



## FOR IMMEDIATE RELEASE

6 September 2019

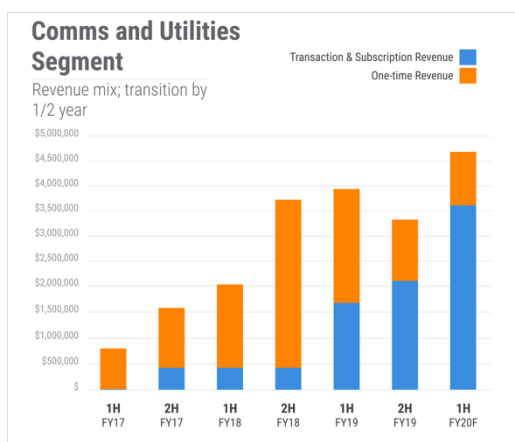
### Q2 EBITDA breakeven. Revenue model extended.

1H FY20 performance update.

Together with the 2019 AGM presentation released later today ikeGPS (IKE) advises the following relating to projected performance for the six-month period to 30 September 2019 (all figures NZD):

- + Projected record revenue of approximately \$5.0m.
- + Success and growth of IKE Analyze has resulted in improvement in the quality, predictability, and sustainability of earnings with approximately 70% of revenue now from IKE Analyze transactions or recurring software subscriptions.
- + Projected approximately EBITDA breakeven Q2 FY20, continuing the positive performance trend with both May and June also being EBITDA positive.
- + Total cash and receivables at 30 September 2019 are expected to be approximately equal to 31 March 2019, at between \$4.5m to \$4.8m.
- + Projected record gross margin of approximately \$3.6m and with gross margin percentage of greater than 70%.
- + Continued progress with the targeted customer base, with eight of the largest 15 Communication and Cable companies in North America in deployments or pilots.
- + The emergence of a substantial new market opportunity for IKE Analyze around 5G mobile network developments, with important lead customers contracted.
- + Market timing, forward contracts, and ongoing transactional revenue provides confidence in outlook in 2H FY20 and beyond.

The charts below further set out momentum;



#### Takeaways;

- ❑ IKE's revenue mix has shifted materially the past 12 months.
- ❑ Greater than 70% of revenue is expected from transaction & recurring sources in FY20 (blue bar).
- ❑ This is an important transition in terms of increasing revenue quality and predictability to underpin growth.
- ❑ Noting that 2H FY19 represented the launch of IKE Analyze, which delivers a lower upfront revenue component but a higher long term revenue profile per customer.

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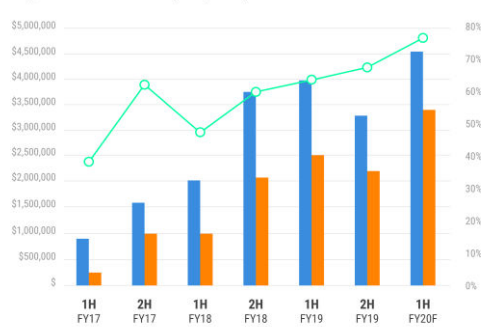
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### Comms and Utilities Segment

Segment revenue & margin by 1/2 year

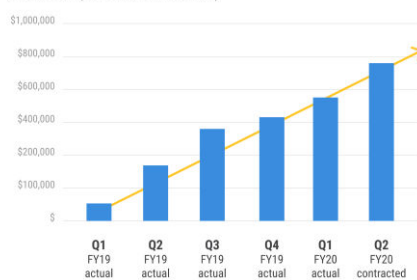


#### Takeaways;

- ❑ The expansion of the IKE Analyze product is driving revenue and gross margin growth.
- ❑ Forecast for record revenue 1H FY20 from the Communications & Utility segment of approximately \$4.5m, continuing the positive performance trend of the past 24+ months.
- ❑ High customer retention rates exceeding 90% have supported subscription revenue growth.
- ❑ The above factors have translated to gross margin percentage growth from 51% in FY18 to forecast for greater than 70% 1H FY20F.

### Example IKE Analyze Account

Engineering Service Provider; existing customer (cumulative revenue)

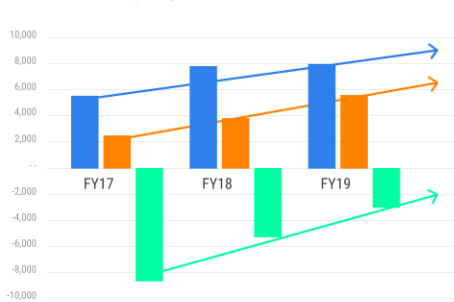


#### Takeaways;

- ❑ IKE is accessing increasingly large and long-term account opportunities via IKE Analyze.
- ❑ A typical IKE Analyze account delivers transaction & subscription revenue on an ongoing basis.
- ❑ IKE's sales run rate has been adding approximately five Engineering Service Providers and approximately one Communications Infrastructure Owner per quarter.

### IKE Group

Trended Revenue, Gross Profit and EBITDA (\$000)



#### Takeaways;

- ❑ The positive momentum of the past 24 months has continued through 1H FY20 with respect to revenue, gross profit, and EBITDA growth.
- ❑ Forecast for record total revenue of approximately \$5m in 1H FY20.
- ❑ Forecast for approximately EBITDA breakeven Q2 FY20 for the period ending September 2019, noting that both May and June 2019 were also EBITDA positive.
- ❑ Forecast for Total Cash & Receivables to be approximately equal to the level 31 March 2019.

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*IKE CEO Glenn Milnes commented;*

- + "1H FY20 will be our strongest period yet with the continued growth of revenue and gross margin from our core Communications and Utility segment.
- + We expect approximately EBITDA breakeven performance in Q2 FY20, noting that both the months of May and June were also EBITDA positive.
- + We are pleased that greater than 70% of FY20 revenue is now expected to be generated from IKE Analyze transactions - a "transaction" represents the analysis & processing of an asset within the IKE cloud pole platform - or recurring software subscriptions. This is a positive development in terms of revenue quality and has resulted from the extension of our market offering with IKE Analyze.
- + Eight of the 15 largest communications and cable companies in the U.S. market are IKE customers or are in pilots. We are focusing on revenue expansion opportunities within these accounts and developing new pipeline sales opportunities.
- + An additional market opportunity for IKE Analyze was validated in the period, specific to 5G mobile network development and we are contracted into one of the largest businesses building 5G infrastructure across the U.S. The 5G market opportunity in the U.S. is large and is expected to grow over the coming five or so years. This is an additive market to the large fiber market opportunity where IKE Analyze has established a clear value proposition and customer proof points.
- + More generally, we are winning customers and driving transactions across the IKE platform because our solution 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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