



FOR IMMEDIATE RELEASE

29 November 2021

40% revenue growth on constant currency basis and 135% growth of new contracts won against PCP

IKE 1H FY22 Result

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release an update for the half year to 30 September 2021 (all figures NZD).

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 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 the IKE software.

Highlights for the First Half to September 2021:

- + Revenue of approximately \$5.7m (approximately 30% higher than pcpc and approximately 40% higher than pcpc on a constant currency basis).
- + New contracts closed in 1H FY22 were approximately \$10.9m (approximately 135% higher than pcpc).
- + Another very strong period for new contract wins. The majority of these contracts are expected to be recognized over the next 12 months, reflecting how U.S. markets have bounced forward from the impacts of COVID-19.
- + Gross margin of approximately \$3.6m (pcpc of \$2.9m), with a gross margin percentage of approximately 63% (pcpc of 67%).
- + Operating cash flow of approximately (\$2.8m) (pcpc of (\$1.4m))
- + Net loss of approximately \$6.2m (pcpc of \$2.6m), in line with IKE's growth, investment, and customer acquisition strategy.
- + Total cash and receivables 30 September 2021 of approximately \$32m, with no debt.

IKE CEO, Glenn Milnes, said: "The first half was the strongest ever period for our business. The level of new contracts won in calendar 2021 to date total more than \$21m, noting that these contracts are based on our customers entering into network projects and that the timing and delivery of this revenue is dependent on customer execution. This level of won business is against FY21 full year revenue (to March 2021) of \$9.3m, and as such provides us with a high level of confidence for the potential for substantial growth in FY22 and FY23, notwithstanding timing risks around some customer projects as above.

"We continue to be pleased with progress and the integration of the recently acquired IKE Insight solution, with numerous customers progressing positively. We are optimistic that this additive Artificial Intelligence (AI) solution specific for poles can become another important growth driver

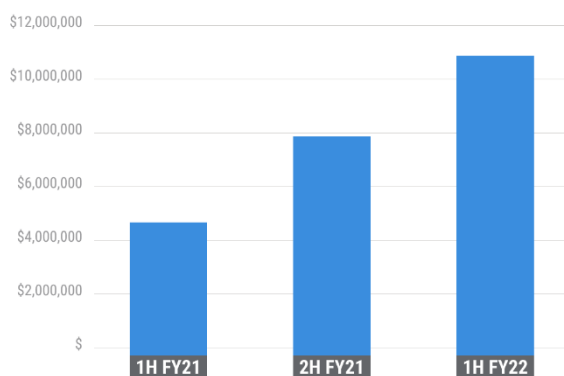
for the IKE business and open some new pole-related market segments for the electric utility and communications market.”

The momentum across the business is set out in the charts and tables below:

	1H FY22	PCP (1H FY21)	% Change
Platform Transactions			
# of billable transactions	160k	27k	+493%
Platform transaction revenue	\$2.3m	\$1.1m	+109%
Gross Margin	\$1.0m	\$0.3m	+233%
Gross Margin %	43%	27%	
Platform Subscriptions			
# of enterprise customers	308	270	+14%
Platform subscription revenue	\$2.5m	\$2.3m	+9%
Gross Margin	\$2.1m	\$2.2m	-5%
Gross Margin %	84%	96%	
Hardware & Other			
Hardware & Services revenue	\$1.0m	\$1.0m	+0%
Gross Margin	\$0.5m	\$0.4m	+25%
Gross Margin %	50%	40%	

Value of new contracts won

Past three half-year periods

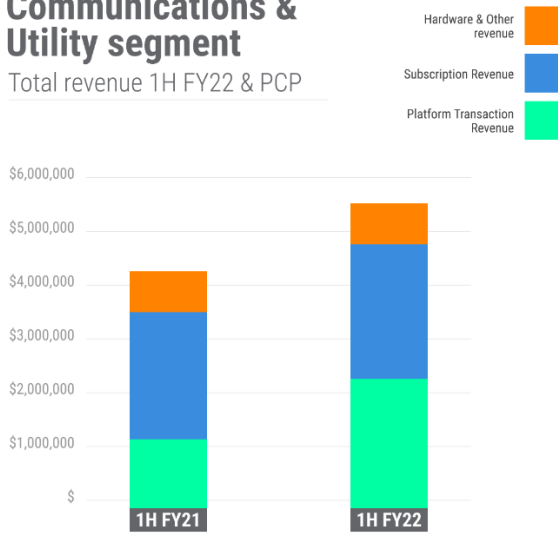


Takeaways

- Approximately 135% growth in new contracts won against pcg provides confidence around the potential for strong revenue growth in the FY22 and FY23 years ahead.
- Greater than \$21m in new contracts won in calendar 2021, to end of November.

Communications & Utility segment

Total revenue 1H FY22 & PCP

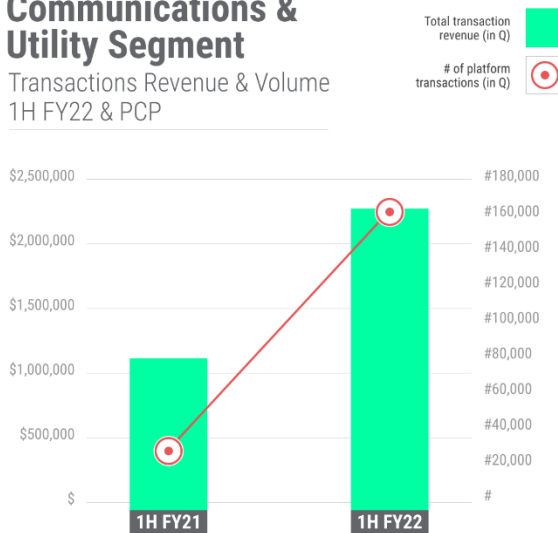


Takeaways

- Recurring subscription and transaction revenues have continued to grow in absolute and relative terms (shown by the Green and Blue segments in this chart).
- IKE's revenue mix has shifted materially over the past three years with greater than 80% of revenue expected from transaction & subscription sources in FY22.
- This is an important continuing trend in terms of increased revenue quality and predictability to underpin growth as IKE continues to execute on its solution and Pole OS™ strategy.

Communications & Utility Segment

Transactions Revenue & Volume
1H FY22 & PCP

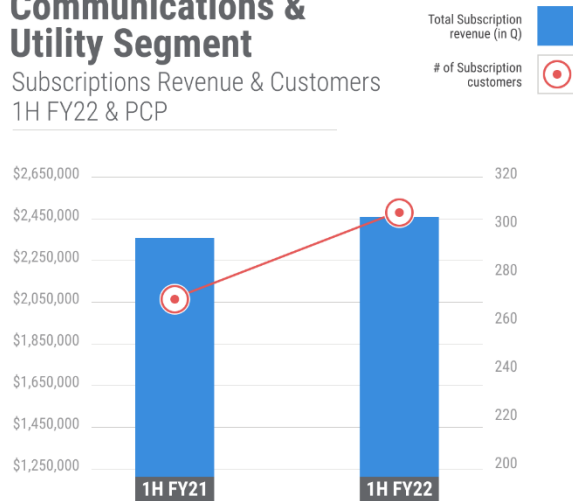


Takeaways

- Transaction revenue is expected to be the major growth engine for IKE.
- Approximately 490% higher transaction volume and 110% higher transaction revenue reflects success in transitioning to the 'subscription plus additive transaction' business model.

Communications & Utility Segment

Subscriptions Revenue & Customers
1H FY22 & PCP



Takeaways

- Growth in overall number of enterprise subscription customers and revenue.
- Subscription customers provide the foundation to expand inside existing accounts with other IKE Solutions and build transaction revenues.

Outlook

- + The record level of new contracts won year-to-date points to a strong forward revenue growth profile.
- + IKE's sales opportunity pipeline has also developed robustly over the past two quarters.
- + IKE's focus for 2H FY22 (period to March 2022) continues on three core themes:
 - + The delivery of contracts to recognize revenue from contracts in place,
 - + The extension of revenue opportunities from existing customers, and
 - + Building further market proof points behind the recently acquired AI-software business, IKE Insight.

Customer and market commentary

- + IKE targets sales into North America's approximately 200 communications companies, approximately 3,000 electric utilities, and their approximately 1,000 engineering service providers (ESP). Once a customer, IKE then aims to embed and expand the use of IKE solutions inside of these accounts.
- + Several customer wins and subsequent expansion examples, where both electric utility and communications accounts have grown from tens to hundreds of thousands and then to millions of dollars, help point to the potential network effects from operating across these related customer groups, and the larger future revenue opportunities that can arise over time.
- + Market tailwinds continue to support the growth potential of the IKE business in North America.
 - + 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 US\$350b forecasted to be invested into fibre and 5G infrastructure over the next five plus years as a baseline.
 - + Additionally, more than 3,000 electric utilities are needing to address the challenges of network strengthening and maintenance,

- + IKE solutions deliver network construction and maintenance processes that are faster, safer, and to a higher quality data standard.

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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.

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