

For Immediate Release

25 July 2018

IKE4 sales growth and emerging IKE Analyze sales opportunities

Q1 FY19 performance update and commentary

ikeGPS (IKE) advises the following as relates to Q1 FY19 performance ending June 2018 (all figures NZD):

- Total revenue of approximately \$1.9m (48% growth against PCP).
 - Revenue from sales of the IKE4 solution was approximately \$1.7m (101% growth against PCP, from 83 system sales and 29 rentals).
 - This revenue total included:
 - Approximately \$1.1m from IKE4 device sales.
 - Approximately \$0.4m from subscription software sales.
 - Approximately \$0.1m from rental system sales.
 - The new 'IKE Analyze' product and service offering, which delivers pole analysis and asset reports, saw two important pilots conclude successfully in the quarter.
 - IKE believes that it now has an opportunity to invest to substantially grow this business line, where follow-on contract opportunities have the potential to deliver significant revenue from Q2 FY19.
 - IKE4 system sales to target accounts in the period included:
 - Further follow-on orders of \$0.25m from AT&T Inc., the largest communications company in the U.S., supporting their national fiber network roll out.
 - Follow-on orders from Verizon Communications Inc.
 - A fifth phase IKE4 order, for approximately \$150k, from an engineering services company. This customer has grown to have more than \$1m of IKE4 systems deployed by the end of Q1.
 - Spike sales efforts for Q1 focused on the development of enterprise geospatial accounts and initiating go-to-market activities alongside Esri Inc., the most widely deployed software in the geospatial market as used by more than 350,000 organisations, and geospatial resellers.
- Cash and operating costs:
 - Cash at the end of the period was approximately \$1.2m, with receivables of \$1.1m.
 - A \$0.5m debtor factoring facility is in place to support working capital requirements, with an option available to increase this to \$1.2m from Q2 FY19.
 - Operating costs continue to be tightly managed, noting that the business invested in delivering IKE Analyze pilot projects through Q1 that have the potential to deliver meaningful revenue in outer quarters if realised.

IKE CEO, Glenn Milnes, commented, "Q1 FY19 was another solid period for our business. Most notably for shareholders we have developed a meaningful pipeline of sales opportunities for the new IKE Analyze solution, more quickly than anticipated. Through Q1 we invested in the people and processes to support two large account opportunities with IKE Analyze pilots, and a subsequent event to 30 June has been a follow-on award for IKE Analyze business (contracted monthly) with one of these parties. The monthly level of business has an annualized run rate revenue of \$1.2m with the potential to grow significantly.

Milnes added, "Based on these proof points, we have an opportunity to substantially accelerate the growth of our IKE Analyze business. This would require higher levels of working capital in the short term but could deliver outsize revenue and gross margin growth over and above our base FY19 plan if we are successful with this initiative.

Find Out More At:
www.ikegps.com

350 Interlocken Blvd, Suite 390, Broomfield CO 80021, USA
Office: +1 303 222 3218
www.ikegps.com



More generally, usage of the IKE4 solution with target accounts continues to show that against existing work practices IKE4 increases efficiency in the field by approximately 2x and increases efficiency in the back-office by approximately 5x for make-ready engineering. This gives us confidence in the potential to continue to grow the North American market.”

ENDS

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

Contact: Glenn Milnes, CEO, +1 720-418-1936, glenn.milnes@ikegps.com

Find Out More At:
www.ikegps.com

350 Interlocken Blvd, Suite 390, Broomfield CO 80021, USA
Office: +1 303 222 3218
www.ikegps.com