

For Immediate Release

31 October 2018

Further growth in the U.S. Communications and Electric Utilities market

1H FY19 performance update

ikeGPS (IKE) advises the following headline metrics relating to its 1H FY19 period ending September 2018 (all figures NZD and subject to finalisation of its financial statements).

- Revenue of approximately \$4.4m (26% growth against PCP of \$3.5m).
 - Revenue Q2 FY19 was approximately \$2.5m, growing from revenue Q1 FY19 of approximately \$1.9m.
- Gross margin of approximately \$2.9m (93% growth against PCP of \$1.5m).
 - Gross margin percentage of 65% (against PCP of 44%).
- Cash on hand of approximately \$5.4m and receivables of approximately \$2.7m.
- Additional milestones in the period included:
 - Confirmation that AT&T Inc., the largest communications company operating across North America, is writing the 'IKE Standard' into its Articles for all aerial make-ready-engineering.
 - Sales growth of the new IKE Analyze product. Six enterprise customers are now contracted including two tier-1 electric utilities and four engineering groups who are performing network development for communications companies.
 - Sales into additional target account customers including Verizon Communications Inc. and Cox Communications Inc.
 - Continued progress with the Spike program in line with the strategy to integrate Spike with industry leading software partners such as ESRI Inc., so to target larger enterprise sales opportunities.

IKE CEO, Glenn Milnes, commented, "Through Q2 FY19 we were pleased to make further progress in the North American poles market targeting Communications companies & Electric Utilities. Most notably for shareholders we have seen growth of sales, and substantial growth of pipeline opportunities, for the new IKE Analyze offering. IKE Analyze utilizes our cloud-based pole software so to ingest customers raw field data and enable IKE to complete the required asset analysis via our cloud platform, such as pole loading analysis or make-ready-engineering to speed network builds."

Milnes added, "We view IKE Analyze as an important potential growth engine over the coming years. In addition to revenue from IKE4 unit sales, the annualized run rate revenue from IKE Analyze sales grew to approximately \$2m in Q2 FY19, approximately double the level in early calendar 2018. Based on contracts in place we expect this annualised run rate to continue to increase through Q3 FY19 and with the potential for IKE Analyze sales to deliver outside revenue growth over and above our base FY19 plan."

IKE expects that its 1H FY19 financial statements will be released 30 November 2018.

ENDS

IKE seeks to be the standard for collecting, managing and analysing pole and overhead asset information for electric utilities, communications companies and their engineering service providers. Usage of the IKE pole solution shows that against existing work practices IKE increases efficiency for field engineering by approximately two times and increases efficiency for back-office engineering by approximately five times.

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