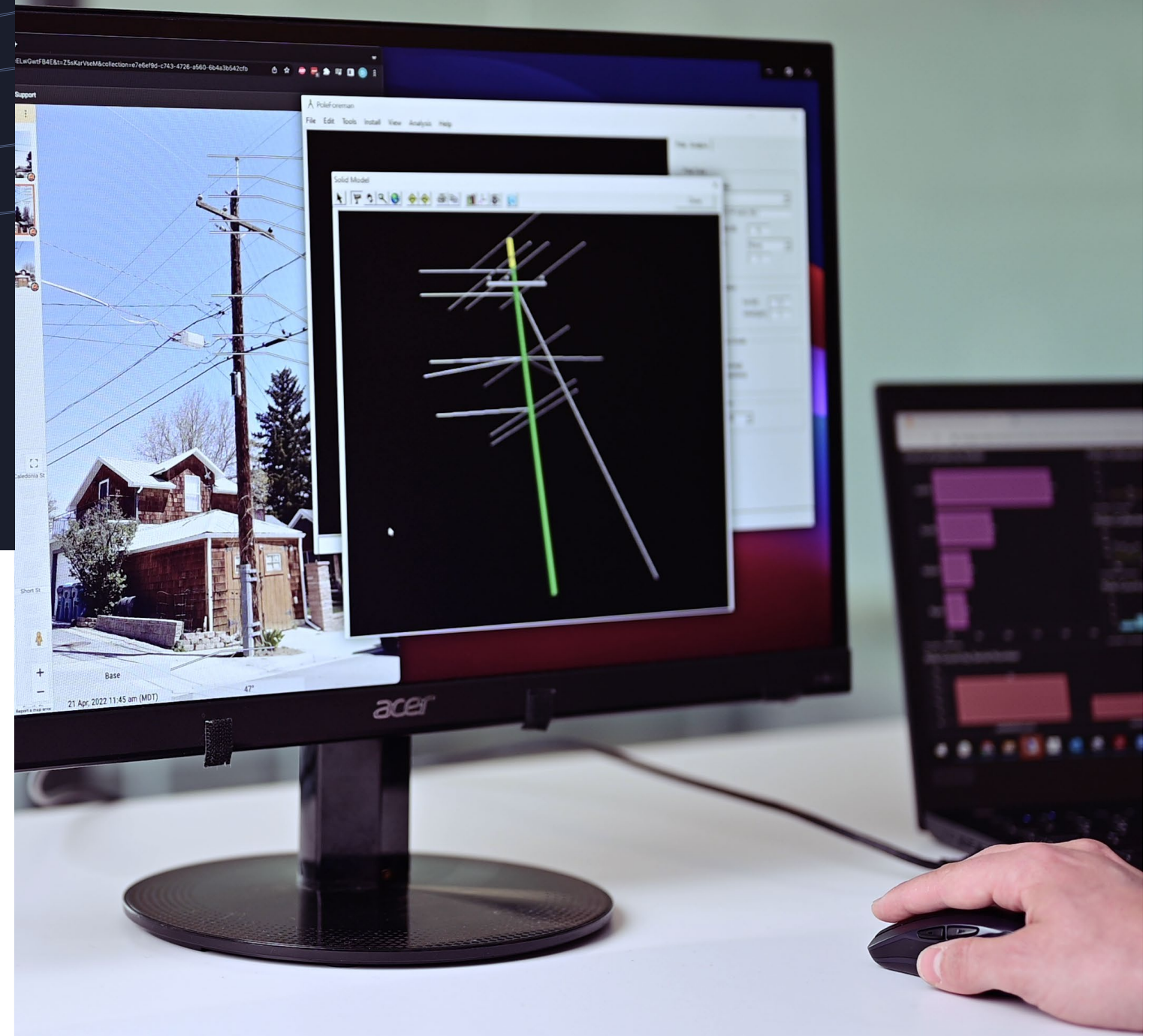
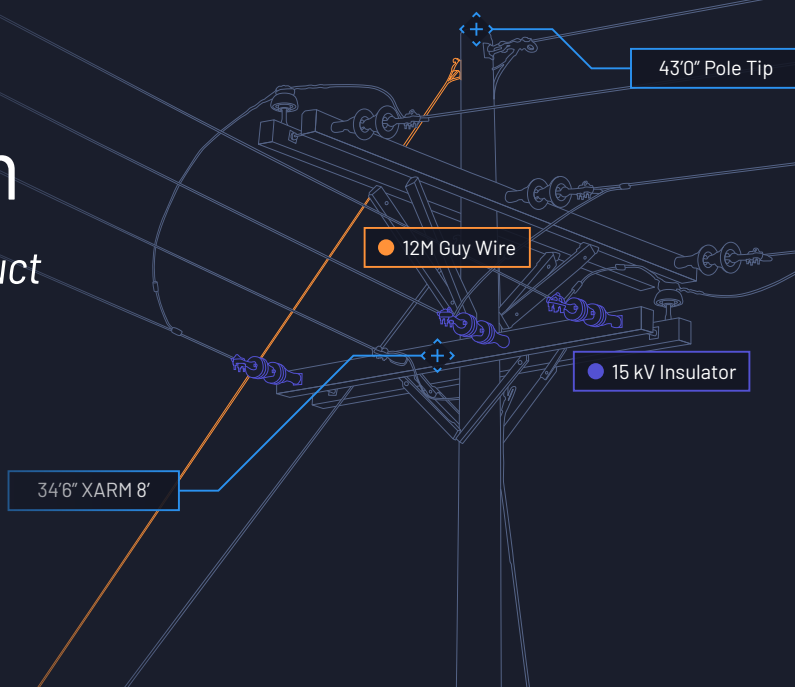
IKE Office Pro Product & Technology

The IKE Office Pro solution continues to grow in software features and benefits for field-to-office collaboration. This cloud platform enables customers to measure and manage pole projects and data quickly and efficiently while allowing them to export IKE Records to their native systems. Today, more than 400+ enterprise customers across North America trust the IKE Office Pro solution. The payment model is via an annual subscription plus transaction fees.





PoleForeman
an IKE Structural product



IKE Structural - PoleForeman and SagLine Product & Technology

IKE's PoleForeman and Sagline product is one of the most trusted software tools used by engineering designers at electric utilities, telecom groups, and engineering service providers who want accurate and consistent analysis that enforces company-specific standards and compliance with minimum NESC requirements. Today, five of the ten largest electric utilities in North America rely on PoleForeman and SagLine for their distribution network design. The business model is an annual subscription.



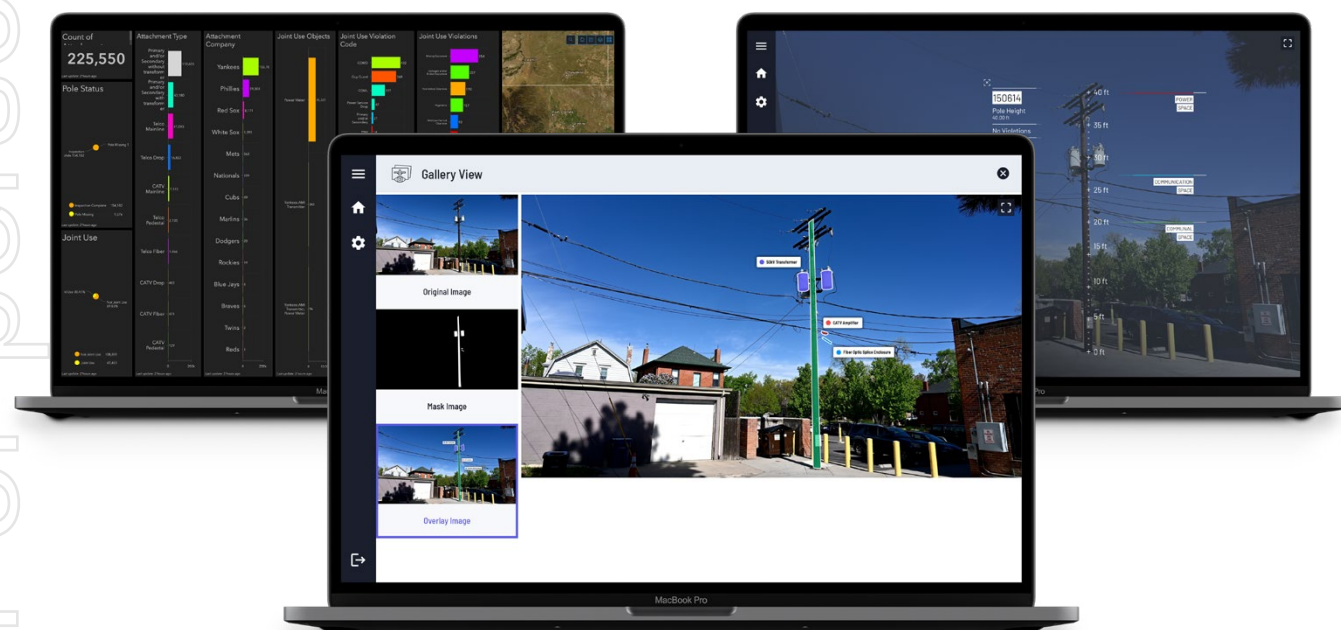


IKE Insight

50kV Transformer

CATV Amplifier - FiberCOM

150614
Owner - BC Utility
Pole Height
40.00 ft
No Violations



IKE Insight Product & Technology

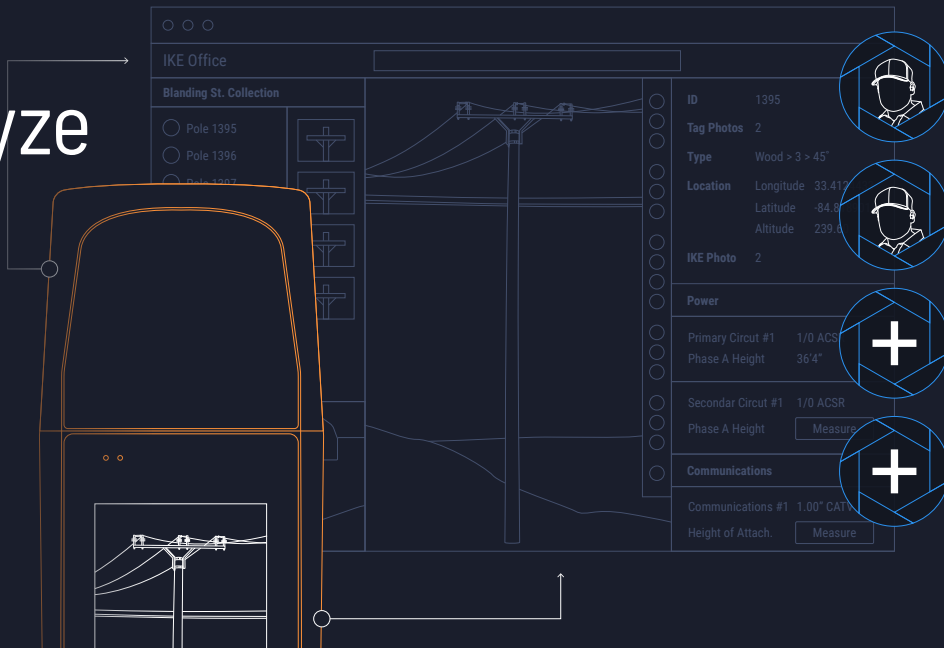
With the IKE Insight solution, customers gain actionable insights from bulk data and images using Artificial Intelligence and predictive analytics. Applications include National Electric Safety Code violation assessment, Joint Use assessment, As-built assessments for future network change detection, Right-Of-Way safety and compliance assessment, and others. The business model is a subscription plus transaction fees.

For personal use only

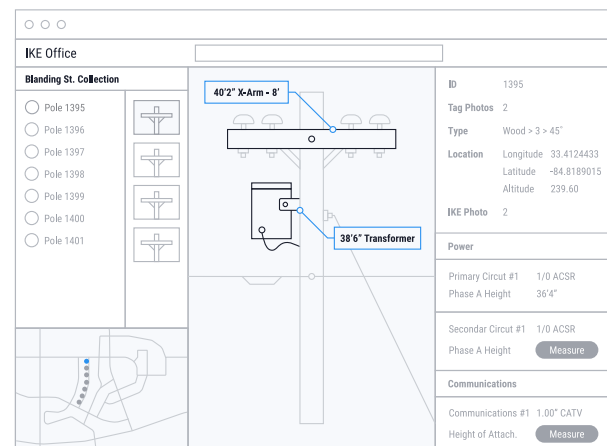




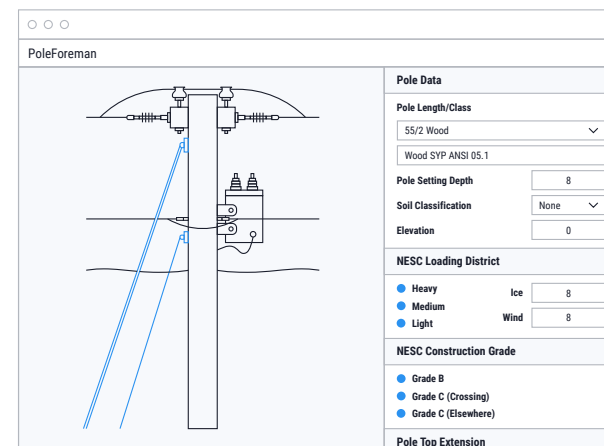
IKE Analyze



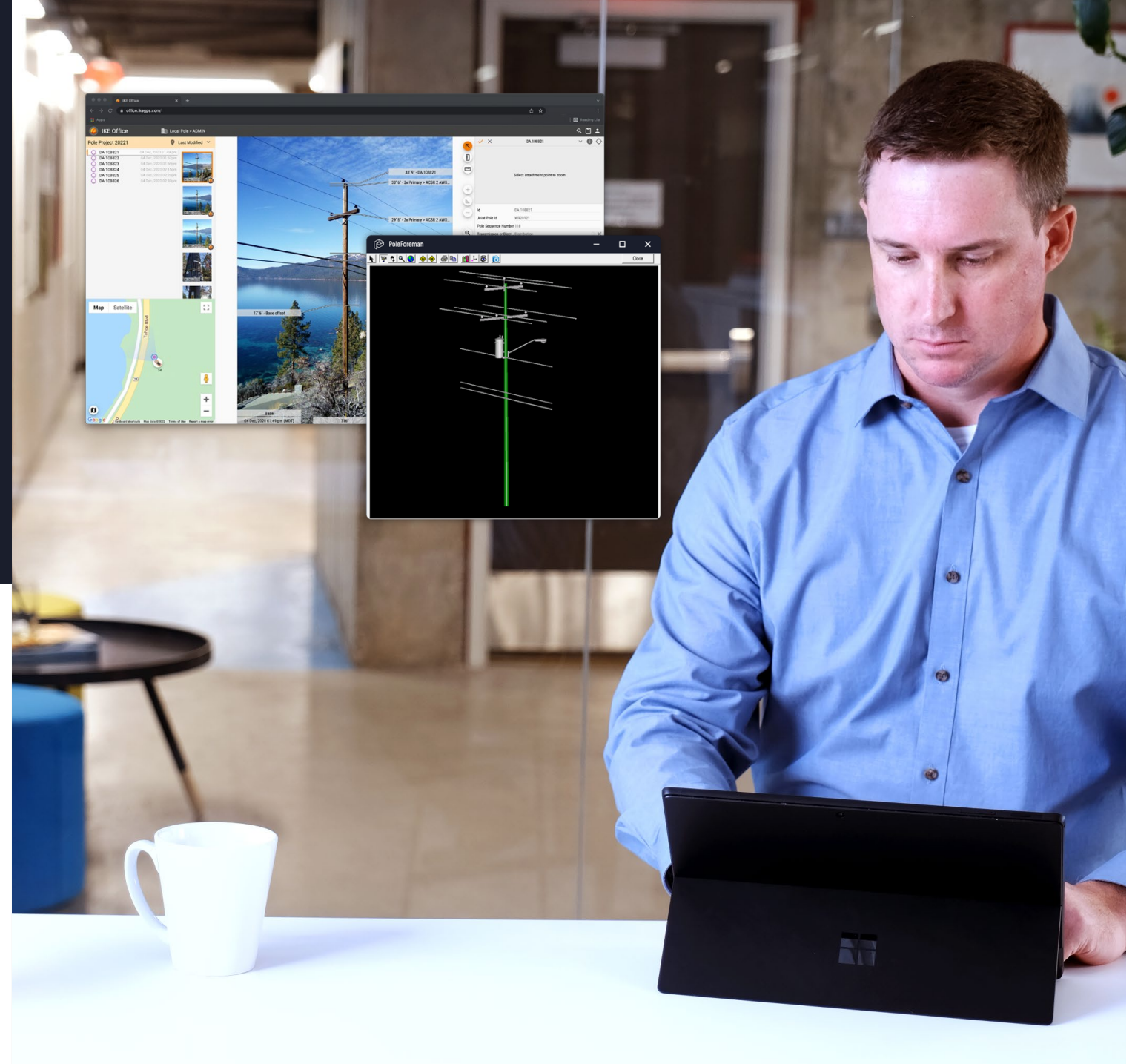
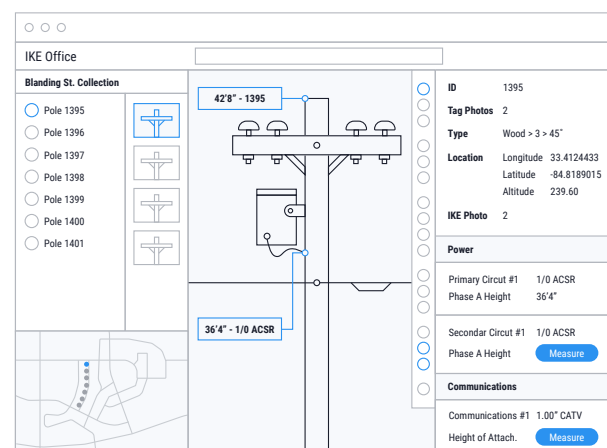
Heights of Attachment (HOA)



Pole Load Analysis (PLA)



Make Ready Recommendations (MRR)



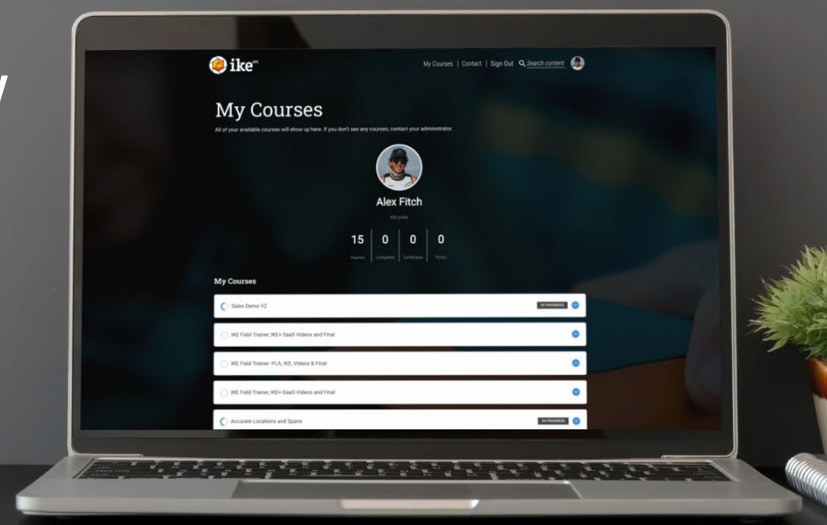
IKE Analyze Product & Technology

This year, IKE Analyze processed more than 400,000 poles resulting in engineering records in the form of IKE records for 1. Heights of Attachment (HOA), 2. Pole Load Analysis (PLA), and 3. Make Ready Recommendations (MRR). IKE Analyze customers typically enjoy more than a 50% reduction in project costs for pole audits, make-ready engineering, and permit application processes. The business model is via transaction fees.





IKE University



IKE University

CERTIFICATE OF COMPLETION



For completion of the IKE Field Trainer Course,
this certificate is hereby awarded to:

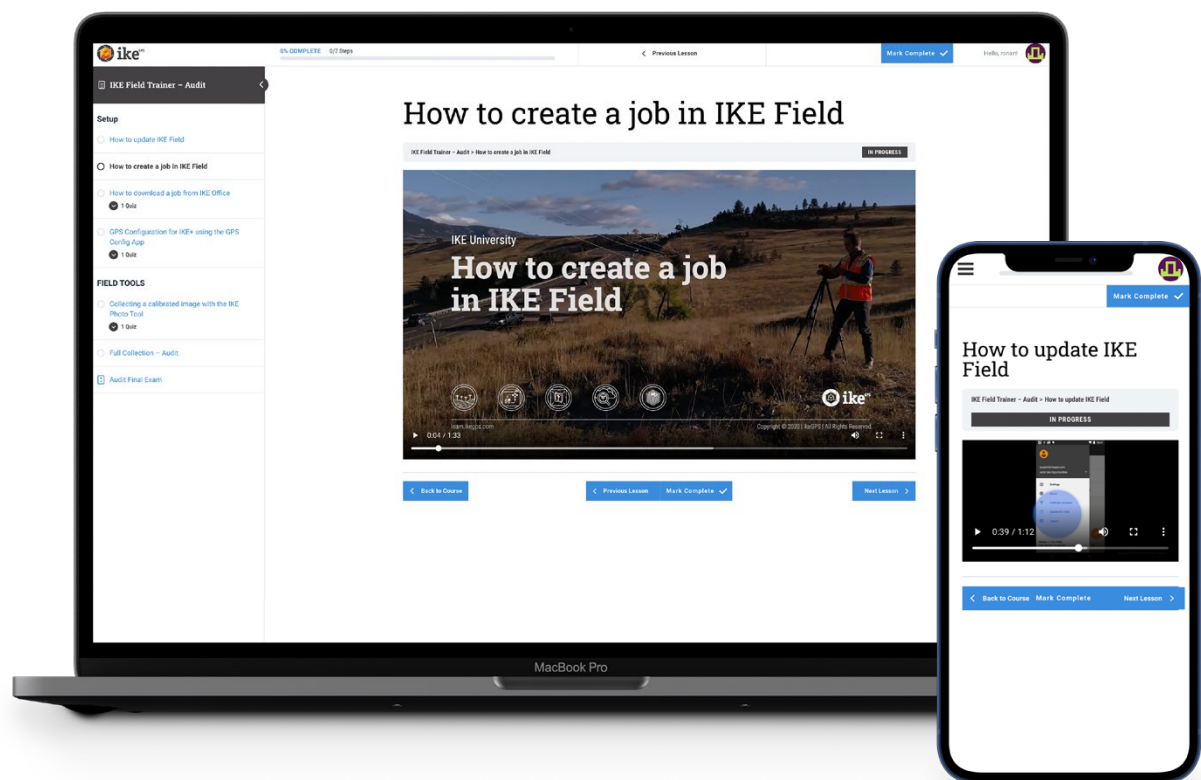
Mira Hoffstader

Malcolm Young

Certified By 

02-22-2023

Date



IKE University Product & Technology

IKE University has become a universal training asset for IKE Customers. Customers consume content via video and instructor-led channels. More than 3,000 engineers across the industry in North America have become certified IKE experts through the IKE University curriculum. The business model is via per-course fees.





Management Team



Glenn Milnes
Chief Executive Officer & Managing Director

Glenn Milnes is the CEO and managing director at ikeGPS, where he is accountable for the company’s overall strategy, performance, and growth. Glenn joined ikeGPS following more than a decade of leadership roles at organizations including International Communications group, Cable & Wireless International, London, where he oversaw a group of more than 30 fixed and wireless businesses, and No. 8 Ventures.

Before entering the business world, Glenn played professional cricket in New Zealand, England, and The Netherlands, representing New Zealand at various levels. Glenn holds an MBA with Distinction from Imperial College London, a Bachelor of Science with First-Class Honors from Oxford Brookes University and a Bachelor of Physical Education from the University of Otago.



Lydia Siloka
Head of People

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



Malcolm Young
Senior VP Structural Analysis and Head of PoleForeman

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



Jareth Rossking
Head of Engineering

Jareth leads our engineering teams across the IKE Office Pro, IKE Structural (PoleForeman), and IKE Insight solutions. He has 10+ years of experience in the information technology industry specializing in the utility sector. Jareth started his career as a software developer and grew into the Head of Engineering role at AgilityCIS, where his team consisted of 75 developers working across a number of countries and timezones.





Chris Ronan

Chief Marketing and Brand Officer

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



Chris DeJohn

Senior Vice President of Sales and Business Development

Chris brings a wealth of experience in the enterprise and telecommunications market, having participated in the emergence and transformation of some of the largest data, cellular, and voice network infrastructure in the world throughout his career. He has seen how modernization and economics fundamentally changed with the application of new technologies. With the nation's utility industries on the verge of a similar radical shift, Chris helps lead IKE's application of our cutting edge technology to guide customers in navigating this evolution.



Leon Toorenburg

Chief Technology Officer

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

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



Brian Musfeldt

Chief Finance Officer

Brian is the CFO at ikeGPS, joining the company in June 2023. Brian brings over 25 years of experience relevant to IKE's industry and growth trajectory. Most recently he was CFO of Also Energy Inc. Prior to this, Brian has held CFO roles with companies including Zayo Bandwidth Inc, MST Global Inc, and Intermap Technologies Inc. Brian has an MBA from Colorado State University and began his career as a Certified Public Accountant with six years at KPMG / Arthur Anderson as an audit manager focused on the high-tech & manufacturing sectors. In his new role, Brian will be responsible for managing the organization's financial activities, providing strategic insights, ensuring compliance, and optimizing resources to support the company's overall goals.



Corporate Governance



Board of Directors

Alex Knowles
Chair & Director

Appointed as a director in 2011 and Chair 2021

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

Rick Christie *(MSc (Hons) Chemistry)*
Independent Director

Appointed as a director and Chair in 2014 (Chair from 2014 – 2021)

Rick Christie is the former Chair of Ebos Group, where he was Chair through much of its growth to become a \$7B+ business today. He has experience on a number of other major boards, including TVNZ. Rick was previously CEO of investment company Rangatira Ltd and had 20 years of executive management experience in the international oil and gas industry.

Glenn Milnes *(MBA (Dist.), BSc (Hons), B PhD)*
CEO & Managing Director

Appointed as a CEO and Managing Director in 2013

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

Mark Ratcliffe
Independent Director

Appointed as a director in 2020

Mark was the founding CEO of Chorus New Zealand from 2007 to 2017 where he led the deployment of New Zealand's national fiber network. Prior to Chorus Mark was CIO and COO of Spark (formerly Telecom NZ). Prior governance roles include Director of 2 Degrees from 2017 to 2020. The majority of his current portfolio is in the Infrastructure Sector and he is currently the Chair of First Gas, Tuatahi Fast Fibre, and a number of other private and public sector boards.

Fred Lax *(MSEE AND BSEE)*
Independent Director

Appointed as a director in 2014

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

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

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

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

Corporate governance statement

Under NZX Rule 3.7.1 and 3.8.1, NZX has a set of principles and recommendations, the NZX Corporate Governance Code, that listed companies must report against. The overarching purpose of the NZX Code is to promote good corporate governance. The Board considers that, as at 31 March 2023, the Company complies with the recommendations set by the NZX Corporate Governance Code, except where it deems alternative measures are more appropriate as disclosed.

Board composition and performance

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

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

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

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

Board meetings

Between 1 April 2022 and 31 March 2023, 8 Board meetings were held. All meetings were attended by all Directors (or committee members) apart from one meeting in October where Rick Christie was absent.

Board composition

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



Director independence

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

The Board assesses Director independence against the criteria in the Charter. The Board consider the following Directors to be independent at present, Rick Christie, Mark Ratcliffe, and Fred Lax.

Diversity policy

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

A gender breakdown of Directors and officers of the Group and its subsidiaries as at 31 March 2022 and 31 March 2023 is detailed below. For the purposes of accurate disclosure, Glenn Milnes is shown both as a Director and an officer.

	2023	2022
Directors		
Male	5	5
Female	1	1
Officers		
Male	2	2
Female	-	-

Director training

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

Board performance

On a regular basis the Board reviews how it is performing. The review process comprises a group self-evaluation relating to Board and committee composition and performance. The Board believes this process is effective and believes it helps to refine the Group’s strategy-setting processes and the information provided in Board papers. Broadly, the Board is satisfied that the Board and its committees are operating well and that the performance process used is both effective and suited to the company.

Remuneration

Remuneration of directors

Directors’ fees are currently set at a maximum of \$550,000 for the non-executive Directors. The actual amount of fees paid in the year to 31 March 2023 was **\$364,501**.

Directors' fees and other remuneration and benefits (including share option expense) from the Company recognized in profit or loss during the accounting period ended 31 March 2023 are as follows:

Director	Salary & Board Fees	Share Option Expense and other Benefits
Richard Christie	\$52,501	\$43,066
Eileen Healy (resigned May 2023)	\$67,600	\$38,526
Alex Knowles	\$93,600	\$43,066
Frederick Lax	\$78,000	\$43,066
Mark Ratcliffe	\$72,800	\$12,920
Glenn Milnes*	\$1,019,551	\$310,517
Total	\$1,384,052	\$491,162

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

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

No Director of either of the Group’s subsidiaries receives any remuneration in that capacity.

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

The total Directors remuneration pool for FY23 is set at \$320,000. The last increase in Directors’ fees was made with effect from from October 2022.



Chief Executive Officer (CEO)

Glenn Milnes’s employment agreement for his role as CEO commenced in July 2010. His agreement reflects appropriate standard conditions for a CEO of a listed company.

Glenn’s remuneration is a combination of fixed salary and incentive arrangements. The incentives are a Short Term Incentive (STI) component set at up to 50% of base salary, linked to specific financial and non-financial targets set annually by the Board, and a Long Term Incentive (LTI) component set at up to 50% of base salary, in employee stock options.

Glenn’s base salary for the year to 31 March 2023 was US\$414,000, and he received a bonus (STI) in calendar 2022 of US\$175,000.

Glenn had 1,964,000 employee stock options as of 31 March 2023 of which 725,000 [with an exercise price of \$0.78] was granted on 1 August 2022.

The remaining employee stock options have vesting dates from 2020 to 2026. Vesting at each date is dependent on him remaining an employee at the applicable vesting date.

Remuneration of employees

The Group aims to have a remuneration framework and policies to attract and retain talented and motivated people.

The Company wants to:

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

Employee remuneration principles

The Group uses market data to determine competitive salary and total remuneration levels for all staff. The Group makes allowance for individual performance, scarcity of skills, internal relativities, and specific business needs. The Group is operating in a growth industry and has a skilled and mobile workforce.

All employees have fixed remuneration. Selected employees have the potential to earn a Short Term Incentive (STI) and Long Term incentive (LTI).

Ethical Behaviour

Code of conduct

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

Whistleblowing

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

Avoiding conflicts of interest

The Board is updated at each meeting on changes in Directors’ interests and any potential conflicts. The register records relevant transactions and our disclosures of interests. A current listing of Directors’ interests is found on [page 40](#).

Trading in securities

The Groups Directors are restricted from trading in the Group's shares under New Zealand law and by the Group's Security Trading Policy. This policy applies to both Directors and employees. The policy details “blackout periods” where trading is forbidden, as well as a process for authorization at other times.

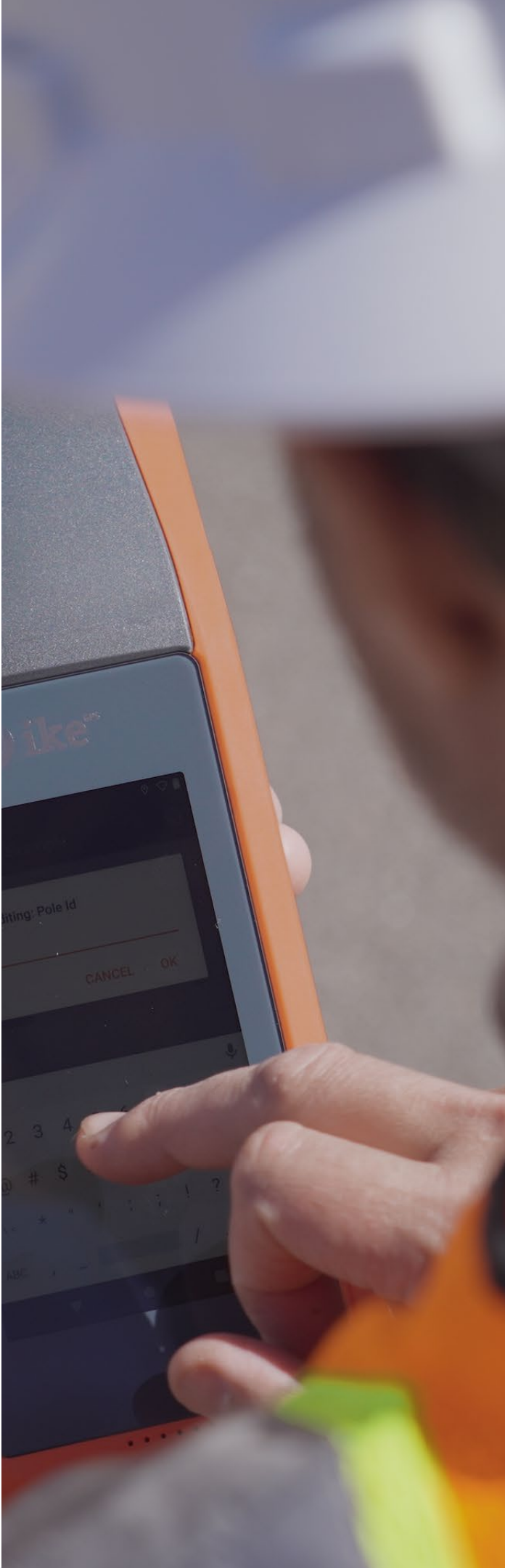
Our Director's current shareholdings are set out on [page 41](#).

Committees

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

During the FY23 year, the Group’s standing Board committees were the:

- + Audit & risk management committee
- + Nominations and Remuneration committee



Audit & Risk Management (ARC) committee:

Fred Lax (chair), Mark Ratcliffe, Glenn Milnes

The committee members are independent Directors with the exception of Glenn Milnes (executive director). Due to the diversity of the business operations, it is deemed appropriate that Glenn Milnes is a member of the ARC. In accordance with the NZX Code, the Audit & Risk Management Committee is chaired by an Independent Director, Fred Lax, who is not the Chair of the Board. Fred has extensive governance experience and has been ARC Chair with other public companies.

The committee’s Charter is set out on the investor relations website. The committee met four times in the year to 31 March 2023.

Management attends meetings only at the committee’s invitation, and at least annually, the committee meets with the external auditors with management excluded.

Nominations and Remuneration committee:

Chair to be appointed (Previously Eileen Healy), Mark Ratcliffe, and Fred Lax.

The committee members are independent Directors. The committee met on four occasions in the year to 31 March 2023. This committee has oversight of matters of recruitment, retention, and remuneration.

Other committee matters

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

Takeover protocol

The Board has decided not to establish a takeover committee or protocols documenting the procedure to be followed in the event it receives a takeover offer. The Board has determined that due to the current size and make-up of the Board, it is

sufficiently independent and can manage a takeover process and any additional issues effectively as a whole Board, should it arise.

Reporting and disclosure

Financial reporting

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

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

Non-financial reporting

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

Disclosure to the market

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

disclosure requirements.

Information for investors

The Group’s annual meeting will be held virtually on Friday, 29 September 2023 (NZT). A notice of the meeting and proxy form will be circulated to shareholders closer to the time. The external auditors, Grant Thornton, will respond to any questions submitted prior to the meeting.

Risk management

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

Health and Safety Risk

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

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

Auditors

The Group has an external Auditor Policy that requires the external auditor to be independent and to be seen as independent. The Board is satisfied that there is no relationship between the auditor and the Group or any related person at this time that could compromise the auditor’s independence. The Board also obtained confirmation of independence formally from the auditor. To ensure full and frank dialogue amongst the ARC and the auditors, the auditor’s

senior representatives meet separately with the ARC (without management present) at least once a year.

Non-audit work

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

Shareholder rights and relations

The Group’s financial reports and corporate governance documentation is available on the group’s website <https://ikegps.com/investors/>.

The Group keeps shareholders informed through periodic reporting to NZX and ASX and through its continuous disclosure. The Group provides briefings and presentations to media and analysts (which are made immediately available on the investor relations website) and communicates with shareholders through periodic reports, annual shareholder meetings, as well as through a range of releases to media on matters which the company believes will interest shareholders and members. The Group encourages shareholders to refer to the investor relations website and to receive annual and half year reports electronically. Still, hard copies of the reports can readily be obtained from the share registrar, Link Market Services Limited. The Group takes care to write all shareholder communications in a clear and straightforward way and to limit the use of jargon.





Disclosures

Audit Fees

The amounts payable to Grant Thornton as auditor of the Group are as set out in Note 6 to the financial statements.

Subsidiary company Directors

The following people held office as Directors of subsidiary companies of the Group on 31 March 2023:

1. ikeGPS Inc: Glenn Milnes
2. ikeGPS Limited: Rick Christie

Dividends

As part of the Group's growth plans, dividends are not currently paid, and the Board did not declare a dividend in respect of the period ending 31 March 2023, nor does it expect to declare any dividends during the period ending 31 March 2024.

Net Tangible Assets

The Net Tangible Assets per security on 31 March 2023 was \$0.13 (31 March 2022: \$0.16).

NZX Waivers

There were no waivers obtained or relied on during the period to 31 March 2023.

Officers

The Group's officers as at 31 March 2023, and their respective roles, were as follows:

Glenn Milnes, Chief Executive Officer

Stephen Fairbrother, Chief Financial Officer

Annual Meeting

The Group will hold an Annual Meeting of shareholders on Friday, 29 September 2023 (NZT). A notice of Meeting and Proxy Form will be circulated to shareholders closer to the time.



Entries recorded in interests register

The following are particulars of entries made in the Company’s interests register pursuant to section 140 of the Companies Act 1993 for the period 1 April 2022 to 31 March 2023 (including in respect of those Directors who are Directors of the Company’s subsidiaries).

Director	Interest	Declaration
Rick Christie - Non Executive Independent Director		No conflicting interests
Solnet Group Limited (Private)	Director	
National e-Science Infrastructure (NeSI)	Chair	
Royal Society of NZ Endowment Trust	Chair	
Glenn Milnes - CEO & Managing Director		No conflicting interests
The Wild Group Limited	Director	
Alex Knowles - Non Executive Director		No conflicting interests
Alphian Investments Ltd	Director	
A Way To Move Inc	Director	
Xenon FS LLC	Board Member	
AWA Shipping / Intelligent SCM LLC	Board Member	
Epe Frame Metal Spa	Director	
Framemax Systems Inc	Director	
Climate Coatings Ltd	Director	
Road to Success In	Board Member	
Mark Ratcliffe - Non Executive Independent Director		No conflicting interests
Mark Ratcliffe Consulting Limited	Director	
Ratcliffe Barker Family Trust	Trustee and Beneficiary	
First Gas Limited and related companies; Gas Services Limited, Gas Services NZ, Midco Limited, Gas Services SPV1 Limited and Rock Gas Limited	Chair	
Waka Kotahi – NZ Upgrade Programme Governance Group	Independent Chair	
Kaibosh Charitable Trust	Trustee	
First Sunrise Limited and related companies	Chair	
The Guildford Timber Company Limited	Chair	
WilliamsWarn NZ Limited and WilliamsWarn Holdings Limited	Director	
Ultra Fast Fibre Limited and related companies; UFF Holdings Limited, Tuatahi First Fire Limited, First Fibre Midco Limited, First Fibre BidCo Limited	Acting Chair	
Te Aranga Alliance	Chair	

Statement of Directors’ relevant interests

Directors (including Directors of subsidiary companies) held the following relevant interests in equity securities of the Company as at 31 March 2023.

Quoted Shares	With beneficial interest	As trustee or associated person of registered holder	Total number of ordinary shares 31 March 2023	Unlisted options to acquire ordinary share
Richard Christie	301,307		301,307	299,999
Alex Knowles	-	-	-	300,000
Glenn Milnes	816,920	120,300	937,220	1,964,000
Frederick Lax	494,828		494,828	300,000
Mark Ratcliffe	-	163,964	163,964	350,000
Eileen Healy	-	-	20,000	250,000
Total	1,613,055	284,264	1,917,319	3,463,999

Director share dealing

Date	Director	Registered holder / Associated entity	Class of financial product	Acquired / (Disposed of)	Consideration \$	Notes
18/10/2022	Eileen Healy	Eileen Healy	Ordinary shares	20,000	14,658	On Market Share Purchase
27/02/2023	Glenn Milnes	Glenn Milnes	Ordinary shares	(250,000)	212,500	Off Market Share Sale
15/02/2023	Glenn Milnes	Glenn Milnes	Ordinary shares	(5,000)	4,750	Off Market Share Sale

Spread of security holders

Security holders as at 31 March 23

Size of shareholding	Number of holders	% of holders	Total shares held	% of shares
1-1,000	397	17%	264,333	0.17%
1,001-5,000	885	39%	2,613,556	1.64%
5,001-10,000	362	16%	2,787,625	1.75%
10,001-50,000	458	20%	10,837,023	6.78%
50,001-100,000	78	3%	5,630,444	3.52%
Greater than 100,000	105	5%	137,598,764	86.14%
Total	2,285	100%	159,731,745	100%



Twenty largest registered shareholders

Analysis of shareholding on a disaggregated basis as at 31 March 2023

Rank	Shareholder	Holding	% total shares on issue
1	Nicola Jane Wilson & David Jonathan Wilson	26,791,553	16.8%
2	Forsyth Barr Custodians Limited	18,566,084	11.6%
3	HSBC Custody Nominees (Australia) Limited	14,634,943	9.2%
4	Naomi Jayne Knowles Lane	10,066,939	6.3%
5	Douglas Irrevocable Descendants Trust, Douglas Family Trust & K&M Douglas Trust	9,766,922	6.1%
6	Accident Compensation Corporation	6,791,807	4.3%
7	FNZ Custodians Limited	4,365,390	2.7%
8	National Nominees Limited	3,597,776	2.3%
9	Leveraged Equities Finance Limited	3,507,057	2.2%
10	New Zealand Permanent Trustees Limited	2,000,000	1.3%
11	Malcolm Young	1,904,359	1.2%
12	J P Morgan Nominees Australia PTY Limited	1,709,083	1.1%
13	Nzvif Investments Limited	1,685,029	1.1%
14	Maarten Arnold Janssen	1,505,059	0.9%
15	Naomi Jayne Knowless Lane	1,455,564	0.9%
16	New Zealand Depository Nominee	1,447,884	0.9%
17	Custodial Services	1,363,158	0.9%
18	BNP Paribas Noms(Nz) Ltd	1,214,836	0.8%
19	Hector Rex Nicholls & Kerry Leigh Prendergast	1,012,474	0.6%
20	Citicorp Nominees Pty Limited	960,424	0.9%
Total		114,346,341	71.9%

Substantial product holders

According to notices given under the Securities Markets Act 1988 and the Financial Markets Conduct Act 2013 as at 31 March 2023, the following were substantial product holders in respect of the 159,731,745 ordinary shares of the Company on issue as at 31 March 2023 (being the Company’s only class of quoted voting securities):

Name	Shareholding	%	Nature of relevant interest
David Jonathan Wilson and Nicola Jane Wilson	26,791,553	16.77%	Registered holder and beneficial owner of financial products
Naomi Knowles Lane	11,528,217	7.22%	Registered holder and beneficial owner of financial products
Scobie Ward	12,738,673	7.98%	Registered holder and beneficial owner of financial products
Douglas Irrevocable Descendants trust, Douglas Family trust, K&M Douglas Trust	9,766,922	6.11%	Registered holder and beneficial owner of financial products

Employee Remuneration

The following table shows the number of current or former employees (excluding employees holding office as Directors) who received remuneration and other benefits (excluding non-cash share based payments and payments made under an asset purchase agreement entered into as part of a business combination) in excess of \$100,000 from the subsidiary companies of the Group during the year ended 31 March 2023:

Band	Number of employees	Band	Number of employees
\$100,000 to \$109,999	7	\$420,000 to \$429,999	1
\$110,000 to \$119,999	8	\$430,000 to \$439,999	1
\$120,000 to \$129,999	8	\$440,000 to \$449,999	-
\$130,000 to \$139,999	9	\$450,000 to \$459,999	1
\$140,000 to \$149,999	2	\$460,000 to \$469,999	-
\$150,000 to \$159,999	2	\$470,000 to \$479,999	-
\$160,000 to \$169,999	3	\$480,000 to \$489,999	-
\$170,000 to \$179,999	5	\$490,000 to \$499,999	-
\$180,000 to \$189,999	2	\$500,000 to \$509,999	-
\$190,000 to \$199,999	1	\$510,000 to \$519,999	-
\$200,000 to \$209,999	3	\$520,000 to \$529,999	-
\$210,000 to \$219,999	1	\$530,000 to \$539,999	-
\$220,000 to \$229,999	3	\$540,000 to \$549,999	-
\$230,000 to \$239,999	5	\$550,000 to \$559,999	-
\$240,000 to \$249,999	1	\$560,000 to \$569,999	-
\$250,000 to \$259,999	2	\$570,000 to \$579,999	-
\$260,000 to \$269,999	-	\$580,000 to \$589,999	-
\$270,000 to \$279,999	-	\$590,000 to \$599,999	-
\$280,000 to \$289,999	-	\$600,000 to \$609,999	-
\$290,000 to \$299,999	-	\$610,000 to \$619,999	-
\$300,000 to \$309,999	1	\$620,000 to \$629,999	-
\$310,000 to \$319,999	-	\$630,000 to \$639,999	-
\$320,000 to \$329,999	-	\$640,000 to \$649,999	-
\$330,000 to \$339,999	1	\$650,000 to \$659,999	-
\$340,000 to \$349,999	1	\$660,000 to \$669,999	-
\$350,000 to \$ 359,999	-	\$670,000 to \$679,999	-
\$360,000 to \$ 369,999	1	\$680,000 to \$689,999	-
\$370,000 to \$ 379,999	-	\$690,000 to \$699,999	-
\$380,000 to \$ 389,999	1	\$700,000 to \$709,999	-
\$390,000 to \$ 399,999	-	\$710000 to \$719999	-
\$400,000 to \$ 409,999	-	\$720,000 to \$729,999	-
\$410,000 to \$ 419,999	-	\$730,000 to \$739,999	-



Band	Number of employees	Band	Number of employees
\$740,000 to \$749,999	-	\$850,000 to \$859,999	-
\$750,000 to \$759,999	-	\$860,000 to \$869,999	-
\$760,000 to \$769,999	-	\$870,000 to \$879,999	-
\$770,000 to \$779,999	-	\$880,000 to \$889,999	-
\$780,000 to \$789,999	-	\$890,000 to \$899,999	-
\$790,000 to \$799,999	-	\$900,000 to \$909,999	-
\$800,000 to \$809,999	-	\$910,000 to \$919,999	-
\$810,000 to \$819,999	-	\$920,000 to \$929,999	-
\$820,000 to \$829,999	-	\$930,000 to \$939,999	-
\$830,000 to \$839,999	-	\$940,000 to \$949,999	-
\$840,000 to \$849,999	-	\$950,000 to \$959,999	1
		Total	72

The remuneration shown above has been converted to NZ\$ at the average rate for the month each transaction took place.

Donations

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



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Consolidated Financial Statements

Year End // 31 March 2023

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Independent auditor's report

To the shareholders of ikeGPS Group Limited

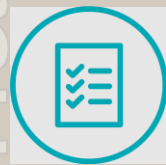
Report on the audit of the consolidated financial statements



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



B R Smith

Partner

Wellington

30 May 2023

Consolidated statement of profit or loss and other comprehensive income

		Year ended 31 March	
		Group	
	Note	2023	2022
		NZ\$'000	NZ\$'000
Continuing operations			
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)

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

Consolidated statement of changes in equity

	Share capital	Accumulated losses	Share-based payment reserve	Foreign currency translation reserve	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	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)
<i>Transactions with owners:</i>					
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	Accumulated losses	Share-based payment reserve	Foreign currency translation reserve	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	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)
<i>Transactions with owners:</i>					
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

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

Consolidated statement of financial position

As at 31 March
Group

	Note	2023	2022
		NZ\$'000	NZ\$'000
ASSETS			
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	Year ended 31 March Group	
		2023 NZ\$'000	2022 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

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

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

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

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
	NZ\$'000	NZ\$'000
Platform Transactions		
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

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

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.

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

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)

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

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 NZ\$'000	2022 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 NZ\$'000	2022 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.

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

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 liabilities	2023 NZ\$'000	2022 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 NZ\$'000	2022 NZ\$'000
Less than one year	14	232
Lease liabilities recognised as at 31 March	14	232

Lease assets	2023 NZ\$'000	2022 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

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

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.

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

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

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

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:

	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2023 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

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

16. Financial instruments and financial risk management (continued)

	Contractual cash	6 months or less	6 months to 1 year	1 to 2 years	2022 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 Carrying amount in USD	2023 Carrying amount in AUD	2022 Carrying amount in USD	2022 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)

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

	2023 Carrying amount AU\$'000	Change in AUD rate %	Effect on loss before tax 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.

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

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	Number of	Average	Number of
	exercise price	options	exercise price	options
		'000's		'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	
			Number of	Term	Number of	Term
Year Granted	Expiry date	Exercise price	options	remaining (years)	options	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

	Corporate Tax NZ\$'000	Sales Tax NZ\$'000	Total Provisions NZ\$'000
2023			
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			
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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