



FOR IMMEDIATE RELEASE
29 June 2020

Record Revenue & Margin in FY20.

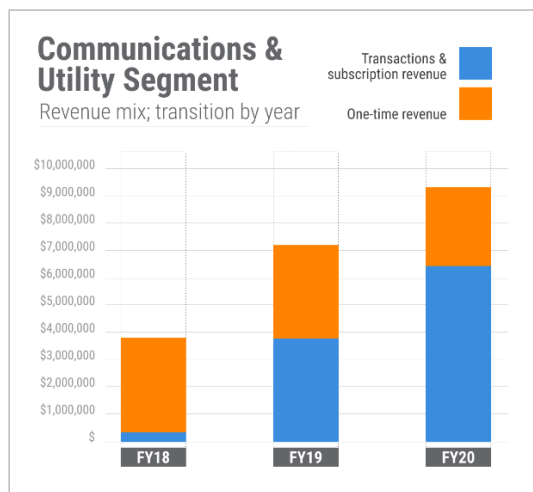
Solid performance through Covid-impacted Q1 FY21.

ikeGPS (IKE) today released its FY20 financial results for the year ending 31 March 2020 and provided an update on performance for the Q1 FY21 period ending 30 June 2020.

FY20 performance for period ending 31 March 2020 was in line with the headline metrics communicated to the market April 2020;

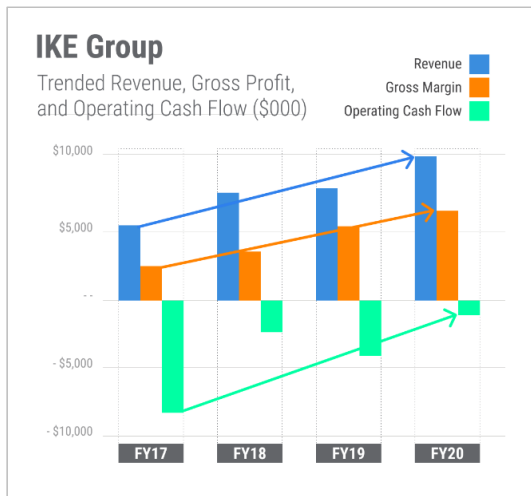
- + Record revenue of approximately \$9.8m (growth of approximately 23% against PCP)
- + Record gross margin of approximately \$7.0m (growth of approximately 30% against PCP).
- + Gross margin percentage of approximately 71% (PCP of 67%) with this increase due to IKE's revenue mix shifting further to transaction and recurring subscription sources.
- + Operating loss for the year was approximately (\$5.6m) against PCP of (\$5.1m).
- + Operating cash flow for the year was approximately (\$1.1m) against PCP of (\$4.0m).
- + Total cash and receivables 31 March 2020 of approximately \$5.8m. No debt.

The financial results released are unaudited. The audit process itself is near completion.



Takeaways;

- + IKE's revenue mix from its core Communications & Utility segment has continued to trend positively the past 12 months.
- + Approximately 70% of FY20 revenue was from transaction & recurring sources (shown by the blue bar in the chart).
- + This is an important transition in terms of increasing revenue quality and predictability to underpin growth.



Takeaways;

- + The positive momentum of the past 24 months continued through FY20 with respect to revenue, gross profit, and operating cash flow performance.
- + Total Cash & Receivables 31 March 2020 are approximately \$5.8m.

Relating to the FY20 result, IKE CEO Glenn Milnes, commented.

- + We are pleased to have delivered strong growth in both revenue and gross margin however we believe the most important development for shareholders through FY20 was the continued transition to higher quality revenue via the IKE Analyze solution and associated business model.
- + Looking ahead market timing remains optimal for IKE with an expected US\$350B investment super cycle occurring into fiber and 5G network development in North America over the next five or so years.
- + Our solution speeds the network pre-construction process for both the Communications and Electric Utilities segments, and we have multiple customer proof points that represent account acceleration opportunities in FY21 and beyond.
- + We are pleased to have further developed capability over the past 12 months in terms of brand, customer experience, and process efficiencies., We also deepened our product offering with the recent successful acquisition of PoleForeman for pole loading analysis, where our embedded customers include many of the largest investor-owned utility groups in the U.S.
- + Our people capability also grew across the areas of leadership and pole project expertise. In addition, our governance was strengthened with the inclusion on to the Board of Mark Ratcliffe as a non-executive director. Mark is the former CEO of Chorus and former CIO & CTO of Spark (formerly Telecom NZ).

Relating to headline Q1 FY21 performance, Milnes added.

- + "IKE performed solidly through the Q1 FY21 ending 30 June despite significant Covid-19 impacts across North America.
- + We expect to achieve revenue of approximately \$2M for the quarter, which is a 15-20% reduced run rate revenue level against FY20 (and pre Covid-19 impacts).



- + The positive indication through June is that network construction, the process that the IKE solution supports and accelerates, is resuming to pre Covid-19 levels of activity.
- + We expect to end Q1 FY21 with total Cash & Receivables of approximately \$5.2m (against 31 March 2020 position of \$5.8m)."

With respect to update on broader Covid-19 impacts.

- + "Although IKE's North American customers did experience a substantial slow-down in activity March through May 2020 due to the sudden uncertainty created by Covid-19, their operations have 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" that includes IKE 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 conservatively planning for a scenario of lower activity Q2 FY21 and considering the impacts should Covid-19 surge again in specific regions or states where our customers operate.
- + IKE is continuing to closely monitor risks related to Covid-19, with a focus on the health & safety of staff and the company's resilience across supply chain, customers, and technology.
- + Operationally, IKE 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.
- + Due to the cloud-based nature of IKE's products, systems and processes, and the critical nature of the industry it serves, the changes required to IKE's operation throughout this situation have continued smoothly for the most part. As such, IKE people and products are expected to continue to deliver the highest levels of performance, availability, and security.
- + The Covid-19 situation continues to change and develop in the U.S., so these statements are in the context of what is known at this point-in-time. IKE's fuller customer update can be seen at <https://ike4.ikegps.com/our-covid-19-response/>.

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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