



FOR IMMEDIATE RELEASE, 15 July 2024

Exit Run Rate of annual platform subscription revenue of ~NZ\$12.9m (+40% vs pcp)  
~3,900 additional subscription seat licences added over the past year (+207% vs pcp)  
~NZ\$9m in contracts won in the Q1 period across ~180 deals  
AI products coming to market from Q2

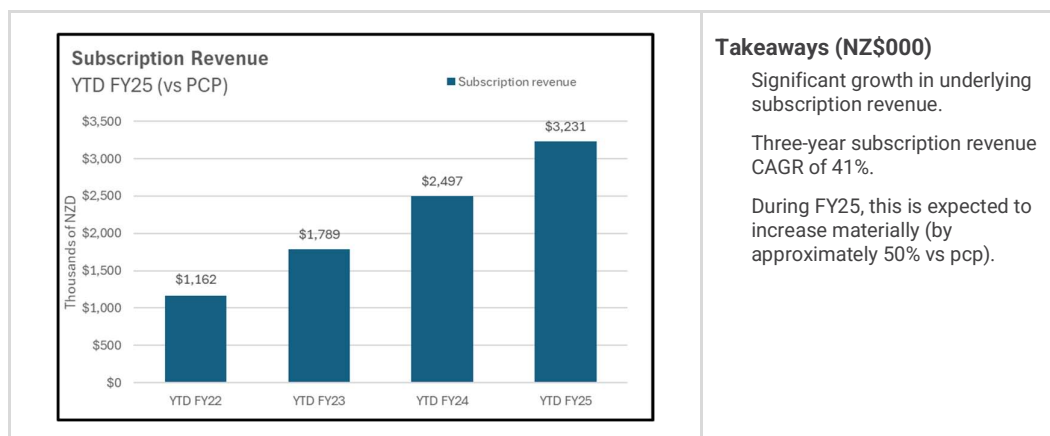
ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release an update for its Q1 period to 30 June 2024 (all figures in NZD). IKE will host a webinar on 15 July 2024 at 11am AEDT/1pm NZDT to discuss performance and outlook. To register, please click:

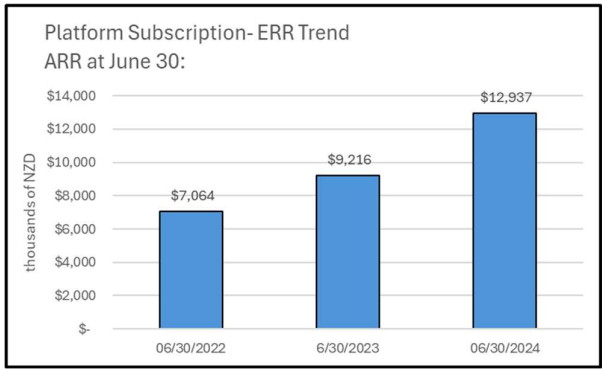
[https://us02web.zoom.us/webinar/register/WN\\_d9UEjq7kTOew1LOSyu5mjw](https://us02web.zoom.us/webinar/register/WN_d9UEjq7kTOew1LOSyu5mjw)

#### Q1 FY25 Performance Highlights:

- + Exit Run Rate of annual platform subscription revenue grew to ~NZ\$12.9m (+40% vs pcp)
- + Total recognized revenue in the quarter of ~NZ\$5.8m (+4% vs pcp).
  - + Recognized subscription revenue of ~NZ\$3.2m (+29% vs pcp).
  - + Recognized transaction revenue of ~NZ\$1.8m (-16% vs pcp but noting margin increased ~NZ\$0.2m).
- + Gross margin of ~NZ\$4.0m (+18% vs pcp), with a gross margin percentage of ~70% (up from pcp of ~61%)
- + Total cash and receivables as at 30 June 2024 of ~NZ\$14.0m, comprised of ~NZ\$10.0m cash and ~NZ\$4.0m receivables, with payables of NZ\$1.1m and no debt.
  - + This cash position is flat against the cash position at 31 March 2024 and up from 31 December 2023 (NZ\$8.0m).

Performance across the business is set out in the following charts and table:

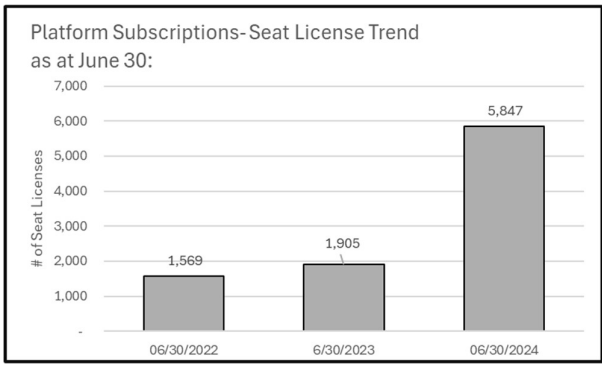




**Takeaways**

Two-year CAGR of 35% in the exit run rate of annual platform subscription revenue.

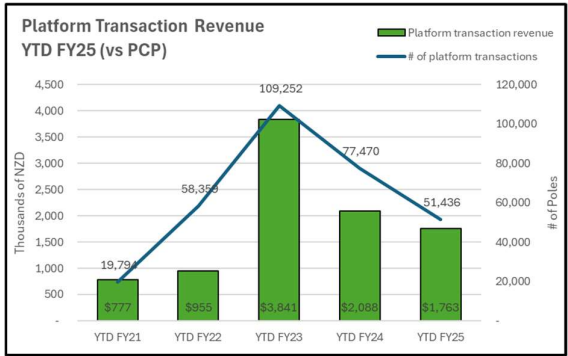
As stated, during the FY25 period this metrics is expected to continue to grow materially (by approximately 50% vs pcp) driven by continued growth of IKE Office Pro subscription sales and by the successful sell-through of IKE's next-generation IKE PoleForeman subscription product, with TCV of ~NZ\$12m already closed.



**Takeaways**

Subscription seat license growth of 207% over the past year.

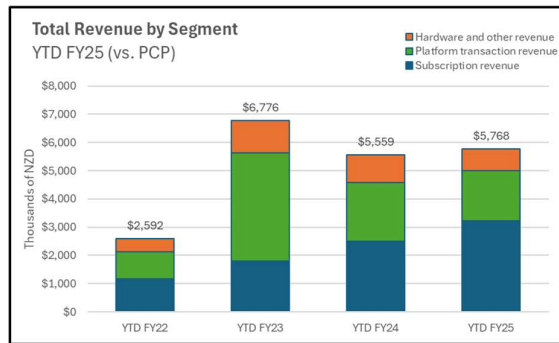
Seat count growth has accelerated at this fast pace partially as a result of selling customers onto a new per-seat subscription model when adopting the new IKE PoleForeman product (released late 2024).



**Takeaways**

Three-year transaction revenue CAGR of 23%, but slightly lower in Q1 FY25 vs pcp due to the prior period seeing strong activity, but noting that gross margin increased vs pcp.

Based on guidance from long-term customers IKE expects transaction volumes and associated revenue to build into FY25.



### Takeaways (NZ\$000)

Three-year revenue CAGR of 31%

Recurring subscription and reoccurring transaction revenues (shown by the green and blue segments in this chart) dominate IKE's revenue mix, at 87% for FY25.

An expectation for healthy growth in the FY25 period, including ~50% growth in subscription revenue.

	Q1 FY25	Q1 FY24	% Change
<b>Total Revenue</b>	\$5.8m	\$5.6m	+4%
Total # of Customers	420	394	+7%
<b>Platform Subscriptions</b>			
Total # of Subscription Customers	400	370	+8%
Total Number of Seat Licenses	5,847	1,905	+207%
Platform Subscription Revenue	\$3.2m	\$2.5m	+29%
Gross Margin	\$2.8m	\$2.1m	+34%
Gross Margin %	88%	85%	
<b>Platform Transactions</b>			
# of Billable Transactions	72k	77k	-7%
Platform Transaction Revenue	\$1.8m	\$2.1m	-16%
Gross Margin	\$0.7m	\$0.5m	+50%
Gross Margin %	41%	24%	
<b>Hardware &amp; Other</b>			
Hardware & Services Revenue	\$0.8m	\$1.0m	-21%
Gross Margin	\$0.5m	\$0.8m	-41%
Gross Margin %	59%	82%	

#### Customer Number Reconciliation:

Since 31 December 2023, IKE has changed its reporting of customer numbers from 'All Enterprise Customers' to 'Subscription Customers', reflecting only customers with recurring subscription revenue. The reconciliation between these two metrics will be reported for the next 4 periods to 31 December 2024. Reconciliation is as follows:

Customer Recon	Q1 FY25	Q1 FY24	% Change
Total # of Enterprise Customers	420	394	+7%
Less: Non-Subscription Customers	(20)	(24)	-17%
Total # of Subscription Customers	400	370	+8%

#### Commentary

IKE CEO Glenn Milnes commented, "Q1 FY25 represented a very strong start to the new financial year with more significant subscription contracts closed with tier-1 North American customers that will continue to grow our subscription revenue run rates."

With respect to this core subscription revenue, since the late 2024 launch of our new IKE PoleForeman product Total Contract Value (TCV) closed has exceeded \$12m from mostly tier-1 electric utilities in the U.S. market. The extremely sticky nature of these customers means that the life-time value of these contracts is significant. In total ~58 customers have now subscribed to this new platform, of which 34 were existing customers and 24 are new. This has translated to several thousands of new seat licenses, each representing a distribution network design engineer utilizing the product. We do expect more major customers to close in the near term and that IKE PoleForeman will ultimately be the standard for structural analysis in eight of the ten largest electric utilities in North America.

Subscription revenue in FY25 is expected to grow strongly at ~50% vs pcp to ~\$16m per annum or greater. This outlook is based on the ongoing growth of our core IKE Office Pro subscription product and on the success of the launch of our new IKE PoleForeman product.

As previously stated, transaction revenue in FY25 is expected to grow against pcp but with a wider range of potential profiles and as such represents higher risk – both upside and downside. As a reminder of our business model, IKE generates additive transaction revenue, on top of base subscription revenue, from some customers as they engineer more network assets in our system.

Overall, we closed ~NZ\$9m of contracts in Q1 FY25 across ~ 180 deals. Our customer retention rate is excellent at approximately 95% and our sales pipeline for new business is strong and growing.

Our margin profile also continued to grow this quarter to ~70% due to a continued shift in the product mix toward this higher margin subscription revenue. We expect this trend to continue.

Q2 and 2H FY25 are also an exciting period for IKE in terms product innovation with the expected introduction of new AI-based automation capabilities into existing and new IKE products. We have invested significantly into building automation specific to driving productivity outcomes for our customers for the assessment & design of their distribution networks and associated workflows, and we look forward to putting these capabilities into customers' hands.

ENDS

## 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 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.

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