



FOR IMMEDIATE RELEASE

3 May 2022

\$16m revenue in FY22 (+71% PCP).

\$26m of signed contracts in FY22.

Strong, sustainable cash and balance sheet position.

IKE Q4 and FY22 performance update

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release an update for the year and Q4 period to 31 March 2022 (all figures NZD). IKE expects that its FY22 financial results release will be 30 May 2022, detailing EBITDA and NPAT elements. There will be an associated investor conference call on this day. IKE will also present at NWR Virtual Small Caps conference today at 9.25am AEST / 11.25am NZT providing an update on Q4 and FY22. [Click here to register.](#)

Highlights to March 2022:

- + FY22 Total Revenue of ~\$16m (+71% vs pcp).
- + Q4 FY22 revenue of ~\$6m (+114% vs pcp).
- + FY22 Subscription and Transaction revenue of ~\$12.m (+74% vs pcp). ~75% of IKE's revenue in FY22 came from these recurring and re-occurring sources.
- + FY22 signed contracts of ~\$26m in FY22 (+122% vs pcp).
- + FY22 gross margin of ~\$9.9m (pcp of \$5.9m), with FY22 gross margin percentage ~62% (pcp of 64%).
- + Total cash and receivables 31 March 2022 of ~\$29m, comprised of \$24.5m cash and \$4.5m receivables. This is the same total position as December 2021. No debt.

IKE CEO, Glenn Milnes, said:

"The Q4 FY22 period saw strong levels of new contracts, revenue, and pipeline growth as we continued to execute our strategy to deliver sticky software platform products that deliver increasing subscription and transaction revenue with increasing customer usage.

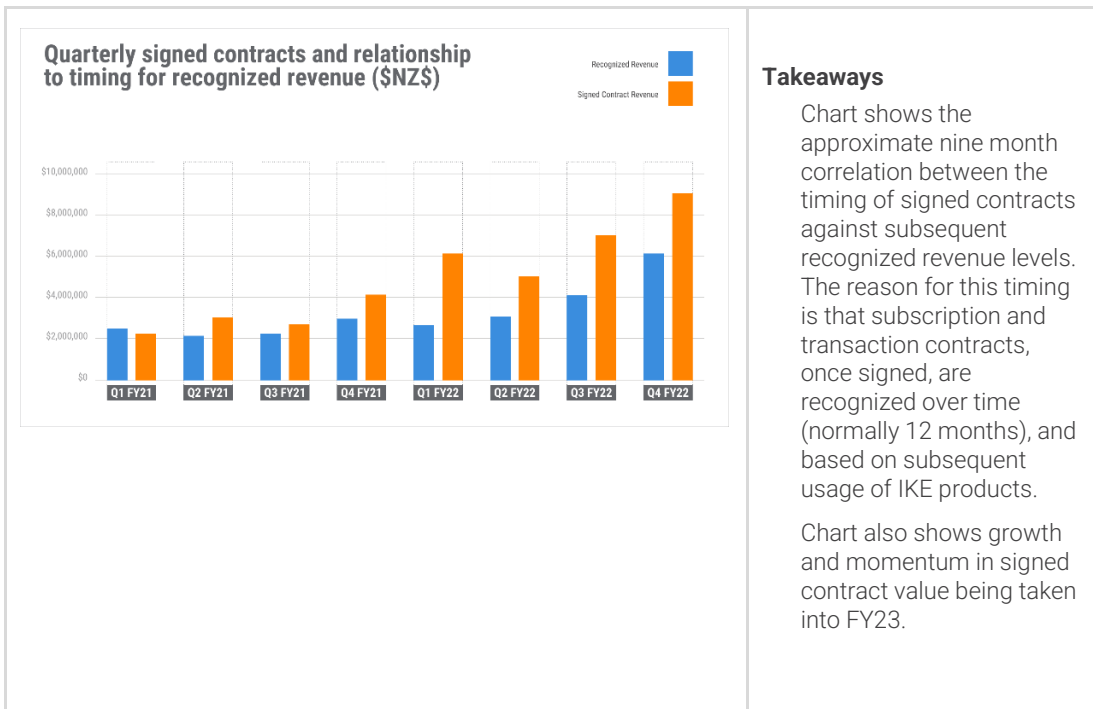
In terms of outlook, the level of signed contracts of ~\$26m in the 12 months to March indicate the company's growth potential looking to FY23. We estimate that \$15-\$17m of the signed contract backlog in place today will be recognized as revenue in the FY23 period, noting that these signed contracts are based on our customers delivering network projects and that the timing of the associated revenue depends on this customer execution. On top of this foundation, our pipeline for new additive contracts (from existing and new customers) is as strong as it has very been.

In terms of the depth of our customer base, in the FY22 period we grew to having 349 enterprise customers, almost all of which are operating in the North America electric utility and communications infrastructure market. Importantly, this demonstrate the increasing depth of our customer base and also the stickiness of our solutions in terms of year-on-year renewal

rates. IKE products dramatically speed up the digitization of network assets and network projects via our three software solutions. But in addition we also partner with our customers through value added offerings such as network design training programmes, online learning and certification, and workflow management planning.

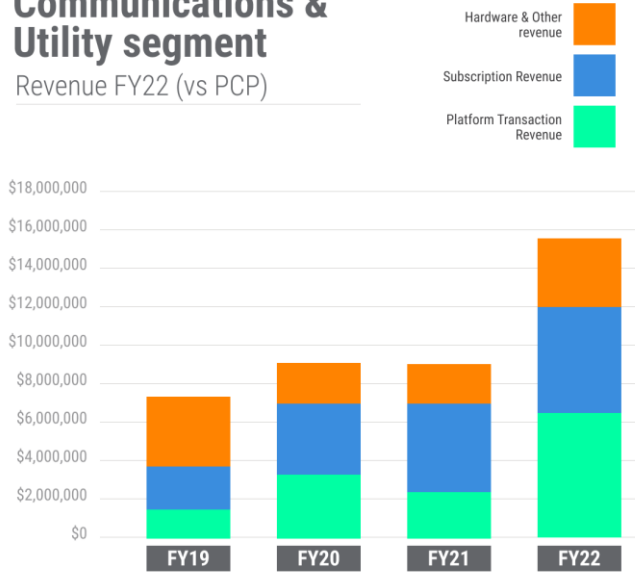
In terms of balance sheet strength and sustainability, during the quarter we operated on a neutral basis maintaining our cash & receivables position of ~\$29m, demonstrating the operating leverage in the business as we continue to scale revenue across our customer base without significant increases in our cost base.”

Momentum across the IKE business is set out in the charts and tables below:



Communications & Utility segment

Revenue FY22 (vs PCP)



Takeaways

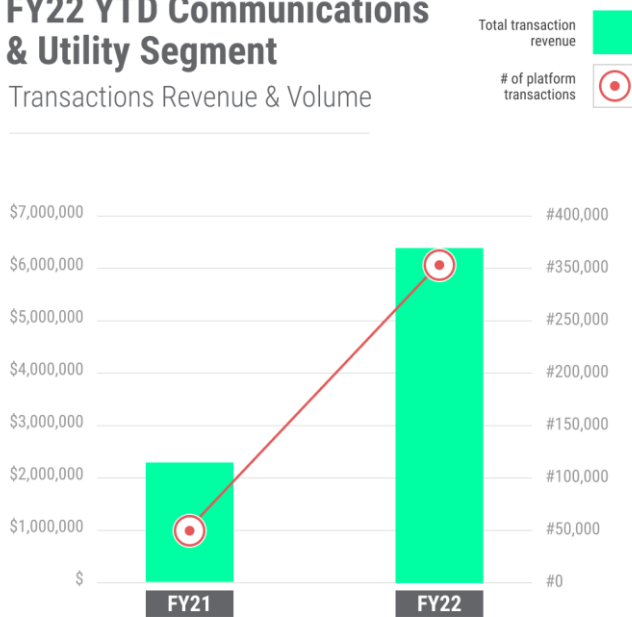
48% CAGR of recurring subscription and reoccurring transaction revenues (shown by the Green and Blue segments in this chart).

IKE's revenue mix has continued to shift positively over the past four years.

This is an important trend in terms of increased revenue quality and predictability to underpin growth as IKE continues to execute on its solution and Pole OS™ strategy.

FY22 YTD Communications & Utility Segment

Transactions Revenue & Volume



Takeaways

~178% higher transaction revenue vs PCP, evidencing the increasing customer usage of IKE solutions.

	FY22	PCP (FY21)	% Change
Platform Transactions			
# of billable transactions	349k	53k	+559%
Platform transaction revenue	\$6.4m	\$2.3m	+178%
Gross Margin	\$2.9m	\$0.4m	+574%
FY22 Gross Margin %	45%	19%	
Platform Subscriptions			
# of enterprise customers	347	282	+23%
Platform subscription revenue	\$5.6m	\$4.6m	+23%
Gross Margin	\$5.0m	\$4.4m	+14%
FY22 Gross Margin %	88%	96%	
Hardware & Other			
Hardware & Services revenue	\$4.0m	\$2.4m	+67%
Gross Margin	\$2.0m	\$1.1m	+82%
Gross Margin %	50%	46%	

Outlook

- + The substantial level signed contracts put in place in the year to March 2022 (~\$26m) provides the foundation for strong potential revenue growth in FY23.
- + IKE's sales pipeline has also continued to develop strongly in terms of visibility into growing existing customer accounts and for opportunities to win new tier-1 customers.
- + IKE's focus for FY23 (period to March 2023) continues on four core themes:
 - + The delivery of signed contracts already in place, so to recognize associated revenue. IKE expects ~\$15-17m of the signed contract backlog to be recognized in the FY23 period, providing a strong starting point for the year.
 - + The extension of revenue opportunities within existing accounts.
 - + To continue to win new logo's, with a target to close greater than 25 additional new enterprise customers in calendar 2022.
 - + Building further market proof points behind IKE's AI-software solution, called IKE Insight. Certain automation projects that are in process with lead customers, if proven out, have the potential to disrupt how electric utilities conduct certain network-wide engineering tasks.

Customer and market commentary

- + IKE targets North America's ~3,000 electric utilities, ~200 communications companies, and their more than 2,000 engineering service providers. Once a customer, IKE's objective is to embed and expand the use of its three solutions inside of these accounts.
- + Market tailwinds support IKE's growth potential in North America and these are expected to continue, including:
 - + More than US\$350b forecasted to be invested into fibre and 5G infrastructure over the next five plus years as a baseline. An additional US\$60b of investment into broadband network development, as part of the Biden administration's \$1 trillion Infrastructure bill, is additive to

- + More than 3,000 electric utilities are needing to address the challenges of network hardening, development and maintenance over the next ten-plus years, a need to allow communications companies to engineer their networks onto their / the power company's assets, and an aging workforce that translates to a need to introduce technology to replace people.
- + IKE's software products deliver network construction and maintenance processes that are faster, safer, and to a higher quality data standard.

As above, IKE expects that its full FY22 financial results will be released to the market 30 May 2022. There will be an associated investor conference call at noon NZT on 30 May 2022 also, with details to be announced closer to this date.

IKE to present at NWR Virtual Small Caps Conference

IKE's CEO Glenn Milnes will present at the NWR Virtual Small Caps Conference today 3 May, providing an update on Q4 and FY22, at 9.25am AEST / 11.25am NZT.

Investors and interested parties can register for the presentation via the following link:

https://us02web.zoom.us/webinar/register/WN_NUz_SnwcREOH0QVFfh2w7Q

Investors are invited to submit questions prior to the event to:

simon@nwrcommunications.com.au

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About ikeGPS

We're IKE, the PoleOS™ Company. 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.

The IKE platform allows electric utilities, communications companies, and their engineering service providers to increase speed, quality, and safety for the construction and maintenance of distribution assets.

The core revenue engine for IKE is driven by the number of enterprise customers subscribing to the IKE platform and the volume of assets (called Transactions) being processed through IKE's software.

Contact:

Simon Hinsley

Investor Relations

+61-401-809-653

simon@nwrcommunications.com.au

Glenn Milnes

CEO

+1 720-418-1936

glenn.milnes@ikegps.com



ikeGPS Group Limited

350 Interlocken Blvd, Suite 390, Broomfield CO 80021, USA

Office: +1 303 222 3218

www.ikegps.com