



Annual Report

For the period ending 31 March 2020

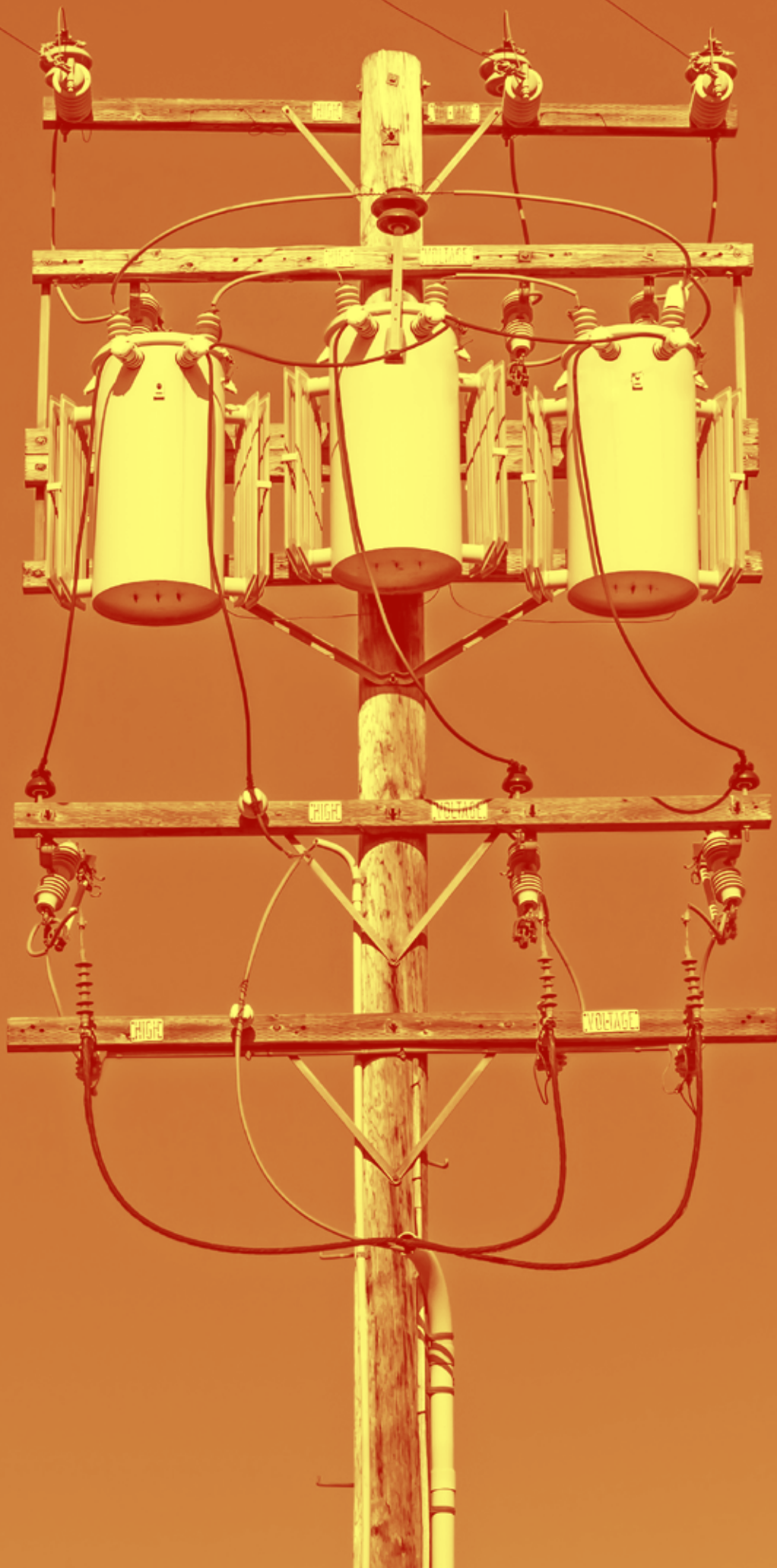


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Chairman's & CEO's Report

FY20 - Year in Review



Performance

FY20 was a busy and productive year for our business with continued growth and improvement across all key metrics. Our core target market has also continued to develop positively, being tier-1 U.S. communications companies, electric utilities and their engineering service providers. Success within this market is the key long-term value driver for our business.

In terms of financial performance, recognised revenue of \$9.8m was approximately 23% higher against the FY19 prior comparative period (PCP) of \$8.0m. Gross margin in FY20 grew to \$7m, 30% higher against PCP (FY19 \$5.4m), reflecting the continued shift to the higher quality revenue from our IKE solution. Consolidated gross margin percentage was approximately 71%, an improvement against PCP of 67%. Operating cash flow performance improved to approximately (\$1.1m) (against PCP of (\$4m)). Our net loss after tax for the period was \$5.7m, against PCP of \$5.1m. We concluded the period with \$5.9m of total cash and receivables, noting that a subsequent event was an oversubscribed capital raise from new and existing ASX and NZX parties of \$19.7m to support our growth plans.

Market tailwinds

As we have consistently communicated the key value driver for IKE is the development of IKE solution sales across target accounts, typically the largest communications companies and electric utilities operating in the North American market. From a market timing perspective, the pace of investment into fiber networks and 5G has continued. The U.S. fiber market is estimated to be at year two or three of a seven to ten-year investment super-cycle exceeding \$300B, and with more than 200 entities competing to deploy networks. An additional large market tailwind has emerged relating to 5G, the next generation mobile technology – expected to represent an additional \$50B of network development – much of it on power poles. Usage of the IKE solution materially improves productivity across the process to deploy a fiber network development or for 5G site workflow processes. We are pleased to be positioned in front in these very large macro market factors.

IKE Analyze, materially improves productivity for fiber network development and 5G site assessment workflow processes

Product development milestones

The transition to the IKE Analyze business model was initiated in FY19 and was matured through FY20. Adding to our historical model of selling field tools and software subscriptions, IKE Analyze leverages our cloud-based pole software platform so that IKE can deliver significantly more value to customers via engineering reports and analysis. The depth and specificity of the IKE Analyze offering for distribution asset projects is important and provides an opportunity to access materially larger customer contracts. As a result of this product transition, approximately 70% of FY20 revenue was derived from either recurring subscription or transaction sources.

Successful acquisition

We acquired certain assets of PowerLine Technology Inc. (PLT) in the period, one of the leading structural analysis software companies in North America. Post-acquisition activities have been positive with all major PLT customers renewing their annual software licenses post-acquisition. IKE Analyze cross-sell opportunities with PLT customers have also emerged.

Brand development

Through FY20 we continued important work establishing our brand and customer experience within the Communications and Utility segment. IKE is a poles business, focused on people, process and technology. Our objectives are to create a depth of customer engagement and experience that is the best in our industry. And our vision is to be the Pole Standard via the IKE Record and for the term 'IKE' to become a common verb across our market.

Team development milestones

From a director perspective, we were pleased to welcome Mark Ratcliffe onto IKE's Board at the beginning of January 2020. Mark brings leadership experience from positions across our targeted industries. Mark's past roles include CEO of Chorus, Chief Operating Officer Wholesale & Technology of Telecom New Zealand (now known as Spark), and Chief Information Officer of Telecom New Zealand (now known as Spark) Mark also has considerable governance experience. Among other directorships he currently serves as a non-executive board member of 2Degrees Mobile, the highly successful new entrant into the New Zealand mobile market, and First Gas.

From a leadership team perspective, through the year we added several strong new people. This included U.S. based Chris Ronan as Chief Marketing & Brand Officer, who has had former consulting and marketing leadership roles with Dell, Ford Motor Company, Southwest Airlines, and Emirates Team NZ. Also U.S. based Norwood Keel joined as SVP Product, who has had former director-level roles at Microsoft and Trimble.

Outlook

FY20 saw record sales from the IKE solution, with \$9.2m revenue generated. Most importantly however was the in-market progress with the sales & delivery of IKE Analyze within some large target accounts. Our vision is to put IKE products and technology at the centre of every pole transaction.

Looking to FY21 our plan remains consistent with that over the past 24+ months. We are squarely focused on building and selling a poles platform into the North American Communications & Electric Utility sector that speeds up network development. As detailed above we believe that market timing is optimal notwithstanding that Covid still presents some unknown risks. The pace of investment into fiber networks and 5G mobile networks is continuing and usage of the IKE solution shows that against existing work practices IKE increases efficiency for field engineering by approximately two times and increases efficiency for back-office engineering by approximately five times.

As noted above, after the end of the FY20 period, we concluded an oversubscribed capital raising of \$19.7m. This new capital will support our plans to grow our team and our products, and ultimately support our goal to build decades-long relationships with target customers. We are still in the early phases of serving these very large infrastructure groups and our focus on these types of large businesses will continue to bring some timing uncertainty and associated risk - but we are optimistic about the potential to deliver a strong FY21 performance. We feel IKE is as well positioned as it has been. Most broadly, we have confidence in the substantial and continuing growth opportunity for IKE in the medium and long term due to large macro-market tail winds. And we are winning customers because our solution enables networks to be deployed faster, more cost-effectively, and with a higher quality data standard.

Rick Christie
Chairman
IKE GPS Group

Glenn Milnes
CEO & Managing Director
IKE GPS Group



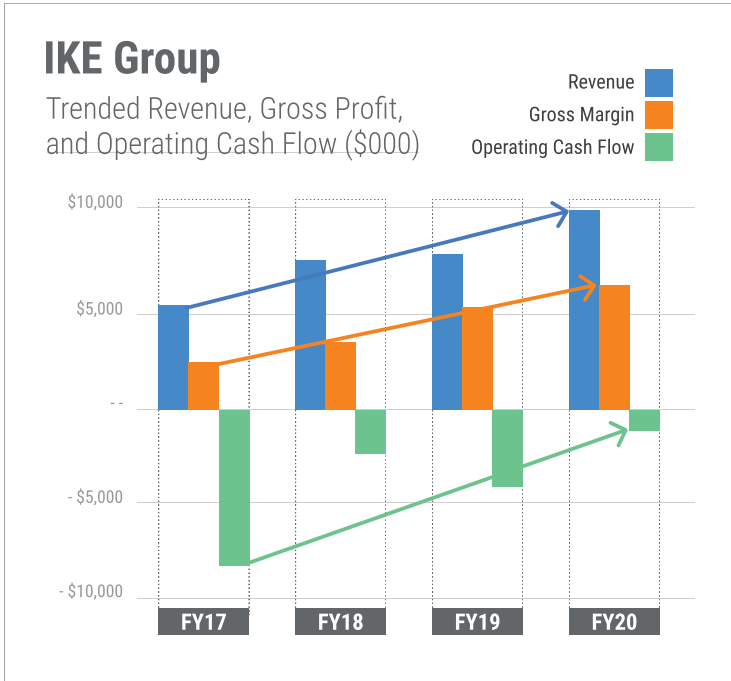
FY20 Results Highlights

- + Record revenue growth in the core Communications & Electric Utility segment:
 - + Total recognised revenue FY20 of approximately \$9.8m (23% growth against PCP).
- + Gross margin growth:
 - + Record gross margin FY20 of approximately \$7.0m (30% growth against PCP).
 - + Gross Margin percentage improved to 71% (against PCP of 67%).
- + Improved operating cash flow:
 - + Operating cash flow of approximately (\$1.1m) against PCP of (\$4.0m).
- + Operating loss for the year was approximately (\$5.6m) against PCP of (\$5.1m)
- + Record sales into the U.S. Communications and Electric Utility market, with approximately \$9.2m revenue including;
 - + \$2.8m revenue generated from annual software subscriptions and \$3.2m from IKE Analyze (approximately 125% growth in IKE Analyze revenue against PCP)
- + Cash and receivables:
 - + IKE ended the period with total cash & receivables of approximately \$5.9m.
- + Transition to the IKE Analyze business model was continued in FY20
 - + As a result approximately 70% of FY20 revenue was from recurring subscription or transaction sources.

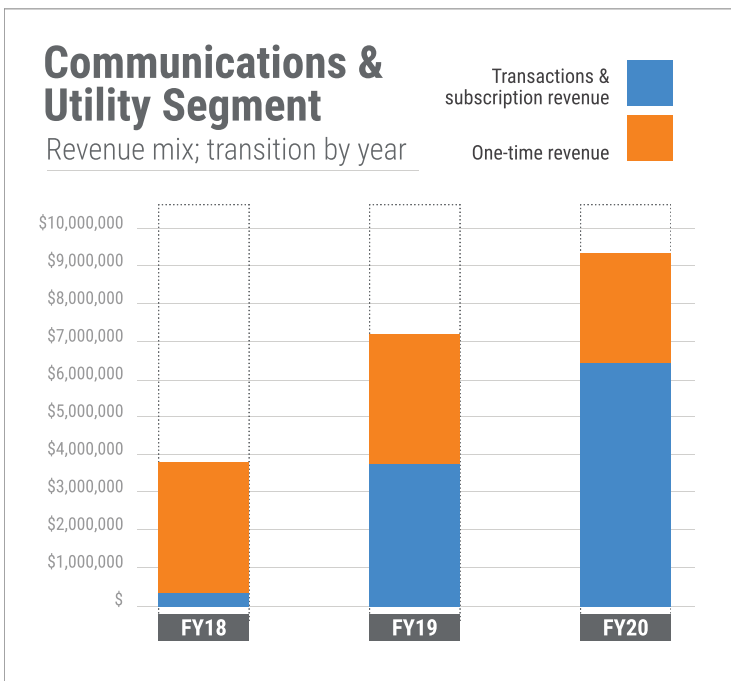
- + The focus continues on two large markets, specifically speeding the pre-construction process in the Communications and Electric Utilities segment in North America.
 - + Market timing is optimal.
- + Multiple customer proof points.
 - + With account acceleration opportunities.
- + Operating momentum.
 - + Across pipeline, brand, customer experience, and process efficiency.
 - + The right people.
 - + Leadership, pole expertise, and governance in place so to lead our niche. The period included the appointment of Mark Ratcliffe as non-executive director, the former CEO of Chorus and former CIO & COO of Spark (formerly Telecom NZ).



Positive Trending of Revenue, Gross Profit, and EBITDA

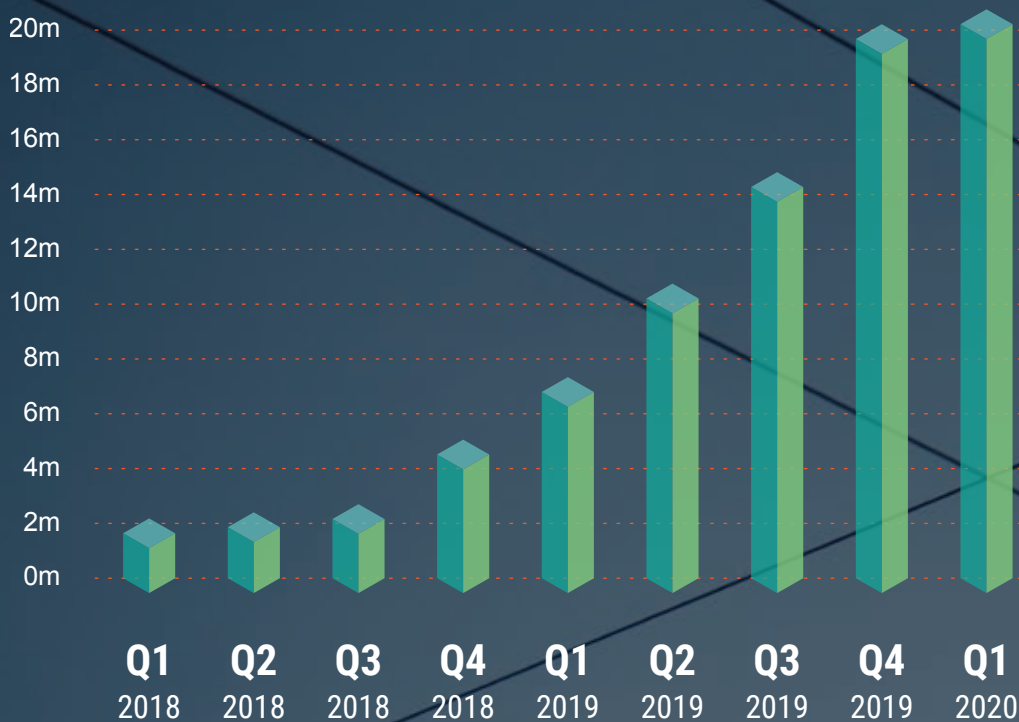


Particularly within the Core Communications and Utility Segment



There has been exponential growth in the usage of IKE Office platform.

POLE PHOTOS CAPTURED NINE CUMULATIVE CALENDAR QUARTERS





8,100

IKE Users since
IKE4 Launch



312

Registered Companies
in IKE Ecosystem

Delivering dramatic productivity gains to our customers.

20.8 Million

Photos of poles to date

3.3 Million

Assets in IKE Office

75%

Reduce personnel requiring field visit

0

Zero revisits to the pole

2x Faster

Improve workflows from end to end

8x

Reduce permit request rejections

Creating More Value

and Building Deeper Customer Relationships

- + IKE now delivers **more value to every customer**;
 - + speeding up multiple aspects of the network assessment & make-ready-engineering process.
- + IKE Analyze demands **deeper, longer term customer (& revenue) relationships**;
 - + with the IKE platform becoming embedded in customer workflows.
- + **greater revenue from every IKE solution in use** vs. IKE's historical business model;
- + IKE's revenue mix evolves favorably;
 - + becoming substantially weighted towards ongoing **transaction & subscription revenue**.
- + **Market timing is optimal**;
 - + with the potential to play a role in speeding up network deployment processes in markets experiencing investment super-cycles;
 - + **Fiber network deployment**;
 - + >\$300B expected investment in the U.S. over the next 5+ years.
 - + **Utilities network hardening** initiatives.
 - + >\$10B per annum expected investment in coming years.
 - + **5G mobile network deployment**;
 - + Expected to grow to a market investment size >\$50B per annum by 2025.

Working with

the biggest names
in the business



“IKE speeds network pre-construction for two large markets

Meeting Market Demand

Timing is optimal for:

Communication Infrastructure Providers (CIPs)



Pain point IKE solves:

- + Bring networks and services online faster
- + Standardize costs & data Standard across multiple geographic markets

Applications:

- + Fiber network deployments
- + 5G network deployments

Market opportunity for IKE:

- + Bottom Up:
 - + >\$225m revenue opportunity over 5 years from the largest 15 players in the U.S.
 - + >200 CIPs in the North American market
- + Top Down
 - + >\$300B forecast investment into fiber networks in the U.S over next 5+ years
 - + >\$50B forecast 5G network investment





Electric Utilities



Pain point IKE solves:

- + Sharply increasing pole attachment permit requests
- + Require a Standardized way to assess if poles are compromised

Applications:

- + Joint-use requests from CIPs
- + Network hardening to protect against storm and fire risk
- + In some cases, building their own fiber networks

Market opportunity for IKE:

- + The largest potential market for IKE in the long term;
 - + >3,200 electric utilities in North America
 - + >\$750M per annum Total Addressable Market
- + IKE expects that this segment will develop more slowly than the CIP and Engineering Service Provider market



Engineering Service Providers (force multipliers for IKE)

Pain point IKE solves;

- + Need to maximize efficiency and profits. Typically doing >50% of the network development work for the CIPs and Electric Utilities.

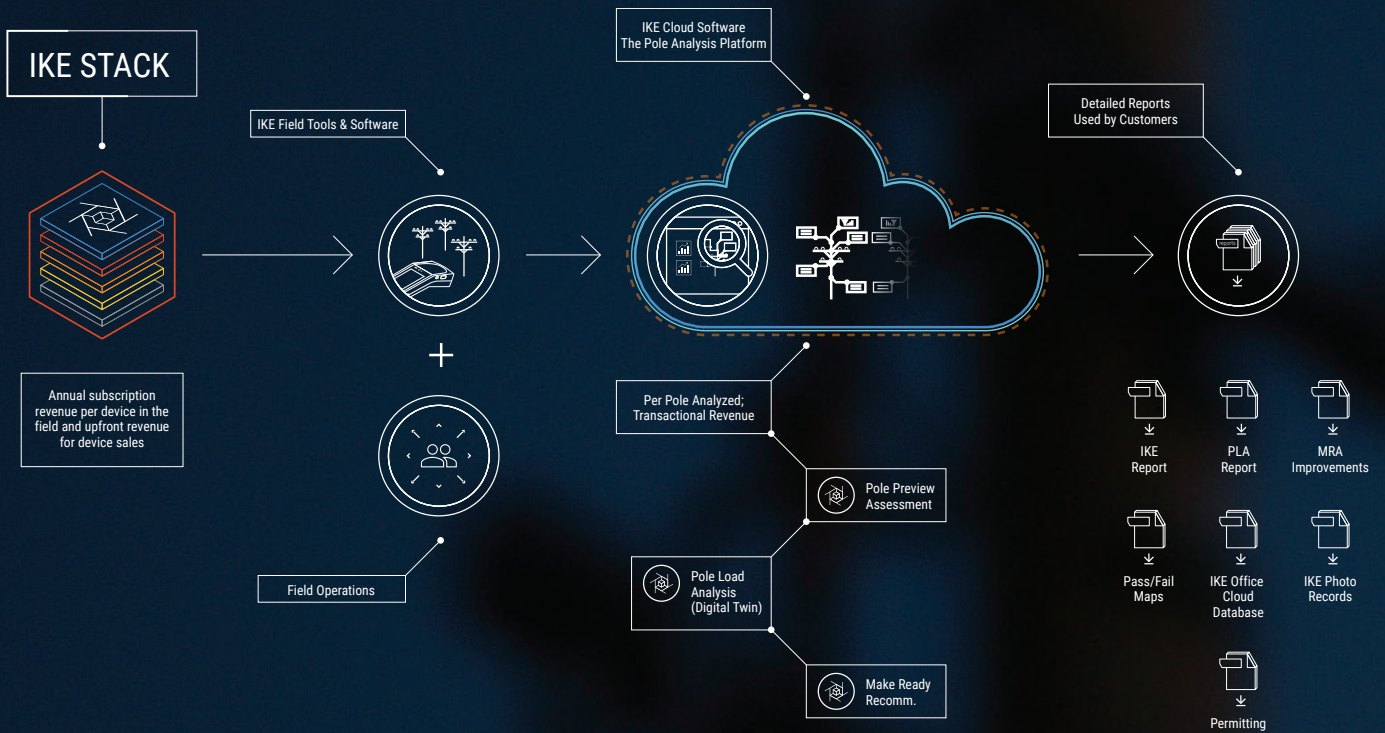
Market opportunity for IKE;

- + >1,000 engineering groups in the U.S. Use of IKE tools for field engineering drives asset data back to the IKE Analyze transaction platform.

What do we do?

An end-to-end workflow and revenue model

A combination of cloud based software, field tools, and field software to deliver detailed pole reports to our customers.



Analysis Levels Explained

IKE Analyze offers three levels of analysis to support a fiber or 5G mobile network deployment.

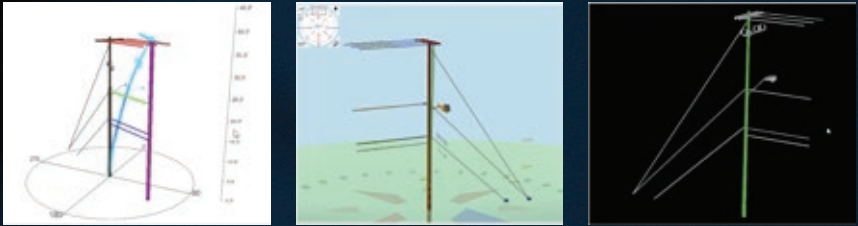
+ HOA Height of Attachment

- + Height of Attachment
- + Route Surveys
- + Pole locates
- + Joint Use
- + Billing compliance
- + Network confirmation



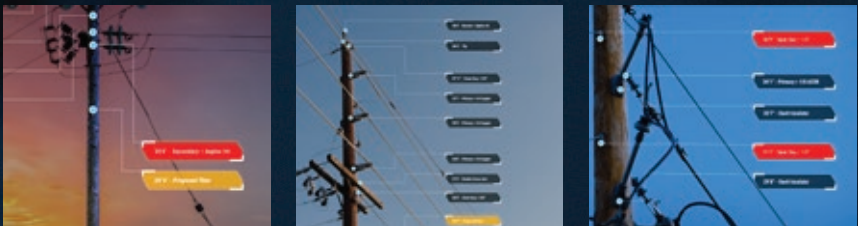
+ PLA Pole Loading Analysis

- + Pole Loading
- + Pole integrity
- + Clearance Analysis
- + NESC compliance



+ MRA Make-Ready Assessment

- + Make-Ready Adjustments
- + Fiber deployments
- + Design Suggestions
- + Network hardening



Management Team



Management Team



Glenn Milnes

Chief Executive Officer & Managing Director

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

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



Leon Toorenburg

Chief Technology Officer

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

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



Mike McGill

Senior Vice President, Utility & Communication Business Unit

Mike McGill is the Senior Vice President of the Utilities & Communication business unit at ikeGPS, where he is responsible for delivering collection, analysis, and management solutions for customers focused on distribution assets.

Prior to joining ikeGPS, Mike served as the senior vice president of sales at Navagis and spent six years at DigitalGlobe in director- and vice president-level positions for the spanned commercial and defense segments. After leaving DigitalGlobe, Mike leveraged his intelligence, surveillance and reconnaissance experience by co-founding a drone company, now known as Silent Falcon UAS. Mike earned his degree in economics from the University of Utah.



Chris Birkett

Chief Operating and Financial Officer

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

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

Management Team



Malcolm Young

Senior VP Structural Analysis / Head of PoleForeman

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



Norwood Keel

Senior VP, Sales

As VP of Product Norwood leads is responsible for product strategy, roadmaps, and platform at IKE. Norwood's prior roles include as Director of Product Development at Microsoft Research - where he built and launched a cloud-based 3D mapping and photogrammetric solution, as Director of Strategic Development at Trimble - where he led the development of a 3D asset management solution for electric utilities and for Trimble's field surveying cloud solution, and as VP/GM of Digital Solutions at Vaisala - where he led a global business unit delivering cloud-based decision software from weather sensors and data. Norwood holds an MBA from the University of Colorado and a B.S. in Mechanical Engineering from North Carolina State University.



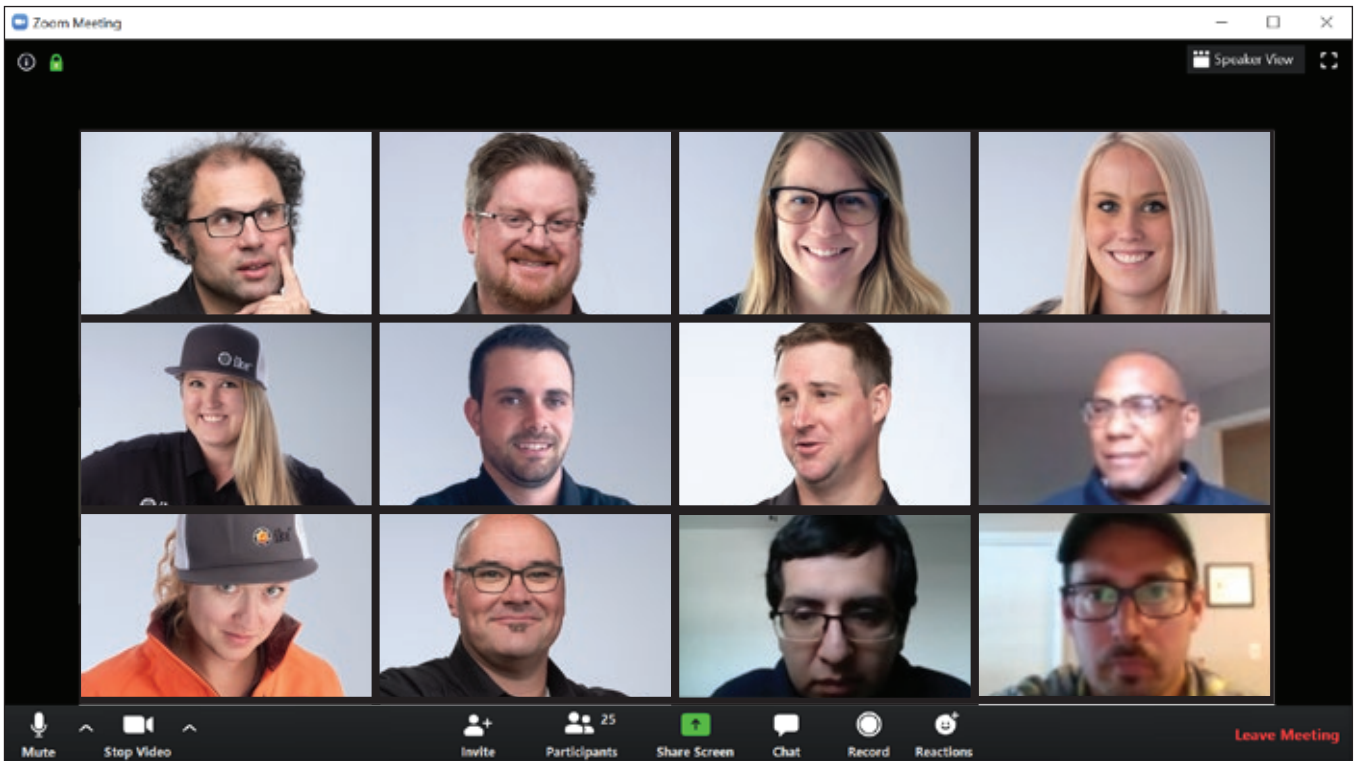
Chris Ronan

Chief Marketing Officer

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

Teamwork During Covid-19

Day-in-the-Life tele-conferencing



As IKEA monitored and responded to COVID-19, initial focus was to ensure the health and wellness of the IKEA team, families, and community. The team was early to adopt a work-from-home strategy to tactically ensure ongoing success of customer initiatives.

Due to the cloud-based nature of our systems and methods of delivery, the transition of the IKEA team was smooth. Team members were creative in how they utilized remote working systems to engage with customers in new ways. IKEA continues to support work-from-home kits to make audio, video, and general home office needs as clear and professional as possible; tactics such as these are part of our culture of delivery in customer success.

A close-up photograph of a person's hands holding a small, orange, rectangular electronic device. The device has a small screen at the top and two buttons below it. The person is wearing a watch on their left wrist and a ring on their left hand. The background is dark and out of focus.

Board of Directors

Board of Directors

Rick Christie / (MSc (Hons) Chemistry)

Chairman and Independent Director

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

Bill Morrow

Non-Executive Director

Bill was most recently CEO of NBN co., where he led the build of Australia's \$40B universal broadband network that has connected more than 6.5 million homes and businesses. Prior to that, he has held positions including CEO of Vodafone Europe, President of Vodafone KK Japan, and CEO of Pacific Gas and Electric. Bill has considerable governance experience, serving as a board member for eight years at Broadcom Inc. and Openwave Inc. among other directorships.

Alex Knowles

Director

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

Fred Lax / (MSEE AND BSEE)

Independent Director

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

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

CEO & Managing Director

Prior to leading ikeGPS, Glenn Milnes previously held senior executive, strategy and corporate development positions with No 8 Ventures and Cable & Wireless International.

Dr. Bruce Harker / (PhD Electrical Engineering, BE (Hons))

Independent Director

Bruce is currently Director of H.R.L. Morrison & Co's Energy Group and is also Chairman of ASX listed Tilt Renewables. Among other directorships, he was previously Chairman of NZX listed TrustPower and also Z-Energy.

Mark Ratcliffe

Independent Director

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

Director's Report



Corporate Governance

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

On our website: <https://ike4.ikegps.com/company/> you will find the following corporate governance documents referred to in this section:

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

Under NZX Rule 10.4.5, 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 2020, the Company complies with the recommendations set by the NZX Corporate Governance Code, except where it deems alternative measures are more appropriate as disclosed.

Ethical Behaviour

Code of conduct

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

Whistle blowing

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

Avoiding conflicts of interest

The Board is updated at each meeting on changes in Directors’ interests and any potential conflicts. The register records relevant transactions and our disclosures of interests. A current listing of Directors’ interests is found on page 34.

Trading in securities

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

Corporate Governance

Board composition and performance

Board composition

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

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

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

The Board consists of six non-executive Directors and one executive Director.

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

Mark Ratcliffe was appointed as a Director on 1 January 2020.

Profiles of the Directors can be found on page 25.

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

Board meetings

Between 1 April 2019 and 31 March 2020, we held eight Board meetings. All meetings were attended by all Directors (or committee members) apart from one Board meeting in March where Bruce Harker was absent.

Board composition

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

Diversity Policy

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

A gender breakdown of Directors and officers of the Company and its subsidiaries as at 31 March 2019 and 31 March 2020 are detailed below. For the purposes of accurate disclosure Glenn Milnes (2019: Glenn Milnes and Leon Toorenburg) is shown both as a Director and an officer.

Leon Toorenburg ceased being a director of ikeGPS Limited on 7 May 2020 and was not acting as an officer of the company through FY20.

	2020	2019
Directors		
Male	8	7
Female	-	-
Officers		
Male	2	3
Female	-	-

Corporate Governance

Director independence

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

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

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

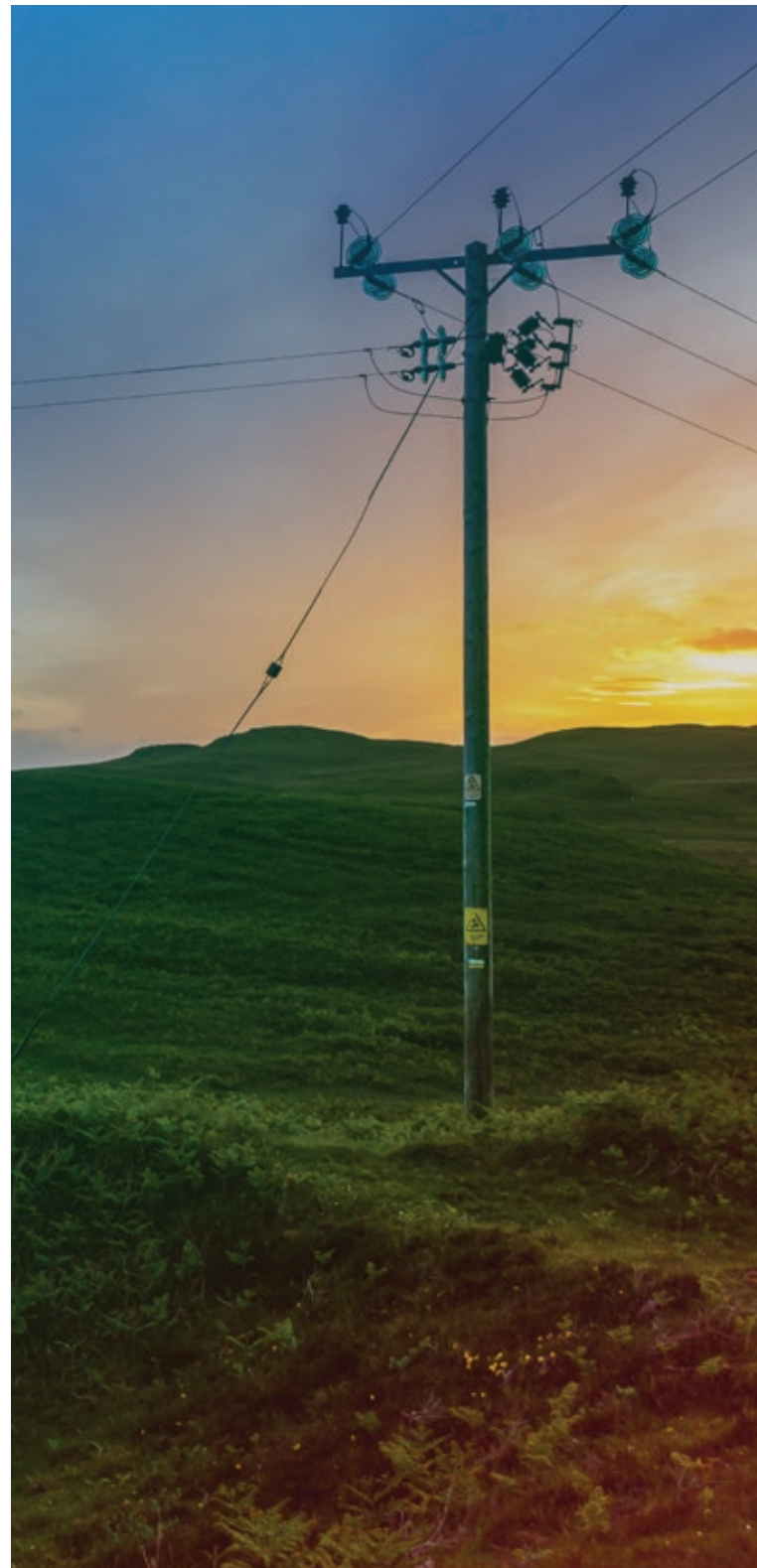
Annually the Board reviews how it is performing. The review process comprises a group self-evaluation relating to Board and committee composition and performance. The Board has found this effective and believe it has helped to refine the Group's strategy setting processes, and the information provided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

Committees

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

During FY20 year the Group's standing Board committees were the

- + Audit & risk management committee
- + Remuneration committee



Director's Report

Audit & Risk Management committee:

Fred Lax (chair), Bruce Harker.

The committee members are independent Directors. In accordance with the NZX Code the Audit & Risk Management Committee is chaired by an independent Director, Fred Lax, who is not the Chair of the Board.

The committee's Charter is set out on the investor relations website. The committee met four times in the year to 31 March 2020. Management attend meetings only at the invitation of the committee, and at least annually the committee meets with the external auditors with management excluded.

Remuneration committee:

Rick Christie (chair), Bruce Harker.

The committee members are independent Directors. The committee met on six occasions in the year to 31 March 2020. This committee has oversight of matters of recruitment, retention and remuneration.

Other committee matters

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

Takeover protocol

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

Reporting and disclosure

Financial reporting

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

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

Non-financial reporting

The Group has not adopted a formal environmental, social and governance (ESG) reporting framework at this time. The Group's exposure to non-financial risks, including economic, environmental and social sustainability risks, is incorporated into the key risk assessments that we refer to under risk management (on page 31). The Group is predominantly an office-based software company with minimal impact on non-financial risks.

Disclosure to the market

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

Information for investors

The Group's investor relations website includes the Company's presentations, reports, announcements, and media releases, as well as the Charters and guidelines referred to in this section. The Annual Report is available in electronic and hard copy format. The Group's annual meeting will be held Tuesday, 29 September. The external auditors, PWC, will respond to any questions submitted prior to the meeting.

Director's Report

Remuneration

Remuneration of Directors

The total remuneration pool for Directors is set at \$420,000 per annum.

For the financial year the annual fees paid to Directors were:

- + Chairman \$90,000 (including all committee responsibilities)
- + All other Directors \$245,500

The last increase in Directors' fees was made with effect from 01 May 2019. The Directors' fees for FY20 are set out on page 35.

Remuneration of employees

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

The Company wants to:

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

Employee remuneration principles

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

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

CEO remuneration

Glenn Milnes's employment agreement for his role as CEO commenced on July 2010. His agreement reflects appropriate standard conditions for a chief executive of a listed company.

Glenn's remuneration is a combination of fixed salary and incentive arrangements. The incentives are an STI component set at up to 50% of base salary, linked to specific financial and non-financial targets set annually

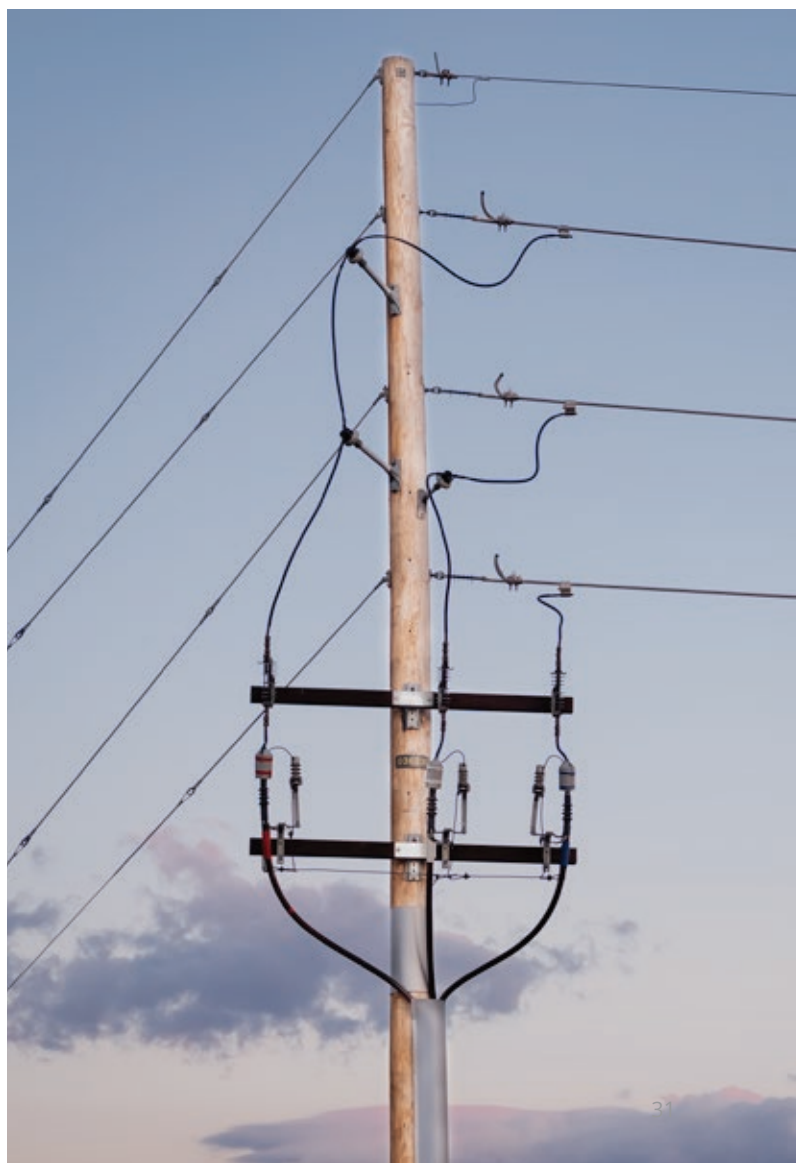
by the Board, and an LTI component, in employee stock options.

Glenn's fixed salary for the year to 31 March 2020 was US\$350,000. Performance for the purposes of the STI component has not yet been assessed.

Glenn had 1,000,000 employee stock options on 31 March 2020. He exercised 200,000 of those options on 13 May 2020 which resulted in 111,141 shares being issued. The remaining 800,000 employee stock options have vesting dates from 2021 to 2025. Vesting at each date is dependent on him remaining an employee at the applicable vesting date.

Risk management

The Group has an enterprise risk management framework in place to identify, quantify, and prioritise risks. The framework categorises enterprise risks and sets mitigating actions to manage these risks. The Group doesn't have an internal audit function.



Director's Report

Health and Safety Risk

The Group values the health, safety and wellness of our people and we believe that everyone should be able to work in an environment where risks are managed and controlled. We have a health, safety and wellness plan that identifies our risks and the current procedures to mitigate these from occurring.

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

Auditors

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

Non-audit work

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

Shareholder rights and relations

The Group's financial reports and corporate governance documentation is available on the group's website <https://ike4.ikegps.com/company/>.

The Group keeps shareholders informed through periodic reporting to NZX and ASX, and through its continuous disclosure. The Group provides briefings and presentations to media and analysts (which are made immediately available on the investor relations website) and communicate with shareholders through annual and half-year reports and annual shareholder meeting. The Group encourages shareholders to refer to the investor relations website, and to receive annual and half-year reports electronically but hard copies of the reports can readily be obtained from the share registrar, Link Market Services Limited. The Group take care to write all shareholder communications in a clear and straightforward way and to limit the use of jargon.

Due to the current Covid-19 situation, the Group has decided to hold its Annual Shareholders Meeting virtually. A notice of the meeting and proxy form will be circulated to shareholders closer to the time.

Disclosures

Audit Fees

The amounts payable to PwC 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 Company on 31 March 2020:

1. ikeGPS Inc: Glenn Milnes, Leon Toorenburg and Alex Knowles.
2. ikeGPS Limited: Leon Toorenburg, Rick Christie and Bruce Harker (Leon Toorenburg ceased to be a director from 7 May 2020)

Dividends

As part of the Group's growth plans, dividends are not currently paid and the Board did not declare a dividend in respect of the period ending 31 March 2020 nor does it expect to declare any dividends during the period ending 31 March 2021.

Net Tangible Assets

The Net Tangible Assets per security on 31 March 2020 was \$0.04 (31 March 2019: \$0.06).

NZX Waivers

The Group has relied on the class waiver granted by NZX dated 3 April 2020 providing an extension of periodic reporting deadlines in Listing Rules 3.5.1 and 3.6.1, for both its Results Announcement and Annual Report.

Key Management

The Company's officers as at 31 March 2020, and their respective roles, were as follows:

Glenn Milnes Chief Executive Officer

Chris Birkett Chief Financial Officer and Chief Operating Officer

Annual Meeting

The Company will hold a fully virtual Annual Meeting of shareholders on 29 September 2020. A notice of Meeting and Proxy Form will be circulated to shareholders closer to the time.

Disclosures

[Entries recorded in interests register](#)

The following are particulars of entries made in the Company's interests register pursuant to section 140 of the Companies Act 1993 for the period 1 April 2019 to 31 March 2020 (including in respect of those Directors who are Directors of the Company's subsidiaries).

Director	Interest	Declaration
Rick Christie - Chairman		No conflicting interests
Solnet Group (Private)	Director	
NZX:SPN Southport NZ Limited (Resigned in November, 2019)	Director	
National e-Science Infrastructure (NeSI)	Chairman	
Service IQ limited (Resigned in June, 2019)	Chairman	
Victoria University Foundation	Trustee	
Dr Bruce Harker - Non Executive Director		No conflicting interests
Tilt Renewables Ltd	Chairman	
Alex Knowles - Non Executive Director		No conflicting interests
Alphian Investments Ltd	Director	
A Way To Move Inc	Director	
Trinium Technologies LLC / QED LLC	Board Member	
Xenon FS LLC	Board Member	
AWA Shipping / Intelligent SCM LLC	Board Member	
Epe Frame Metal Spa	Director	
Framemax Systems Inc	Director	
Infrastructure Solutions Group LLC	Board Member	
Climate Coatings Ltd	Director	
Bill Morrow - Non Executive Director		No conflicting interests
2019 Daisy Limited		
Mark Ratcliffe - Non Executive Director		No conflicting interests
Mark Ratcliffe Consulting Limited	Director	
Te Awanga Investments Limited	Director	
Matapouri Family Trust	Trustee and Beneficiary	
Ratcliffe Barker Family Trust	Trustee and Beneficiary	
Auckland Transport	Director	
First Gas and related companies; Gas Services Limited, Gas Services NZ, Midco Limited, Gas Services SPV1 Limited and Rock Gas Limited	Chairman	
2Degrees Limited	Director	
Kaibosh Charitable Trust	Trustee	
The Guildford Timber Company Limited	Chairman	
WilliamsWarn NZ Limited and WilliamsWarn Holdings Limited	Director	

Disclosures

Directors remuneration and other benefits

Directors' fees are currently set at a maximum of \$420,000 for the non-executive Directors. The actual amount of fees paid in the year to 31 March 2020 was \$335,500 (2019: \$279,000).

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 2020 are as follows:

Director	Total 2020 Remuneration and other Benefits	Declaration
Richard Gordon Maxwell Christie	92,791	Director fees & share option expense
Bruce Harker	70,791	Director fees & share option expense
Alex Knowles	52,791	Director fees & share option expense
Frederick Lax	67,791	Director fees & share option expense
Bill Morrow	87,505	Director fees & share option expense
Mark Ratcliffe	12,500	Director fees
Glenn Milnes*	793,896	Salary, share option expense & entitlements
Leon Toorenburg*	384,595	Salary, share option expense & entitlements
Total	\$ 1,562,659	

*Glenn Milnes and Leon Toorenburg received salary and entitlements in US\$ as employees of ikeGPS Inc. Remuneration shown above, has been converted to NZ\$ at the average rate for the month each transaction took place. Neither received any remuneration in their capacity as a Director of any Group company. Entitlements include the share option expense.

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

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

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

Statement of Directors' relevant interests

Directors (including Directors of subsidiary companies) held the following relevant interests in equity securities of the Company as at 31 March 2020.

Quoted Shares	With beneficial interest	As trustee or associated person of registered holder	Total number of ordinary shares 31 March 2020	Unlisted options to acquire ordinary share
Richard Christie	143,696	-	143,696	299,999
Bruce Harker	-	450,565	450,565	300,000
Bill Morrow	150,000	-	150,000	300,000
Alex Knowles	-	8,589,822	8,589,822	300,000
Glenn Milnes	657,280	120,300	777,580	1,000,000
Frederick Lax	302,932	-	302,932	300,000
Mark Ratcliffe	-	-	-	-
Leon Toorenburg	-	1,204,829	1,204,829	250,000
Total	1,253,908	10,365,516	11,619,424	2,749,999

Disclosures

Director share dealing

Date	Director	Registered holder / Associated entity	Class of financial product	Acquired / (Disposed of)	Consideration \$	Notes
5-Jun-19	Glenn Milnes	Tammy Brooke	Ordinary shares	7,000	3,710	On market purchase of shares
21-Jun-19	Glenn Milnes	Tammy Brooke	Ordinary shares	17,400	9,222	On market purchase of shares
24 June 19 to 9 July 2019	Alex Knowles	BK and MK Trust	Ordinary shares	399,705	214,255	On market purchase of shares
2-Oct-19	Fred Lax	Fred Lax	Ordinary shares	66,666	40,000	Placement participant
2-Oct-19	Glenn Milnes	Glenn Milnes	Ordinary shares	116,666	70,000	Placement participant
2-Oct-19	Bill Morrow	Bill Morrow	Ordinary shares	150,000	90,000	Placement participant
2-Oct-19	Alex Knowles	BK and MK Trust	Ordinary shares	1,000,000	600,000	Placement participant
2-Oct-19	Bruce Harker	BJ & JS Harker Trust	Ordinary shares	41,670	25,000	Placement participant
18-Dec-19	Glenn Milnes	Glenn Milnes	Ordinary shares	(350,000)	290,500	Off-market sale of shares
16-Mar-20	Leon Toorenburg	Leon and Fanny Toorenburg	Ordinary shares	25,290	-	Exercised share options

Spread of security holders

Security holders as at 19 August 2020

Size of shareholding	Number of holders	% of holders	Total shares held	% of shares
1-1,000	75	8.18%	47,114	0.04%
1,001-5,000	232	25.30%	663,967	0.51%
5,001-10,000	144	15.70%	1,080,916	0.82%
10,001-50,000	300	32.72%	6,672,633	5.08%
50,001-100,000	69	7.52%	4,972,044	3.79%
Greater than 100,000	97	10.58%	117,835,503	89.76%
Total	917	100%	131,272,177	100%

Disclosures

Twenty largest registered shareholders

As at 19 August 2020

Rank	Shareholder	Holding	% total shares on issue
1	Nicola Jane Wilson & David Jonathan Wilson	24,159,975	18.4%
2	Forsyth Barr Custodians Limited	12,804,673	9.8%
3	Tanza Elizabeth Knowles & Veronica Pauline Lawrie	9,816,939	7.5%
4	Kevin Glen Douglas & Michelle Mckenney Douglas	6,383,460	4.9%
5	Forsyth Barr Custodians Limited	4,753,988	3.6%
6	FNZ Custodians Limited	3,362,660	2.6%
7	Kevin Douglas & Michelle Douglas	3,191,731	2.4%
8	James Douglas Jr & Jean Ann Douglas	3,191,731	2.4%
9	New Zealand Permanent Trustees Limited	3,086,561	2.4%
10	Leveraged Equities Finance Limited	3,057,547	2.3%
11	Accident Compensation Corporation	2,896,632	2.2%
12	HSBC Custody Nominees (Australia) Limited	2,727,084	2.1%
13	Hector Rex Nicholls & Kerry Leigh Prendergast	2,605,663	2.0%
14	J P Morgan Nominees Australia Pty Limited	2,429,448	1.9%
15	Dongwen Xiong	1,830,014	1.4%
16	National Nominees Limited	1,699,048	1.3%
17	Nzvif Investments Limited	1,685,029	1.3%
18	Cs Third Nominees Pty Limited	1,552,550	1.2%
19	HSBC Nominees (New Zealand) Limited	1,247,241	1.0%
20	Leon & Fanny Toorenburg	1,204,829	0.9%
Total		93,686,803	71.3%

Substantial product holders

According to notices given under the Securities Markets Act 1988 and the Financial Markets Conduct Act 2013 as at 31 March 2020, the following were substantial product holders in respect of the 102,194,048 ordinary shares of the Company on issue as at 31 March 2020 (being the Company's only class of quoted voting securities):

Name	Shareholding	%	Nature of relevant interest
David Jonathan Wilson and Nicola Jane Wilson	24,159,975	18.40%	Registered holder and beneficial owner of financial products
Tanza Elizabeth Knowles & Veronica Pauline Lawrie	9,816,939	7.48%	Registered holder and beneficial owner of financial products
Scobie Ward	12,738,673	9.70%	Registered holder and beneficial owner of financial products
Douglas Irrevocable Descendants Trust, Douglas Family Trust & K&M Douglas Trust	12,766,922	9.73%	Registered holder and beneficial owner of financial products

Disclosures

Employee Remuneration

The following table shows the number of current or former employees (excluding employees holding office as Directors of the parent or a subsidiary) who received remuneration and other benefits in excess of \$100,000 from the subsidiary companies of the Group during the year ended 31 March 2020:

Band	Number of employees	Band	Number of employees
\$100,000 to \$109,999	4	\$330,000 to \$339,999	-
\$110,000 to \$119,999	3	\$340,000 to \$349,999	-
\$120,000 to \$129,999	1	\$350,000 to \$ 359,999	1
\$130,000 to \$139,999	2	\$360,000 to \$ 369,999	-
\$140,000 to \$149,999	1	\$370,000 to \$ 379,999	1
\$150,000 to \$159,999	1	\$380,000 to \$ 389,999	-
\$160,000 to \$169,999	2	\$390,000 to \$ 399,999	1
\$170,000 to \$179,999	-	\$400,000 to \$ 409,999	-
\$180,000 to \$189,999	-	\$410,000 to \$ 419,999	1
\$190,000 to \$199,999	-	\$420,000 to \$429,999	-
\$200,000 to \$209,999	1	\$430,000 to \$439,999	-
\$210,000 to \$219,999	-	\$440,000 to \$449,999	-
\$220,000 to \$229,999	1	\$450,000 to \$459,999	-
\$230,000 to \$239,999	-	\$460,000 to \$469,999	-
\$240,000 to \$249,999	-	\$470,000 to \$479,999	-
\$250,000 to \$259,999	1	\$480,000 to \$489,999	-
\$260,000 to \$269,999	-	\$490,000 to \$499,999	-
\$270,000 to \$279,999	-	\$500,000 to \$509,999	-
\$280,000 to \$289,999	-	\$510,000 to \$519,999	-
\$290,000 to \$299,999	-	\$520,000 to \$529,999	-
\$300,000 to \$309,999	1	\$530,000 to \$539,999	-
\$310,000 to \$319,999	-	\$540,000 to \$549,999	-
\$320,000 to \$329,999	-	\$550,000 to \$559,999	1
Total			23

Donations

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

Consolidated Financial Statements

Year End // 31 March 2020

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Independent auditor's report

To the Shareholders of ikeGPS Group Limited

We have audited the consolidated financial statements which comprise:

- the consolidated balance sheet as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Our opinion

In our opinion, the accompanying consolidated financial statements of ikeGPS Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

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

Our firm carries out other services for the Group in the areas of assurance services relating to the Company's research and development Callaghan Grant. The provision of these other services has not impaired our independence as auditor of the Group.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group incurred an operating cash outflow of \$1.1 million for the year ended 31 March 2020, and an investing outflow of \$4.0 million. The Group also incurred a net loss of \$5.2 million for the year. The cash balance at 31 March 2020 was \$4.3 million. The Directors disclose in note 2 that due to the high growth nature of the business, historic accuracy of forecasting has been challenging and this is exacerbated in the current economic environment caused by COVID-19. If the Group fails to achieve its FY21 business

plan (particularly forecast sales volume growth), manage costs or obtain alternative sources of financing it may not be able to meet its obligations as they fall due. As stated in note 2, these conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Impairment testing of assets</p> <p>As disclosed in note 2, Basis of preparation, the Group has undertaken an assessment of the carrying value of its assets. The Utilities and Communication segment's continued operating losses and the low relative revenue from the Spike Business unit are indicators of impairment.</p> <p>To determine whether the carrying value of the assets is reasonable, management identified two cash generating units (CGUs):</p> <ul style="list-style-type: none"> • Ike core platform, development assets, property, plant and equipment, leased assets and working capital (CGU1). • Spike development assets and Software Development Kit (CGU2). <p>Management performed an impairment assessment of CGU1 and CGU2 on a value in use (VIU) basis. These assessments were based on discounted cash flow models using the Board-approved budgets for FY21, then extrapolating cash flows for subsequent years.</p> <p>Key estimates and assumptions for CGU1 include:</p> <ul style="list-style-type: none"> • Average forecast sales volume growth of 22%; • A terminal value assessed at one times the FY25 net operating profit; • A pre-tax discount rate of 15.5%; and • A further useful life of the assets of six years. 	<p>We obtained an understanding and evaluated the Group's processes and controls relating to the assessment of impairment indicators of assets, the preparation and approval process of forecasts, and the execution of the impairment assessment. This included assessing management's response to COVID-19, and the phasing of cash flow forecasts as a result of the substantial slow-down in economic activity from March 2020.</p> <p>We performed procedures to evaluate and challenge the Group's determination of CGUs. This included reviewing internal management reporting to assess the level at which the Group monitors performance, comparing CGU's to our knowledge of the Group's operations and reporting systems, and reconciling assets allocated to CGUs to those totals within the general ledger.</p> <p>We obtained management's assessment of impairment indicators and assessed whether the indicators identified were consistent with our understanding of the operations and environment of the business.</p> <p>We obtained management's impairment assessments and tested the mathematical accuracy of the impairment models. We used our internal valuation experts to determine our own independent point estimate of the recoverable amounts of CGU1 and CGU2. We used a discounted cash flow model under a value in use approach for CGU1 and a fair value less costs of disposal (FVLCD) approach for CGU2. Our calculations and procedures included the following:</p> <ul style="list-style-type: none"> • Determining forecast sales volumes by reference to the Board-approved budget for the year ending 31 March 2021 and the forecast sales growth adopted by management in the subsequent years.

Key audit matter

How our audit addressed the key audit matter

Key estimates and assumptions for CGU2 include:

- Forecast sales volume growth of 2% subsequent to FY21 in line with expected market growth;
- A terminal value assessed at one times the FY25 net operating profit;
- A pre-tax discount rate of 14.1%; and
- A further useful life of the assets of six years.

The impairment assessments were a key audit matter due to the materiality of the assets, the risk of impairment, and the significant level of judgement applied in estimating future cash flows and other key assumptions in determining the recoverable amount of a CGU.

Based on management's assessments, an impairment of \$1.1 million was recognised in respect to CGU2 and attributed to development assets. Refer to notes 2 and 15 in the financial statements for disclosures on the impairment of the development assets.

- For CGU1, we:
 - Overlaid specific considerations of sales pipelines, previous growth achievements, market size and competitive position to arrive at our independent view of the revenue profile; and
 - Identified appropriate cost assumptions based on the existing cost profile of the business.
- For CGU2, we:
 - Overlaid specific considerations of historic sales volumes and external research reports containing market growth forecasts to arrive at our independent view of the revenue profile; and
 - Identified appropriate cost assumptions from the perspective of a market participant.
- For both CGUs we used an internal valuation expert to independently determine a range of acceptable values for the weighted average cost of capital (WACC).

Whilst some of the assumed inputs into our discounted cash flow models were different to those used by management, we consider:

- Management's assessment that the recoverable amount of CGU1 is in excess of its carrying value to be reasonable; and
- The recoverable amount of CGU2 and impairment of \$1.1 million are consistent with our own independently calculated point estimate of the recoverable amount.

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Acquisition of the PowerLine Technology business</i></p> <p>As disclosed in note 2, Basis of preparation, the Group acquired the business of PowerLine Technology, Inc. (PLT) in October 2019.</p> <p>The Group paid \$3.75 million for PLT as follows:</p> <ul style="list-style-type: none"> • \$2.59 million paid in cash at acquisition date; and • \$1.15 million of deferred consideration to be paid in shares issued in three equal tranches through to November 2021. <p>A further amount of US\$0.9 million of contingent consideration will be paid in cash (US\$0.63 million) and shares (US\$0.27 million) over three years subject to the founder of PLT remaining employed by the Group.</p> <p>In accounting for the acquisition of PLT, management has assessed the deferred consideration to be a financial liability on acquisition date, and the contingent consideration to be remuneration for services to be rendered over the earn out period. Management has also assessed the fair value of the assets acquired at \$3.75 million. These assets primarily comprise software, customer contracts and relationships, and training materials.</p> <p>The acquisition of PLT was a key audit matter due to the significant judgement involved in identifying the appropriate accounting treatment of the acquisition and in determining the fair values of the assets acquired, liabilities assumed and contingent and deferred consideration.</p>	<p>We obtained an understanding and evaluated the Group’s processes and controls relating to the accounting for business combinations and the valuation of assets acquired and liabilities assumed. We completed the following audit procedures to test the acquisition:</p> <ul style="list-style-type: none"> • We used our internal technical accounting experts to evaluate and challenge the Group’s determination of consideration and remuneration, specifically the judgement determining what elements of the transaction were deferred and contingent consideration and how they should be accounted for. • We obtained management’s assessment of the assets acquired and challenged whether that assessment was complete. • We obtained management’s models used to calculate the fair value of the assets acquired and liabilities assumed and tested the mathematical accuracy of those models. • We used our internal valuation experts to: <ul style="list-style-type: none"> – Challenge and assess the appropriateness of the valuation methods used to determine the fair values of each of the assets acquired; – Validate the assumptions and source data underlying the models, in particular the forecast sales profile; and – Independently determine a range of acceptable values for the discount rate. <p>We audited the disclosures in the financial statements to ensure they are compliant with the requirements of the relevant accounting standards.</p>

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: \$98,400, which represents 1% of total revenue.

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

We have determined that there are two key audit matters:

- Impairment testing of assets
- Acquisition of the PowerLine Technology business

Materiality

The scope of our audit was influenced by our application of materiality.

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

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

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

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

Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the consolidated financial statements

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

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

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

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

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

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

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

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
16 July 2020

Wellington

Financial Statements

Consolidated statement of profit or loss and other comprehensive income

Year ended 31 March Group

	Note	2020	2019
Continuing operations		\$'000's	\$'000's
Operating revenue	6	9,838	7,996
Cost of sales		(2,878)	(2,646)
Gross profit		6,960	5,350
Other income	6	1	102
Operations cost	6	(541)	(643)
Sales and marketing expenses	6	(4,697)	(3,226)
Research and engineering expenses	6	(3,383)	(3,210)
Corporate costs	6	(4,011)	(3,443)
Foreign exchange (losses)/gains		5	(39)
Expenses		(12,627)	(10,561)
Operating loss		(5,666)	(5,109)
Net finance (expense)/income		(22)	17
Net loss before income tax		(5,688)	(5,092)
Income tax (expense)/credit	12	(17)	4
Loss attributable to owners of ikeGPS Group		(5,705)	(5,088)
Other comprehensive loss			
Exchange differences on translation of foreign operations		552	168
Comprehensive loss		(5,153)	(4,920)
Basic and diluted loss per share	22	\$(0.06)	\$(0.06)

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

Financial Statements

Consolidated statement of changes in equity

	Share capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Opening balance at 1 April 2018	49,263	(41,088)	60	(283)	7,952
Changes in accounting policy	-	274	-	-	274
Restated balance at 1 April 2018	49,263	(40,814)	60	(283)	8,226
Loss for the year	-	(5,088)	-	-	(5,088)
Currency translation differences	-	-	-	168	168
Total comprehensive income/(loss)	-	(5,088)	-	168	(4,920)
Issue of ordinary shares	5,869	-	-	-	5,869
Recognition of vesting of share-based options	-	-	188	-	188
Share based payment reserve movement	-	56	(56)	-	-
Total transactions with owners	5,869	56	132	-	6,057
Balance at 31 March 2019	55,132	(45,846)	192	(115)	9,363

	Share Capital	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Opening balance at 1 April 2019	55,132	(45,846)	192	(115)	9,363
Change in accounting policy	-	(45)	-	-	(45)
Restated balance at 1 April 2019	55,132	(45,891)	192	(115)	9,318
Loss for the year	-	(5,705)	-	-	(5,705)
Currency translation differences	-	-	-	552	552
Total comprehensive income/(loss)	-	(5,705)	-	552	(5,153)
Issue of ordinary shares	5,940	-	-	-	5,940
Recognition of vesting of share-based options	-	-	259	-	259
Issue of shares from exercising share options	37	-	(27)	-	10
Share based payment reserve	389	-	121	-	510
Total transactions with owners	6,366	-	353	-	6,719
Balance at 31 March 2020	61,498	(51,596)	545	437	10,884

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

Financial Statements

Consolidated balance sheet

Year ended 31 March Group

		2020	2019
		\$'000's	\$'000's
ASSETS			
Current assets			
Cash and cash equivalents	7	4,327	3,475
Trade and other receivables	9	1,576	1,370
Prepayments		681	294
Inventory	8	876	1,691
Total current assets		7,460	6,830
Non-current assets			
Property, plant and equipment	14	1,188	944
Intangible assets	15	6,501	3,604
Inventory	8	534	-
Lease assets	3	705	-
Deferred tax asset	12	-	17
Total non-current assets		8,928	4,565
Total assets		16,388	11,395
LIABILITIES			
Current liabilities			
Trade and other payables	10	931	505
Employee entitlements		231	226
Other liabilities	20	574	-
Lease liabilities	3	327	-
Deferred income	6	2,392	1,246
Total current liabilities		4,455	1,977
Non-current liabilities			
Lease liabilities	3	460	-
Other liabilities	20	534	-
Deferred income	6	55	55
Total non-current liabilities		1,049	55
Total liabilities		5,504	2,032
Total net assets		10,884	9,363
EQUITY			
Share capital	13	61,498	55,132
Share based payment reserve		545	192
Accumulated losses		(51,596)	(45,846)
Foreign currency translation reserve		437	(115)
Total equity		10,884	9,363



Director Date: 16 July 2020
NZ (New Zealand Time)



Director Date: 16 July 2020
NZ (New Zealand Time)

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

Financial Statements

Consolidated statement of cash flows

Year ended 31 March Group

		2020	2019
		\$'000's	\$'000's
Cash flows from operating activities			
Cash receipts from customers		10,306	8,401
Cash paid to suppliers and employees		(11,303)	(12,422)
Payment of low value and short term leases		(73)	-
Interest paid		(34)	(14)
Net cash used in operating activities	21	(1,104)	(4,035)
Cash flows from investing activities			
Purchases of property, plant and equipment		(781)	(477)
Additions to intangible assets		(683)	(603)
Purchase of assets in business combination		(2,592)	-
Interest received		12	31
Net cash used in investing activities		(4,044)	(1,048)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(161)	-
Exercising of share options		10	-
Proceeds from issuance of shares		5,940	5,869
Net cash from financing activities		5,789	5,869
Net (decrease)/increase in cash and cash equivalents		641	785
Cash and cash equivalents at 1 April		3,475	2,586
Effect of exchange rate fluctuations on cash held		211	104
Cash and cash equivalents		4,327	3,475

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

Notes to the consolidated financial statements

1. Reporting entity

ikeGPS Group Limited (the "Company") is a limited liability company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX") and Australian Securities Exchange ("ASX"). The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group") which include ikeGPS Limited and ikeGPS Inc.

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

The financial statements were authorised for issue by the Directors on 16 July 2020.

2. Basis of preparation

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

Statement of compliance

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

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

authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

Basis of measurement

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

Critical estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Impact of COVID-19

The majority of the Group's customers operate in North America. Many of these customers experienced a substantial slow-down in activity from March through May 2020 due to the sudden uncertainty created by COVID-19. Their operations resumed in June, even with the continued presence of COVID-19 across the U.S.

'Shelter-at-Home' orders across the U.S. are exempting companies deemed "Critical Businesses", which includes the Group and its target customers, being communications companies, electric utilities, and their associated engineering service providers involved in constructing and maintaining Critical Infrastructure. Notwithstanding these mitigating factors and these U.S. Critical Business provisions, we are planning for a scenario of lower activity in Q1 and Q2 FY21 and considering the impacts should COVID-19 surge again in specific regions or states where our customers operate. In the medium term, the Group remains optimistic that its core infrastructure market will rebound.

The Group is continuing to closely monitor risks related to COVID-19, with a focus on the health & safety of staff and the Group's resilience across supply chain,

Financial Statements

2. Basis of preparation (cont.)

customers, and technology. Operationally, the Group has transitioned its U.S. operation to mostly remote working, while its New Zealand operation is back to “in-office” status in the Level-1 environment.

In preparing these financial statements, the Directors of the Company have considered the impact of COVID-19 on the Group. The slow-down has resulted in a lower sales volume in the first part of FY21 and average collection times for receivables has increased. In addition, the Group is continuing to evaluate whether any changes to its FY21 business plan are required in response to changing market conditions. The Group retains the ability to reduce operating expenditure or limit further investment in response, should weaker demand continue. In addition, the Group has received funds from the New Zealand Wage Subsidy Scheme in March 2020 and the U.S. Paycheck Protection Program in May 2020 (refer to note 25 of the financial statements). As the impact of COVID-19 is likely to primarily affect the Group’s liquidity, it has been incorporated into our impairment and going concern assessments as outlined below.

Going concern

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

During the Group’s current growth phase, investment continues into developing and expanding the Group’s product and service offerings to generate increased revenue. The Group has continued to reduce, but still incur, net cash outflows from operating activities during this phase. During the fiscal year 2020 (FY20), the Group had cash outflows of \$1,104,000 (2019: \$4,035,000) relating to operations, and \$4,044,000 (2019: \$1,048,000) relating to investing activities. The cash balance at 31 March 2020 was \$4,327,000 (2019: \$3,475,000).

The Board of the Company has approved a base business plan for FY21 which assumes year-on-year revenue growth, primarily driven by a full year contribution of Pole Forman revenue and the expectation that IKE Analyze revenue will continue to grow in line with prior periods. The forecast revenue growth is weighted to Q3 and Q4 FY21, taking account of the observed slow-down in the market due to COVID-19.

Accordingly, the liquidity risk creates a material uncertainty that cash inflows and cash on hand may not be sufficient for the Group to meet its obligations as they fall due. This may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, may result in the Group’s inability to realise its assets and settle its liabilities in the normal course of business. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Group were unable to continue as a going concern.

In response, the FY21 business plan has been extended by management to the end of July 2021 to project cash flows for a period of twelve months subsequent to the approval of these financial statements. The Group is managing discretionary expenditure and optimising working capital while continuing investment in realising the significant sales opportunities for its products and services over this period. Further cost-cutting measures are available to the Group if one or more components of the plan are not realized, in which case planned investment will be curtailed.

In a high growth business, accuracy of forecasting is challenging and this is exacerbated in the current economic environment caused by COVID-19. To assess the degree of sensitivity, stress testing has been performed on the FY21 plan, reducing forecast receipts from customers by 15-20% and reducing additional planned headcount and discretionary costs. The outcome of this analysis shows that the Group remains a going concern, albeit with reduced available cash funds.

In reaching the conclusion that the Group is a going concern, management have also considered alternative sources of funding, including:

- + Undrawn overdraft and receivables factoring facilities;
- + The forgiveness of the Paycheck Protection Program (PPP) loan of \$825,000 drawn down in May 2020 (refer to note 25 for details); and
- + The ability to raise additional capital.

In FY20 the Group completed a Private Placement and Retail Offer raising \$6.5m to primarily fund the acquisition of the assets of PowerLine Technology Inc. The Group’s dual listing on the NZX and ASX provides the Group with the potential option to pursue capital raise opportunities from a wider market in order to, among other things, expand existing business, and acquire or establish new businesses. The Directors believe that additional capital could be raised should circumstances necessitate.

Financial Statements

2. Basis of preparation (cont.)

While acknowledging the material uncertainty that exists, the Directors believe that projected cash inflows, combined with cash on hand at 31 March 2020, means that the Group has sufficient funding to continue operations for at least the next twelve months from the date of approval of the financial statements, and hence consider the use of the going concern basis appropriate.

Impairment

The carrying amounts of the Group's assets were reviewed to determine whether there is any indication of impairment. The Directors concluded the Utilities and Communications operating losses as an indicator of impairment of the assets directly associated with the Utilities and Communications Business, requiring an estimate of the Cash Generating Unit's (CGU1) recoverable amount. Additionally, the Directors determined that due to the low revenue from the Spike Business unit, an indicator of impairment existed requiring an estimate of the Cash Generating Unit's (CGU2) recoverable amount of the assets directly associated with the Spike Business.

CGU1 was determined to be the IKE & Core platform intangible assets, total property plant & equipment, leased assets and working capital totalling \$4,069,736. Future cash flows are forecast based on a five-year business model for CGU1, which includes Utilities & Communications average revenue growth rate of 23% and operating expenses reflect the FY21 business plan and future software development profile. A pre-tax discount rate of 15.5% was used to establish the net present value on a value in use basis.

The forecast financial information is based on both past experience and future expectations of operating segment performance and requires judgements to be made as to revenue growth, operating cost projections and the market environment. Despite the short term impact of COVID-19, in the medium term the Group remains optimistic that its core infrastructure market will continue due to the significant multi-year investment programmes our customers have in place. The value in use assessment is sensitive to changes in each of these assumptions, actual results may be substantially different. The terminal value assumed is 1x year-5 net operating profit, which aligns with the remaining expected useful life of the assets.

Sensitivity analysis was performed on key assumptions. A likely material impairment would need to be considered if the forecast sales volume growth was lower than forecast by greater than 10%.

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

CGU2 is the total intangible assets of Spike applications, Software Development Kit (SDK) and working capital totalling \$1,968,849. Future cash flows are forecast based on a five-year business model for CGU2 and a pre-tax discount rate of 14.1% was used to establish the net present value on a value in use basis.

Spike revenue reflects the FY21 business plan, with a revenue growth rate assumed to be 2% from year-2. An estimate of the cash flows required to market and sell the Spike products was based on the business plan for FY21 and forecast sales volume profile. The terminal value assumed is 1x year-5 net operating profit, which aligns with the remaining expected useful life of the assets.

The Directors have determined that an impairment of \$1,100,000 of CGU2 is required as the carrying value exceeds the recoverable amount determined by the value in use calculation by that amount. The impairment has been recorded against the Spike applications and SDK software and is included in the Research and Engineering line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. These assets are contained in the Other Business segment in Note 5 to the financial statements.

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

Intangible Assets

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the measurement and impairment of intangible assets.

Annually the Directors are required to assess the appropriateness of the asset's amortisation period. In the current year, the Directors have assessed the amortisation period and have concluded that:

Financial Statements

2. Basis of preparation (cont.)

- + the core technology platform underpinning the IKE and Spike devices extends beyond the life of the current hardware product offering and supports multiple future product releases. Management has reviewed and reassessed the useful life of the core platform to be 6 years.
- + the period over which the economic benefits to be recognised for the current IKE applications and features available through the current and future product solutions available to customers. On this basis the useful life of the IKE applications and features was assessed to be 6 years.
- + the period over which the economic benefits to be recognised for Spike applications and SDK. The future economic benefits will be realised through the current market share of the signage market and the continued penetration into enterprise customers through integrating these applications and features into the customers platform. On that basis the useful life has been reassessed to be 6 years.
- + the period over which the economic benefits from Pole Forman and Sagline Software and associated Trademarks will continue to accrue to IKE over an assessed useful life of 10 years
- + the period over which the economic benefits from Pole Forman Training and support seminars will continue accrue to IKE over an assessed useful life of 10 years
- + the period over which the economic benefits from Pole Forman contracts and relationships will accrue to IKE over an assessed useful life of 4 years

The amortisation rates reflecting the change in useful lives of the assets were reset from 1 October 2019. The table below summarises the impact of this change.

Reduction in amortisation expense due to rate change	FY20	Annualised impact
	\$'000's	\$'000's
ikeGPS Platform	(26)	(51)
IKE application & feature	(70)	(145)
Spike applications and features	(44)	(94)
SDK (software development kit)	(17)	(34)
Balance at 31 March 2020	(157)	(324)

The pattern of benefits received from the capitalised development may ultimately differ from the Directors' initial judgment due to risk of obsolescence or other future factors affecting the assets useful life.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the profit and loss.

In addition to the above, the Group makes judgments about the amount of costs to capitalise as part of the development asset. The Group's intangible asset capitalisation policy is used to assist in making these judgments. The Group capitalises direct labour costs into its development asset. The costs applied are based on judgment as to the nature of work employees performed, and the amount of time spent on the task. This is assessed jointly by the engineering and finance functions. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the measurement and impairment of intangible assets.

Business Combination

On 27 September 2019, the Group entered into an agreement to acquire certain assets of Power Line Technology Inc. ("PLT") for \$5,318,000 ("Acquisition"). PLT's flagship product, Pole Foreman, is a leading pole loading analysis software solution used in the North American market. This is a strategically important extension of the IKE Analyse platform. This acquisition provides opportunities for the Group to lever PLT's technology for further growth. The acquisition is profitable and is immediately cash flow accretive.

The Acquisition price of \$5,318,000 includes an initial consideration which comprises \$2,749,000 of cash and \$1,155,000 of IKE shares issued at \$0.60 per share in equal tranches over a three-year period. Separately, the Group assumed the balance remaining of PLT's maintenance performance obligations for cash consideration totalling \$157,000.

Financial Statements

2. Basis of preparation (cont.)

The remaining \$1,414,000 earn out component will be paid as 70% cash and 30% scrip across all components. The earn out will be paid annually over a three-year period subject to the founder remaining employed at ikeGPS Inc, and IKE shares issued under the earn out will also be issued at \$0.60 per share.

The Acquisition was funded through the issuance of IKE shares to PLT combined with cash payments.

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

Purchase consideration	\$'000's
Cash paid	2,592
IKE shares	1,155
Total purchase consideration	3,747

Fair value of net assets acquired on 18 October 2019

Intangible assets	\$'000's
Pole Forman pole loading software solution	3,395
Customer contracts and relationships	303
Training materials	206
Maintenance performance obligations	(157)
Total net assets acquired	3,747

A fair value assessment was performed on each intangible asset identified, the combined fair value supporting the total consideration paid. Management assessed that no indicators of impairment were noted at the end of the financial year and therefore no impairment test was conducted.

During the current financial year, the Group recorded Revenue of \$402,000 related to the Pole Forman and Training business unit. If the acquisition had occurred on 1 April 2019, the revenue and net loss after tax for the Group would have been approximately \$10,326,000 and (\$6,201,000) respectively.

3. New and amended standards adopted by the Group

NZ IFRS 16 Leases

Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on the balance sheet) and an operating lease (off balance sheet).

NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-to-use asset' for most lease contracts.

Impact of adoption

The Group has adopted NZ IFRS 16 from 1 April 2019 using the simplified transition approach. Under this approach the cumulative effect of initially applying NZ IFRS 16 is recognised as an adjustment to retained earnings as at 1 April 2019. Comparative figures are not restated but instead continue to reflect the accounting policies under NZ IAS 17 leases.

On adoption of NZ IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases. The liabilities are measured at the present value of the remaining lease payments, discounted using the 'incremental borrowing rate' as of 1 April 2019. The Group's incremental borrowing rate applied to the lease liabilities on 1 April 2019 is 5.50%.

Financial Statements

3. New and amended standards adopted by the Group (cont.)

Adjustments recognised on adoption of NZ IFRS 16:

The impact on the Group's balance sheet as at 1 April 2019	\$'000's
Dr Lease asset	367
Dr Retained earnings	45
Cr Lease liabilities	412

The impact on the Group's retained earnings as at 1 April 2019	\$'000's
Closing retained earnings 31 March 2019	(45,846)
NZ IFRS 16 cumulative effect	(45)
	(45,891)

A reconciliation of operating lease commitments at 31 March 2019 to the lease liability recognised at 1 April 2019 is shown below:

	\$'000's
Operating lease commitments disclosed at 31 March 2019	928
Discounted using the lessee's incremental borrowing rate at the date of initial application	(76)
Leases not included under NZ IFRS 16	(71)
Different treatment of operating lease expense	(369)
Lease Liability Recognised as at 1 April 2019	412
Classified as:	
Less than one year	86
One to five years	326
Lease liabilities recognised as at 1 April 2019	412

Judgements and practical expedients used

On transition and during the year the Group has applied the practical expedient provided by the new standard to treat any lease with a term less than 12 months as a short-term lease and therefore recognise the lease payments on a straight-line basis over the term of the lease.

The Group has also applied the practical expedient allowing low value lease to be recognised on a straight-line basis over the term of the lease.

Leases are in relation to office space and carparks in both Broomfield and Wellington. The Group has applied an incremental borrowing rate of 5.50% on all lease liabilities entered during the year.

Lease Liabilities

Lease liabilities recorded on the balance sheet.

	\$'000's
Balance at 1 April 2019	-
Additions due to first-time adoption of IFRS 16	412
Additions during the year	506
Payments made	(161)
Interest charges	30
Balance at 31 March 2020	787

Financial Statements

3. New and amended standards adopted by the Group (cont.)

The maturity of the lease liabilities is as follows:

Lease liabilities as at 31 March 2020	\$'000's
Less than one year	327
One to five years	460
Lease liabilities recognised as at 31 March 2020	787

Lease Assets

Lease assets are recorded on the balance sheet.

	\$'000's
Balance at 1 April 2019	-
Additions due to first-time adoption of IFRS 16	367
Additions during the year	510
Depreciation charges	(172)
Balance at 31 March 2020	705

4. Significant accounting policies

Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

Foreign currency translation

Functional and presentation currency

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

The functional currency of the Company is NZ dollars. The functional currency of the Group's USA subsidiary is US dollars. These financial statements are presented in NZ dollars, which is the Group's presentation currency.

Transactions and balances

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

Financial Statements

4. Significant accounting policies (cont.)

Group companies

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

- + assets and liabilities are translated at the closing rate at the date of the balance sheet;
- + income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- + all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are reclassified to profit or loss in the consolidated statement of profit or loss and other comprehensive income.

Goods and Services Tax

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

Financial Instruments

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

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

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

Amortised cost 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.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

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

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

Lease assets and liabilities

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

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

Trade and other payables

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

Financial Statements

4. Significant accounting policies (cont.)

Property, plant and equipment

Recognition and measurement

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

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

Depreciation

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

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

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

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

Intangible assets

Research and development

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

Capitalised development costs

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

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

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

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

Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial Statements

4. Significant accounting policies (cont.)

Impairment of financial assets

From 1 April 2019 the Group assesses impairment on a forward-looking basis, the expected credit loss associated with its financial assets carried at amortised cost. The Group will assess if there has been a significant increase in credit risk by assessing market conditions, forward looking estimates and previous financial history of counterparts.

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

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

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

Inventory

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

Government grants

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

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate.

Employee benefits

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

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

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

Other liabilities

The Group recognises a liability when there is a present obligation as a result of a past event (see note 2). During the year, the Group acquired certain assets in Powerline Technology Inc. As part of the acquisition the Group is obligated to make instalments of both IKE shares and cash. This obligation includes two parts; remaining shares to be issued as part of the initial consideration, and cash accrued subject to the terms of service of a key employee. The component subject to continued service is accrued on a straight-line basis over the required term of service. Other liabilities are recognised at fair value.

Share-based payment

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

Financial Statements

4. Significant accounting policies (cont.)

original estimates, if any, in share-based payment reserve with a corresponding change to share based compensation reserve in equity.

In addition to the option scheme, the Group will make share-based payments as contractually obligated as part of the business combination entered into during the year.

Revenue

The Group derives its revenue from the sale of product and related services, subscription revenue, software licenses and end to end technical pole data analysis. Revenue is recognised when performance obligations have been satisfied. A performance obligation has been satisfied when control of the good or service associated with the performance obligation has been transferred to the customer. Refer to 'note 6'.

Sale of product

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

IKE rental revenue

IKE rental revenue is derived from fees charged to customer on a monthly basis for the use of an IKE unit and for access to IKE Field and Office.

Leases of the IKE unit are considered operating leases as the Group retains the significant portion of the risks and rewards of ownership. Rental payments received (net of any incentives) are recognised as lease revenue in profit or loss on a straight-line basis over the period of the lease.

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

Subscription revenue

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

IKE Analyze solution revenue

IKE Solution revenue is derived from our end to end pole and wire analysis solution. The complete solution offering provides mobile field devices to capture data, software to support the collection of fast standardised data, completion of pole annotation

analysis, completion of pole loading analysis and performing make ready engineering analysis. Revenue is recognised when the data has been analysed and the customer requirements outlined in the engagement statement of work have been completed.

Pole loading software license and services

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

Pole loading maintenance and support subscription

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

Other operating revenue

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

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

Finance income and expenses

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

Current and deferred income tax

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

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

Financial Statements

4. Significant accounting policies (cont.)

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

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

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

Earnings per share

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

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

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

Other reserves

Share-based payments reserve

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

Foreign currency translation reserve

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

5. Operating segments

The CEO and senior management team are the Group's operating decision makers. During FY20 the Group's selling activities were focused and organised into two customer segments namely Utility & Communications and Other Business. The Utility & Communications segment includes sales to companies involved in the broadband fiber and cellular 5G roll out in the United States. Other Business includes sales of Spike into the Signage, Architecture Engineering and Construction (AEC) and Geospatial markets.

Within the Utilities & Communications segment the Group sold the IKE device, corresponding annual subscription revenue and IKE analyze transactions being an end to end technical solution to customers performing make ready engineering (MRE) projects.

As part of the business combination with Powerline Technology Inc, the Group offered pole loading software licenses including ongoing annual subscriptions for maintenance and support into this segment.

The segment reporting format reflects the Group's management and internal reporting structure. Contribution is after allocating cost of goods sold. Reporting of overheads and balance sheet position is not undertaken at a level lower than the Group as a whole. Geographically, revenue is substantially generated in the United States.

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Operating segments (cont.)

	2020			2019		
	Utility & Communication	Other Business	Group	Utility & Communication	Other Business	Group
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Sale of product and services (Point in Time)	2,250	591	2,841	3,587	640	4,227
IKE rental (Point in Time)	491	-	491	466	-	466
Subscription (Over time)	2,810	50	2,860	1,825	36	1,862
Contribution	4,304	400	4,704	4,228	575	4,803
IKE Analyze solution (Point in Time)	3,244	-	3,244	1,441	-	1,441
Contribution	1,854	-	1,854	547	-	547
Pole loading software licenses, services and subscriptions (Point in time & Over time)	402	-	402	-	-	-
Contribution	402	-	402	-	-	-
Gross Profit			6,960			5,350
Sales and marketing costs			(4,697)			(3,226)
Other corporate income and expenses			(7,951)			(7,216)
Net loss before tax			(5,688)			(5,092)

6. Revenue and expenses

Revenue	2020	2019
	\$'000's	\$'000's
Sale of product	2,653	4,058
IKE rental	491	466
IKE Solution	3,244	1,441
IKE Subscription	2,860	1,862
Pole loading licence and subscription	402	-
Services	188	169
Operating revenue	9,838	7,996
Government grants	1	102
Total revenue and other income	9,839	8,098

In the current year, no customer within a particular operating segment represented more than 10% of revenue (FY19: no customers).

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6. Revenue and expense (cont.)

Reconciliation of deferred income balances

	2020	2019
	\$'000's	\$'000's
Opening deferred income balance	1,301	1,205
Revenue recognised that was included in deferred income at the beginning of the period		
Decrease on adoption of IFRS 15	-	(274)
Subscription revenue recognised	(1,230)	(861)
New Zealand wage subsidy	81	-
Unsatisfied performance obligations for the current year	2,295	1,231
Closing deferred income balance	2,447	1,301

Revenue recognition

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

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

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

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

Other Business

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

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6. Revenue and expenses (cont.)

Utility & Communication

Revenue Type	Description	Key Judgements	Outcome	Timing of revenue recognition
IKE Solution	The IKE Solution is marketed to the utility & communications market as an all-in-one package which includes the IKE4 device, preconfigured IKE Field Android mobile application and online access to IKE Office - a cloud-based software platform that enables customers to measure and analyse assets captured with the IKE device	The contract for an IKE Device, IKE Field and IKE Office is generally sold as a packaged solution. Management has determined the individual performance obligations within the contract. The total contract price is allocated to each performance obligation. Where possible management uses external comparatives to identify standalone performance obligations and respective price. Where an external comparative is not available, management's judgement was applied.	Management has determined that the IKE Device, Software licence (IKE Field) and Subscription (IKE Office) are distinct performance obligations of the IKE Solution. In determining this management has relied on market comparables to establish standalone performance obligations.	<p>Point in time</p> <p>Both the IKE device and IKE Field mobile application are recognised at the point in time when the device is sent to the customer.</p> <p>Over time</p> <p>IKE Office is recognised over the term of the contract.</p>
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 IKE4 device.	Determining when each performance obligation is fulfilled.	Customers use the IKE Field and IKE Office solution to store and analyse data, customise and add new forms. Along with integration capability these performance obligations can be described as 'stand ready' services which can be recognised over time.	<p>Over time</p> <p>Subscription software recognised over time</p>
IKE Analyze Solution	Providing an end to end technical solution for customers; performing pole loading analysis and make ready engineering assessments.	Determining when each performance obligation is fulfilled. Initially the customer performs data collection, the customer also receives an annual subscription to access IKE Field and Office. Once customer data is collected it is uploaded into IKE Office where IKE performs the analysis and completes requested reports.	The business is required to perform certain activities as per the scoping document for each customer. Once the activity is complete the Group will recognise the revenue.	<p>Point in time</p> <p>Each transaction (completed record) is recognised when the performance obligation has been completed.</p>
Pole loading software license	IKE sells a license of it's pole loading software to customers.	Management has determined the individual performance obligations of the contract. The total contractual price allocated to each performance obligation using the stand alone selling price.	Management has determined that the perpetual license and first year of maintenance and support are separate performance obligations. IKE has used the stand alone selling price to allocate the contractual price.	<p>Point in time</p> <p>The pole loading software license is recognised at the point in time when the software is transferred.</p> <p>Over time</p> <p>The annual maintenance and support is recognised over the first year.</p>
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.	<p>Over time</p> <p>Pole loading software maintenance and support are recognised over time.</p>

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6. Revenue and expenses (cont.)

Government grants are in relation to cost subsidies from Callaghan Innovation for research and development and the New Zealand Covid-19 wage subsidy.

Operating expenses

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

Operating expenses	2020	2019
	\$'000's	\$'000's
Audit of financial statements		
Audit and review of financial statements	155	141
Other services		
Other assurance services ¹	6	6
Tax compliance services	-	20
Total other services	6	26
Total fees paid to auditor	161	167
Amortisation of development asset	936	975
Amortisation of patents and software	-	-
Depreciation	287	117
Total amortisation and depreciation²	1,223	1,092
Employee benefit expense	6,623	6,158
Share-based payment	380	188
External contractors and consultants	644	360
Employee benefit expense capitalised ³	(683)	(603)
Operating lease expenses ⁴	180	370
Direct selling and marketing ⁵	836	1,160
Impairment of assets ⁶	1,100	-
Credit loss provision and write off expense	317	26
Other operating expenses ⁷	1,851	1,604
Total operating expenses	12,632	10,522

Notes

1. Other assurance services comprise the review of Callaghan Innovation research and development grant claims.
2. All of amortisation and \$115,000 (2019: \$117,000) of depreciation are included in engineering and research expenses, \$172,000 related to lease assets under NZ IFRS 16 is included in corporate costs. The balance of depreciation totalling to \$395,000 is included in cost of sales (2019: \$248,000).
3. Relates to employee benefit expense, external contractors and consultants' expenses that are directly attributable to the development of intangible assets and have been capitalised.
4. Relates to short term leases and common area maintenance costs. In FY19, it included operating lease payments now recorded as lease liabilities as per NZ IFRS 16.
5. Selling and marketing expenses includes expenses incurred mainly in relation to promotional activities which include, commissions and other direct marketing expenses.
6. Impairment includes intangible assets of Spike and SDK.
7. Other operating expenses include corporate advisory, travel, engineering expenses, facilities and IT expenses.

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7. Cash and cash equivalents

	2020	2019
	\$'000's	\$'000's
Cash at bank	3,827	1,675
Call / term deposits	500	1,800
Total	4,327	3,475

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

8. Inventory

	2020	2019
	\$'000's	\$'000's
Finished goods	764	777
Components	646	914
Total inventory	1,410	1,691

Included in cost of sales is \$995,695 (2019: \$1,139,000) relating to the amount of inventory recognised as an expense in the year. During the year Spike raw materials valuing \$146,545 have been written down as an expense through cost of sales.

9. Trade and other receivables

	2020	2019
	\$'000's	\$'000's
Trade receivables	1,499	1,268
GST receivable	72	45
Grants receivable	-	46
Other receivables	5	11
Total trade and other receivables	1,576	1,370

The Group has \$887,183 of trade receivables past due but not impaired at 31 March 2020. (2019: \$791,988)

30 - 90 days	90 days +	Total past due
669,583	217,600	887,183

Trade receivables is net of provision for doubtful debts of \$328,605 (2019: \$17,559).

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10. Trade and other payables

	2020	2019
	\$'000's	\$'000's
Trade payables	469	252
Other payables	292	-
Accrued expenses	170	253
Total trade and other payables	931	505

11. Subsidiaries

Name of entity	Country of incorporation	Principal activity	2020	2019
ikeGPS Limited	New Zealand	Product development and business operations	1,000	1,000
ikeGPS Inc.	USA	Business operations	1,000	1,000
			2,000	2,000

ikeGPS Limited and ikeGPS Inc. are 100% (2019: 100%) owned by the Company. All subsidiaries have 31 March balance dates.

12. Current and deferred tax

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

	2020	2019
	\$'000's	\$'000's
Deferred tax	17	(4)
Income tax expense /(credit)	17	(4)

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

	2020	2019
	\$'000's	\$'000's
Net loss before income tax	(5,688)	(5,092)
Prima facie income tax credit at 28%	(1,593)	(1,425)
Non-deductible expenses	117	198
Deferred tax on temporary differences	(24)	-
Unrecorded tax losses	1,517	1,223
Income tax expense /(credit)	17	(4)

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12. Current and deferred tax (cont.)

The New Zealand Group has unrecognised tax losses of \$14,793,000 (2019: \$16,954,000), available for use against future taxable profits subject to meeting the requirements of continuous shareholder continuity provisions as stated in the Income Tax Act 2007. The FY19 available tax losses carried forward have reduced by \$3,763,000, relating to shareholder continuity. A tax asset in respect of these losses has not been recognised due to the uncertainty of when the unused tax losses can be utilised.

	2020	2019
	\$'000's	\$'000's
Deferred tax opening balance	17	13
Temporary differences		
Employee entitlements and provisions	2	4
Deferred research and development	24	-
IFRS 16 Leases	1	-
Intangible assets	(44)	-
Deferred tax closing balance	-	17

13. Contributed equity

Share capital

	2020	2019
	\$'000's	\$'000's
On issue at beginning of year	55,132	49,263
Issued under share placement	5,306	5,000
Issued under share purchase plan	1,194	1,250
Less listing costs offset against issue proceeds	(560)	(381)
Exercise of share options	37	-
Issued as part of business combination	389	-
Total share capital	61,498	55,132

Share capital on issue

	2020	2019
Fully paid total shares at beginning of year	90,469,567	78,450,255
New ordinary shares offered	10,833,333	12,019,312
Ordinary shares issued on settlement of options	242,134	-
Ordinary shares issued as part of business combination	649,014	-
Fully paid ordinary shares	102,194,048	90,469,567

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14. Property, plant and equipment

	Plant & equipment	IKE rental devices	Leasehold improvements	Office furniture & equipment	Development equipment	Total
Cost	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Balance at 1 April 2018	1,219	-	28	581	10	1,838
Additions	-	183	-	287	10	480
Disposals	-	-	-	(156)	(7)	(163)
Balance at 31 March 2019	1,219	183	28	712	13	2,155
Balance at 1 April 2019	1,219	183	28	712	13	2,155
Additions	-	587	-	194	-	781
Disposals	-	(115)	-	(47)	-	(162)
Exchange differences	-	62	-	75	-	137
Balance at 31 March 2020	1,219	717	28	934	13	2,911
Depreciation						
Balance at 1 April 2018	477	-	28	486	5	996
Depreciation for the year	242	11	-	105	7	365
Impairment	-	-	-	-	-	-
Disposals	-	-	-	(143)	(7)	(150)
Balance at 31 March 2019	719	11	28	448	5	1,211
Balance at 1 April 2019	719	11	28	448	5	1,211
Depreciation for the year	241	116	-	153	-	510
Disposals	-	(4)	-	(40)	-	(44)
Exchange differences	-	10	-	36	-	46
Balance at 31 March 2020	960	133	28	597	5	1,723
Carrying amounts						
At 31 March 2019	500	172	-	264	8	944
At 31 March 2020	259	584	-	337	8	1,188

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15. Intangible assets

	Development assets	Patents	Software	Customer contracts & relationships	Training materials	Total
Cost	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Balance at 1 April 2018	8,469	174	-	-	-	8,643
Additions	651	-	-	-	-	651
Disposals	-	-	-	-	-	-
Balance at 31 March 2019	9,120	174	-	-	-	9,294
Balance at 1 April 2019	9,120	174	-	-	-	9,294
Additions	683	-	3,395	303	206	4,587
Disposals	-	-	-	-	-	-
Exchange differences	121	-	208	18	13	360
Balance at 31 March 2020	9,924	174	3,603	321	219	14,241
Amortisation and impairment losses						
Balance at 1 April 2018	4,541	174	-	-	-	4,715
Amortisation for the year	975	-	-	-	-	975
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31 March 2019	5,516	174	-	-	-	5,690
Balance at 1 April 2019	5,516	174	-	-	-	5,690
Amortisation for the year	706	-	181	38	11	936
Impairment	1,100	-	-	-	-	1,100
Disposals	-	-	-	-	-	-
Exchange differences	12	-	2	-	-	14
Balance at 31 March 2020	7,334	174	183	38	11	7,740
Carrying amounts						
At 31 March 2019	3,604	-	-	-	-	3,604
At 31 March 2020	2,590	-	3,420	283	208	6,501

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16. Financial instruments and financial risk management

Financial instruments

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

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

			2020 \$'000's			2019 \$'000's
	Financial Assets at amortised cost	Financial liabilities at amortised cost	Total carrying value	Financial Assets at amortised cost	Financial liabilities at amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	4,327	-	4,327	3,475	-	3,475
Trade and other receivables	1,576	-	1,576	1,370	-	1,370
Total financial assets	5,903	-	5,903	4,845	-	4,845
Financial liabilities						
Employee entitlements	-	231	231	-	226	266
Trade payables	-	469	469	-	252	252
Other payables	-	292	292	-	-	-
Accrued expenses	-	170	170	-	253	253
Lease liabilities	-	787	787	-	-	-
Other liabilities	-	300	300	-	-	-
Total financial liabilities	-	2,249	2,249	-	731	731

Financial risk factors

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

The impact of Covid-19 has caused a slowdown of activity across the market. However, the Group's core customers in the Communications and Utilities market have generally been deemed 'critical' in the US markets and have continued to operate when safe to do so. The impact on the financial risk factors is unknown at this time.

Due to the uncertain trading outlook and slow down, the Group has monitored Government subsidies available both in New Zealand and the U.S. At balance date the Group applied for the NZ Government wage subsidy and received \$82,000 just prior to balance date. Subsequent to balance date, the Group received \$825,000 (see note 25) under the U.S. Federal Government CARES Act Paycheck Protection Program (PPP) via Silicon Valley Bank. These funds will be used to mitigate the financial risk Covid-19 has on the Group.

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

Credit risk

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

At balance date 79% (2019: 65%) of the Group's cash and cash equivalents were with one bank. The Group will continue to monitor the impact of Covid-19 on customers' ability to pay outstanding receivable (refer note 2).

Maximum exposure to credit risk at balance date:

	2020	2019
	\$'000's	\$'000's
Cash at bank	4,327	3,475
Trade and other receivables	1,576	1,370
Total	5,903	4,845

Liquidity risk

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

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

	2020			2019		
	Contractual cash flows	6 months or less	No stated maturity	Contractual cash flows	6 months or less	No stated maturity
Employee entitlements	231	-	231	226	-	226
Trade payables	469	469	-	252	252	-
Other payables	292	203	-	-	-	-
Accrued expenses	170	170	-	253	253	-
Other liabilities	300	166	-	-	-	-
Lease liabilities	787	180	-	-	-	-
Total financial liabilities	2,249	1,188	231	731	505	226

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

Foreign currency risk management

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

At 31 March 2020, had the local currency strengthened / weakened against the USD by 10% the pre-tax loss would have been (higher)/lower as follows:

	Carrying value of FX impacted financial instruments	+10%	-10%
	\$'000's	\$'000's	\$'000's
Cash and cash equivalents	USD 2,093	(316)	390
Trade and other receivables	USD 898	(135)	167
Trade and other payables	USD 164	(42)	(109)
Intercompany balance foreign	USD 24,025	3,642	(4,451)

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 financial statements.

17. Capital management

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

In the current financial year, the Group completed a Private Placement and Share Purchase Plan raising \$6.5m. The Group's aim is to maintain a sufficient capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Group's capital requirements are regularly reviewed by the Board of Directors.

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

This note should be read in conjunction with note 2; Going Concern which outlines the material uncertainty around the Group's going concern assumption and the FY21 plan that Directors believe will enable the Group to continue operations.

18. Fair value estimation

The fair value of the Group's financial assets and liabilities does not materially differ from their carrying value.

19. Commitments and contingencies

	2020	2019
	\$'000's	\$'000's
Non-cancellable short-term leases or lease related costs		
Less than one year	232	307
Between one and five years	308	621
Total	540	928

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19. Commitments and contingencies (cont.)

Operating leases are in relation to rented premises and photocopiers. This does not include leases accounted for under IFRS 16.

The Group advises there are no contingencies.

20. Other liabilities

	2020
	\$'000's
Less than one year	
Accrued earn-out	166
Share based payment installment due in FY20	408
Between one and three years	
Accrued earn-out	134
Share based payment installment due in FY21	400
Total other liabilities	1,108

All other liabilities are in relation to the business combination entered into during the year.

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21. Cash used in operations

	2020	2019
	\$'000's	\$'000's
Loss for the year	(5,705)	(5,088)
Less investment interest received	(12)	(31)
Non-cash items included in net loss		
Depreciation	680	365
Amortisation of intangible assets	936	975
Asset impairment	1,100	-
Spike raw materials write-off	146	-
Debtor & Creditor write off	258	26
Deferred tax expense	17	(4)
Share based payment expense	380	188
Write off of obsolete materials, assets and IKE devices transferred to customers on rental close out	118	13
Foreign exchange (gains)/losses	(5)	26
	3,618	1,558
Add/(less) movement in working capital items		
Decrease/(Increase) in trade and other receivables	(524)	(65)
Decrease/(Increase) in inventories	134	(470)
Decrease/(Increase) in prepayments	(390)	(22)
Increase/(Decrease) in trade and other payables	485	(182)
Increase/(Decrease) in deferred income	990	369
Increase/(Decrease) in other liabilities	282	-
Increase/(Decrease) in employee entitlements	6	(135)
	983	(505)
Net cash used in operating activities	(1,104)	(4,035)

22. Basic and diluted earnings per share

	2020	2019
	\$'000's	\$'000's
Total loss for the year attributable to the owners of the parent	(5,705)	(5,088)
Ordinary shares issued	102,194,048	90,469,567
Weighted average number of shares issued	95,950,183	85,332,541
Basic loss per share	\$(0.06)	\$(0.06)

The potential shares are anti-dilutive in nature. The diluted loss per share is therefore the same as the undiluted EPS at \$(0.06) and \$(0.06) for the respective periods.

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23. Share based payments

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

	2020	2019
	\$'000's	\$'000's
Share based payment reserve		
Share options	424	192
Share based payment on earn-out	121	-
Total	545	192

The contractual share based payments are in relation to the share instalments to be issued to the founder of PLT subject to being employed by the Group (refer note 2).

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

Options outstanding at 31 March 2020 have a contractual life from grant date of between 2.5 and 6 years. Options can be exercised at any time after vesting and unexercised options expire at the end of the contract or if the employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Any share to be issued on the exercise of the option will be issued on the same terms and will rank equally in all respects with the ordinary shares in the company on issue.

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

		2020		2019
	Average Exercise Price	Options ('000's)	Average Exercise Price	Options ('000's)
At 1 April	0.52	3,350	\$0.50	1,155
Granted	0.51	2,275	\$0.55	2,775
Exercised	0.44	(567)	-	-
Forfeited	0.52	(273)	\$0.59	(50)
Expired	nil	nil	\$0.66	(530)
	\$0.53	4,785	\$0.52	3,350

Out of the 4,785,000 outstanding options 2,867,923 (2019: 1,950,840) had vested and were exercisable at 31 March 2020.

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23. Share based payments (cont.)

Options outstanding

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

Year Granted	Expiry Date	Exercise Price	Number of options	2020	Number of options	2019
				Term remaining (years)		Term remaining (years)
2017					400,000	1.00
2017	30-Jun-20	\$0.29	200,000	0.25	200,000	1.25
2018	31-Mar-21	\$0.54	1,100,000	1.00	1,100,000	2.00
2018	31-Mar-21	\$0.54	1,400,000	1.00	1,400,000	2.00
2019	31-Dec-21	\$0.64	250,000	1.75	250,000	2.75
2020	31-Mar-25	\$0.51	1,150,000	5.00		
2020	31-Mar-25	\$0.51	75,001	5.00		
2020	31-Mar-25	\$0.51	499,999	5.50		
2020	31-Mar-25	\$0.51	400,000	5.30		
2020	30-Sep-25	\$0.65	150,000	5.60		

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:

	2020	2019
Fair value of options issued in the year	\$0.16, \$0.17, \$0.49, \$0.41	\$0.11, \$0.12, \$0.13, \$0.19
Weighted average share price	\$0.51	\$0.55
Exercise price	\$0.51 & \$0.65	\$0.54 - \$0.64
Volatility	30%	30%
Dividend yield	Nil	Nil
Risk free interest rate	0.80% - 1.27%	1.79% - 2.15%

24. Related parties

	2020	2019
	\$'000's	\$'000's
Short term benefits to directors and senior management	1,535	2,238
Share option expense directors and senior management	160	172

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

Early in FY20 the Group made some changes to the key management Group. This involved reducing the number of key management personnel to be the Group to the Chief Executive Officer and Chief Financial and Operating Officer. In the comparative year key management included the Chief Technology Officer and SVP Utilities & Communications who are no longer considered key management. FY19 benefits of those individuals were made up of short term benefits of \$607,012 and share option expenses of \$12,236.

The Group issued 1,049,999 of unlisted share options at NZD\$0.51 to Directors and key management during the period in accordance with the ikeGPS Group Limited Employee Share Scheme.

In addition to the unlisted options issued, the Group net settled 270,841 unlisted options (187,503 exercisable at NZD\$0.40 and 83,338 exercisable at NZD\$0.54) resulting in 86,695 new ordinary shares being issued to key management.

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25. Subsequent events

On 1 May 2020 IKE received approximately \$825,000 NZD under the U.S. Federal Government CARES Act Paycheck Protection Program (PPP) via its bank, Silicon Valley Bank.

Under the PPP structure the loan principal amount is forgivable so long as the proceeds are used to cover payroll costs, rent, and utility costs over the 8 week or 24 week period after the loan is made. Loan forgiveness is contingent upon recipients requesting forgiveness, providing supporting documentation, and certifying compliance to the forgiveness conditions as per the PPP legislation. Recipients would be responsible to repay any amount of the loan that is not forgiven. The interest amount is 1% per annum.

Financial Statements

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