

For Immediate Release

September 4 2018

Chairman's 2018 Annual General Meeting address

I don't normally believe in an omen, but I attended a concert last week from our very own NZ String Quartet which was titled "Turning Points". IKE has made year-over-year progress towards our objective to disrupt the way Communications companies and Electric Utilities analyze and manage their pole projects, but 'Turning Point' is how I would describe key aspects of IKE's Financial Year 2018 (FY18) year, where we made positive progress across all of our objectives, both operational and financial.

And we can feel that momentum continuing into Financial Year 2019 (FY19), with trading for the first quarter of FY2019 showing revenue growth of 48% against the prior calendar period (PCP). The Board and management are optimistic about the outlook for IKE as we take further steps in our pursuit to become the Pole Record Standard in the North American market.

Looking back at FY2018 performance

As above, FY18 was a positive year for our business with growth and improvement across all key metrics. Importantly, penetration in our core target markets continued to develop, these being tier-1 U.S. communications companies, electric utilities and their respective engineering service providers. Success with these accounts is a long-term value driver for our business.

In terms of financial performance, recognised revenue of \$7.7m was approximately 37% higher against the Fiscal Year 2017 (FY17) PCP of \$5.7m. In addition to this recognized revenue number, there was deferred IKE revenue of \$1.2m, relating to IKE 4 subscriptions paid in advance by customers.

As we have consistently communicated, a key value driver for IKE is the development of target accounts, which are typically the largest communications companies and electric utilities operating in the North American market. Through FY18 we were pleased to close record IKE 4 sales, with \$5.0m revenue generated from a total of 476 systems sold (including 46 rental contracts). This represented 110% system volume sales growth against PCP (FY2017 210 systems) and included a record 243 IKE 4 systems shipped 2H FY18.

Most important however was the in-market progress with these target accounts. This included sales and deployment into AT&T, the largest communications company in the U.S., Verizon Communications Inc., the second largest communications company in the U.S., Cox Communications Inc., a national fibre operator, and some other key communications businesses. The IKE 4 platform has now also been sold into all investor-owned utilities in the States of California and Washington. These large infrastructure owners also typically use external engineering firms to manage some of their networks, making this group the third target customer category for IKE.

Looking ahead to FY19

As we look ahead to FY19 and beyond, it is notable that market tailwinds have emerged in the communications market, specific to the IKE solution. US\$200B is forecast to be invested into competing fiber networks over the coming decade in the U.S. Simplistically the IKE solution allows customers to assess network deployment faster through Aerial Make Ready Engineering, and as such we are seeing heightened interest in the IKE offering as a result.

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Equally, the approximately 3,200 electric utilities in the US market remain the big prize for IKE in long term. While these companies are slower to adopt new technology generally, the joint-use activity from the above fiber network deployments is providing IKE with access into more electric utilities who share their poles and distribution assets with fibre providers.

Our product development activity is tied closely to market requirements. This includes the important development, sales and deployment of IKE Analyze – which is a sea change in terms of business model from the device sales which characterized our historical business.

Recent placement and SPP to follow

As you are aware the recent successful Placement of \$5m was oversubscribed and completed at a 4% price premium, supporting the growth plans and potential for IKE. The equity raised under the Placement and SPP will bolster our working capital position for a number of potentially significant ike Analyze contracts that the business is targeting and in the initial stages of delivering. It will also support the lumpy sales cycles associated with our core business of selling IKE systems, and enable investment into additional sales and support processes to execute on IKE Analyze opportunities.

As noted, the new IKE Analyze offering has a higher initial working capital requirement than the historical business model but provides substantially higher potential revenue amounts (and absolute margin) per customer or project. A stronger balance sheet is also important for some of the large infrastructure business that IKE is selling to or is targeting, given that we host their critical infrastructure data and asset records.

The SPP to follow is part of this equity raising process - where we will raise up to \$1.25 million through this SPP.

Outlook for growth

On the back of the progress above, and in particular the advancement with IKE target accounts operating in the U.S. communications and electric utility market, we are cautiously optimistic that FY19 can be another strong year. Our expectations are for greater than 30% revenue and gross margin growth against FY18. Within this IKE 4 revenue is expected to be driven from the delivery of a fuller solution, including increasing sales of the new IKE Analyze product platform.

Our Spike solution, if successful, provides for additional option value as we focus on continuing sales into the signage market and the geospatial market via our partner ESRI, a globally dominant GIS software company. The IKE4 solution is the key value driver however - the platform delivers a compelling ROI when deployed at volume across target enterprise accounts, such as AT&T Inc. and this efficacy should enable us to more quickly win new contracts across several more of the largest communications and electric utility businesses in the U.S. market.

The ultimate revenue opportunity within these target accounts is substantial and we believe that the market tailwinds detailed earlier provides us with the opportunity to take a leading position in pole measurement & pole management. We do continue to face the same market and execution risks as we've outlined previously – particularly that sales cycles into these very large infrastructure owners can be lumpy and at times it can be difficult to accurately predict the timing for deals and contracts to conclude.

Our vision is to put IKE solutions at the centre of every pole transaction. While we operate in defensive and slow-moving industries, typified by very large infrastructure businesses, we have made progress through FY18 by embedding

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products into target accounts and in doing so developing a more diversified, recurring revenue stream. Overall, and we remain focused on delivering value-added growth for our customers and shareholders. In closing, I would like to thank shareholders for their support throughout the year, and for their enthusiastic acceptance of our recent capital raising.

ENDS

IKE seeks to be the data standard for collecting, managing and analysing pole and overhead asset information for electric utilities, communications companies and their engineering service providers.

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