

For Immediate Release

11 July 2019

Revenue and EBITDA momentum.

Q1 FY20 performance update.

ikeGPS (IKE) advises the following relating to its performance for the three-month period to 30 June 2019 (all figures NZD):

- Revenue of approximately \$2.4m (26% growth against PCP).
- Gross margin of approximately \$1.8m (55% growth against PCP).
 - o Gross margin percentage of 74% (increased against PCP of 64%).
- EBITDA for the quarter of approximately -\$0.4m.
 - o The months of May and June were EBITDA positive, continuing the trend of improving EBITDA performance over the past 18 months.
 - o Total cash and receivables at period end were equal to that of 31 March 2019.
- Cash and receivables of \$4.9m.
 - o As noted, the same level as 31 March 2019.

Additional milestones in the period:

- Forward contracts and target account IKE Analyze wins included;
 - o The largest shared communications infrastructure company operating across the North American market, using IKE Analyze for 5G mobile network development.
 - The current value of this contract for FY20 grew from to \$0.15m to now approximately \$0.45m, to accrue from Q2 FY20.
 - o The prime contractor for a rollout of fiber for one the largest U.S. cable companies, attaching to the distribution assets of a Fortune 1000 public utility.
 - The current value of this contract for FY20 is approximately \$0.4m, to accrue from Q2 FY20.
 - o Charter Communications Inc. - the largest cable company in the U.S.
- A Business Process Outsourcing initiative was completed with some operations moved to India, expected to drive margin improvements from Q2 FY20 and to facilitate larger scale IKE Analyze deployments.

IKE CEO Glenn Milnes commented;

- "Q1 FY20 was our strongest quarter yet with record revenue and gross margin from our Communications and Utility segment.
- In-market momentum has continued such that the months of May and June saw EBITDA positive performance.
- Forward contracts and the ongoing transactional revenue model from IKE Analyze gives us confidence as we enter Q2. Approximately 80% of FY20 revenue is expected to be generated from IKE analyze transactions or recurring software subscriptions.



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- From a market development perspective eight of the 15 largest communications and cable customers in the U.S. market are now IKE customers or in pilots. We are focusing on revenue expansion opportunities within these existing accounts as well as developing new pipeline sales opportunities.
- An additional market opportunity for IKE Analyze was validated in the quarter specific to 5G mobile network development. The 5G market opportunity in the U.S. is large and is expected to grow significantly over the coming five or so years. This is additive to the very large fiber market opportunity where IKE Analyze has established a clear value proposition.
- More generally, we are winning customers because the IKE platform enables networks to be deployed faster, more cost effectively and with a higher quality data standard.”

ENDS

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

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