



## **FOR IMMEDIATE RELEASE**

**30 May 2023**

**\$30.8m revenue in FY23 (+93% PCP).**

**Multi-year growth rates and momentum demonstrate operating leverage**

**Strong, sustainable cash & balance sheet position.**

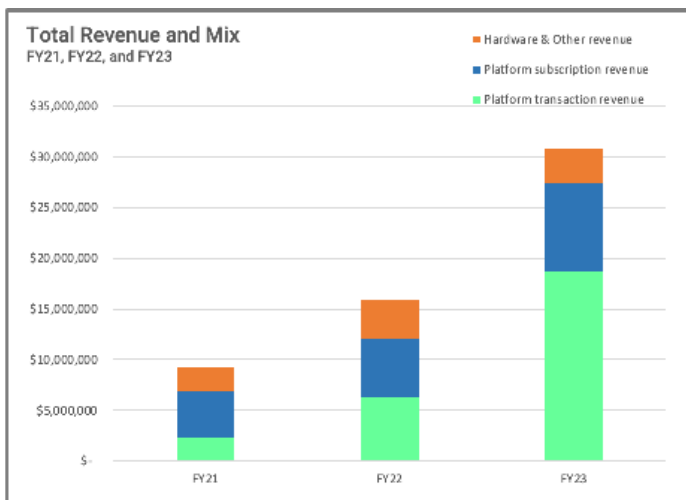
### **FY23 audited financial results**

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release its FY23 audited financial results for the period to 31 March 2023 (all figures NZD). These results are in line with the pre-announced numbers communicated to the market early May 2023.

### **Highlights to March 2023:**

- + FY23 revenue of ~\$30.8m (+93% vs pcg).
- + FY23 Subscription and Transaction revenue of ~\$27m (+93% vs pcg). ~90% of IKE's revenue in FY23 came from these recurring and re-occurring sources.
- + FY23 gross margin of ~\$16.3m (pcg of \$9.9m), with FY23 gross margin percentage 53% (pcg of 62%).
- + FY23 EBITDA loss of ~\$2.1m (pcg -\$5.3m).
- + FY23 Net Loss of ~\$6.6m (pcg -\$7.9m).
- + Total cash and receivables 31 March 2022 of \$23.2m, comprised of \$18m cash and \$5.2m receivables, with payables of \$2.3m and no debt.

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

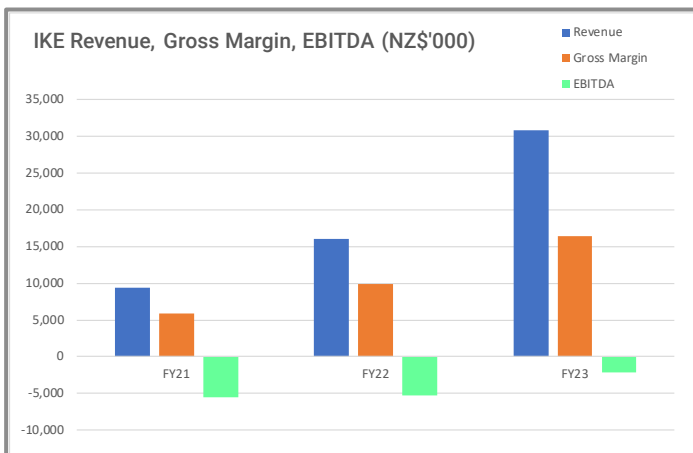


### Takeaways

93% total FY23 revenue growth against PCP.

Recurring subscription and reoccurring transaction revenues (shown by the green and blue segments) dominate IKE's revenue mix, at >\$27m.

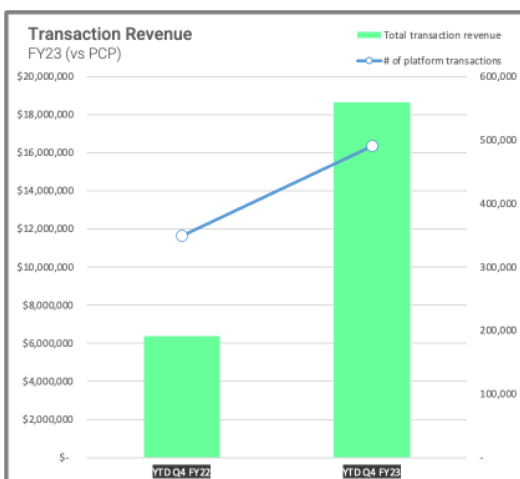
This element continues to grow due to the investment into extending software products, underpinning more predictable growth with higher quality revenue.



### Takeaways

65% total FY23 gross margin growth against PCP.

EBITDA loss of ~\$2.1m, continuing the YoY improvement trend.



### Takeaways

Significant growth in transaction revenue has continued, with >560k assets engineered on the IKE platform under the transaction model.

This is one indicator of platform usage by IKE customers, and is expected to remain a growth driver for the business.

	FY23	PCP (FY22)	% Change
<b>Total Revenue</b>	\$30.8m	\$16.0m	+93%
<b>Platform Transactions</b>			
# of billable transactions	491k	349k	+41%
Platform transaction revenue	\$18.7m	\$6.4m	+192%
Gross Margin	\$7.2m	\$2.9m	+148%
Gross Margin %	39%	45%	
<b>Platform Subscriptions</b>			
# of enterprise customers	379	319	+19%
Platform subscription revenue	\$8.8m	\$5.6m	+57%
Gross Margin	\$7.7m	\$5.0m	+54%
Gross Margin %	88%	89%	
<b>Hardware &amp; Other</b>			
Hardware & Services revenue	\$3.3m	\$4.0m	-18%
Gross Margin	\$1.5m	\$1.9m	-21%
Gross Margin %	45%	50%	

## Outlook

- + IKE's sales pipeline opportunity has continued to develop robustly. This pipeline consists of opportunities to win new enterprise accounts and to expand within existing customer accounts, noting the majority of IKE's FY23 revenue performance came from growing existing customers.
- + IKE's focus for FY24 continues on four core themes:
  - + The delivery of signed contracts in the backlog.
  - + In addition, to close and recognize revenue in FY24 from new contracts.
  - + To continue to build out sales and delivery capability. IKE serves some of the largest infrastructure and engineering groups in North America and it is important to have the right scale of people and processes to optimize customer experience, that in turn underpins account growth and long term customer relationships.
  - + To continue to enhance its three software products. This product development will focus on automation and analytics capability so to deliver more productivity & value to customers, and to increase IKE's ARPU and gross margin profile.

## 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 software inside of these large enterprise and infrastructure accounts.
- + IKE has approximately ~380 accounts today, or ~6% of the total number of potential customers above, pointing to the large, long term growth opportunity and TAM.

- + IKE expects growth to continue in FY24, noting the potential for Q1 FY24 transaction revenue to be below the Q4 FY23 run rate level because of the traditional engineering practices of one or two utilities where a larger IKE customer is building a fibre network.
- + IKE's products are relevant to several macro-market tailwinds, including:
  - + To meet carbon-zero targets in the U.S. by 2050, analysts forecast that approximately 50% of the energy in the U.S. needs to be on the electrical grid, from a position of just 20% today. This requires much more network capacity and associated engineering.
  - + More than US\$350b forecasted to be invested into fibre and 5G infrastructure over the next five plus years by fibre and communications companies..
  - + An additional US\$60b of investment into rural broadband network development as part of the Biden administration's \$1 trillion Infrastructure bill.
  - + More than 3,000 electric utilities are needing to address the challenges of network hardening and maintenance over the coming ten-plus years. Further pressures on electric utilities include the regulatory requirement to allow communications companies to attach their fibre and 5G networks onto their power assets, and an aging workforce that is driving a need to introduce technology to replace people.
- + IKE's product suite drives productivity in support of these network engineering activities.

#### **IKE CEO, Glenn Milnes, said:**

"The FY23 period saw another year of strong momentum across IKE. We achieved very significant revenue and gross margin growth and closed the period materially ahead of all internal stretch targets.

Our balance sheet remains strong, noting that the USD and AUD fx rates impact our reported NZD position each quarter.

Operating leverage is evident via the scalability of our software products and our disciplined approach to managing operating expenses.

Our pipeline is strong and as noted Q4 sales highlights included winning about one new enterprise customer per week, including another of the very largest tier-1 electric utilities operating on the East Coast of the US, who selected IKE's next-gen structural analysis product called Next-Gen PoleForeman. This customer win means an initial 100 subscription licenses for distribution network design, for three-years, displacing an incumbent competitor who had served this account for the prior 20 years.

Another business development milestone in Q4 included advancing a pole-specific integration and AI automation project, at scale via IKE Insight, with one of the largest digital data collection businesses for global infrastructure.

Macro-market tailwinds across North America remain supportive, with IKE's product suite driving productivity outcomes for these large scale network engineering and capacity activities.

We are executing on sizable sales opportunities and expect healthy growth in the FY24 period and beyond."

#### **Conference call Wednesday 31 May 2023, 12.30pm NZT / 10.30am AEDT**

The Company invites shareholders and investors to join this conference call at the following link, where Glenn Milnes, CEO and Managing director, will speak to IKE's FY23 results and FY24 outlook : [https://us02web.zoom.us/webinar/register/WN\\_kkYqeslHQaWKs7oU8q5XFg](https://us02web.zoom.us/webinar/register/WN_kkYqeslHQaWKs7oU8q5XFg)

Investors are invited to submit questions prior to the event to [simon@nwrcommunications.com.au](mailto:simon@nwrcommunications.com.au) or on the call itself.

## About IKE

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 partners 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 (via Seat Subscriptions or Transactions) being processed through IKE's software.

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