



FOR IMMEDIATE RELEASE

27 September 2024

IKE Annual General Meeting Chair address

Dear Shareholders,

The 2024 financial year (FY24) marked another significant period for IKE, a year in which we continued to grow our subscription footprint and made meaningful strides in developing, launching, and selling new products to some of the largest utilities in the North American market. We won fifty-nine new subscription customers in the U.S. market over the past year, continuing a win rate of approximately one new customer per week. That said, the FY24 period also saw a year-on-year reduction in revenue from our lower margin transaction revenue. A 61% reduction vs pcp was due to the FY23 period having outsized activity from certain national communications customers. For context, this was up +191% on FY22 levels. Our three-year transaction revenue CAGR, or growth rate, is 47% and based on guidance from these long-term customers we expect transaction volumes and associated revenue to build into FY25.

In terms of financial performance, we reported revenue of \$21.1m, with approximately 89% of this revenue coming from recurring subscriptions and reoccurring transaction sources. Gross margin was \$12.7m and a net loss of \$15m. Our balance sheet remains strong, with a cash & receivables position of \$15.4m and no debt.

Momentum across the business is robust. Q4 FY24 and Q1 FY25 to date have been strong periods at IKE with more significant subscription contracts closed with tier-1 North American electric utility customers that will substantially grow our FY25 subscription revenue run rates. At the time of writing this includes adding more than 3,900 additional subscribers to our new IKE PoleForeman platform. Since its Q3 FY24 launch Total Contract Value (TCV) in closing has exceeded \$12m from mostly tier-1 electric utilities in the U.S. market. In total, ~47 customers have subscribed to the platform, of which 28 were existing customers and 19 are new. We expect further 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 the United States.

Examples of these subscription contracts include:

- An agreement with the second largest electric utility group in North America for a five-year term that is expected to generate ~NZ\$2.0m in total subscription revenue, or an additive NZ\$0.4m ARR.
- A large U.S. electric utility signed a ~NZ\$0.5m three-year subscription contract for IKE PoleForeman, representing a five-fold increase in annual recurring revenue from this customer versus our legacy product.
- A ~NZ\$0.8M three-year subscription contract from a major east coast U.S. electric utility, which is a Fortune 500 company, to use IKE PoleForeman.
- A ~NZ\$3.7m three-year subscription contract with a Fortune 150 Company and one of the ten largest Investor-Owned-Utilities (IoU's) in the U.S., upgrading them from IKE's legacy product to our new IKE PoleForeman structural analysis platform.

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We expect to retain and grow these recurring revenue generating accounts for the long term.

From a team perspective, we were pleased to add several new North American industry experts. People joining IKE in FY24 included Roz Buick as non-executive director, Brian Musfeldt as Chief Financial Officer, Ani Adzhemyan as Chief Marketing Office, and Brett Willitt as SVP Product. Each of their profiles are detailed further in this report. We would also like to extend our thanks to Rick Christie, who resigned from our Board this year. Rick was IKE's Chair from its earliest stage and has been instrumental in all aspects of IKE's growth over the past decade or so.

FY25 Outlook

Subscription revenue is expected to grow strongly this year, at 40% or greater vs pcp to ~\$15m per annum or greater. This outlook is based on the ongoing growth of our core IKE Office Pro subscription product, which has seen >30% CAGR over the past three years and with ~95% customer retention. It is also based on the success of the launch of our new IKE PoleForeman product as detailed above, with more than NZ\$12m of TCV closed since its Q3 launch and an additive subscriber base of >3,900 users.

Transaction revenue in FY25 is expected to grow, but with a wider range of potential growth profiles and as such represents higher risk – both upside and downside. Transaction revenue at IKE over the past three years has grown at a ~45% CAGR, although FY24 levels were down against FY23 due to FY23 seeing outsized customer activity. Based on guidance from long-term customers we expect transaction volumes and associated revenue to build into FY25.

Overall, we closed ~NZ\$27m of contracts in FY24, against approximately NZ\$21m of recognized revenue. Our customer retention rate is excellent, at approximately 95% and our sales pipeline for new business is strong and is growing. As a reminder of our business model, IKE generates additive transaction revenue, on top of subscription revenue, from some customers as they engineer more network assets in our system.

Our margin profile improved to ~60% in FY24, from ~53% in FY23, due to a continued shift in the product mix toward higher margin subscription revenue. We expect this trend to continue into FY25 with the growth in our subscription revenue outpacing other segments resulting in a material improvement in margins again in FY25.

During 2H FY24, we also reduced our cost profile to maintain the time towards both EBITDA and cash positive operations. As consistently stated, management and the Board remain cognizant of the importance of maintaining a strong balance sheet position, executing against immediate revenue growth opportunities, whilst retaining the ability to manage costs appropriately.

FY25 is also an exciting period for IKE in terms of the introduction of new AI-based automation capabilities into existing products and new products. IKE has invested significantly into building automation that is specific to distribution network workflows, and we look forward to putting this into our customers' hands.



Macro-market tailwinds across North America remain supportive of the productivity products that IKE delivers, driven by the forecasted US\$300B investment by electric utilities into building & maintaining distribution power network capacity and associated network hardening. 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. Overall, analysts forecast that capex and opex spend across distribution networks in the U.S. market will increase by +4% annually for the next decade. Further, the multi-year investment being made into building overhead fiber and 5G networks is enormous. IKE's products drive productivity in support of these network engineering and capacity activities.

We extend our thanks to you, our shareholders, for your support and belief in our vision. As we continue to innovate and grow, we do so with the confidence that we are building something valuable together.

Yours sincerely
Alex Knowles
IKE Chair

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About ikeGPS

IKE - the Pole OS company, 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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