

**For Immediate Release**

**27 July 2017**

## **IKE4 and Spike sales accelerate in the June quarter**

ikeGPS advises the following as relates to its first quarter performance ending June 2017:

- Record orders for both IKE and Spike products:
  - o IKE orders into the U.S. electric utility and communications market grew with 70 systems ordered and shipped, against full year guidance for greater than 300 systems and greater than 40% YoY growth.
  - o Spike orders into the Signage and Architecture, Engineering & Construction (AEC) market grew strongly with 830 units ordered and 630 units shipped, against full year guidance for greater than 3,000 units and greater than 50% YoY growth.
- New IKE4 “Analysis” product launched, providing the potential to significantly increase revenue from each IKE4 account.
- It is expected that approximately 7,500 Stanley Smart Measure Pro units will ship through Q1 and Q2 FY18 into the European market, with approximately 3,000 units having shipped YTD.

### **Further Detail**

**IKE** – solid progress on target accounts, and launch of new “IKE4 Analysis” product:

In addition to run rate sales growth in the U.S. market, three target accounts were developed positively in the quarter. Target accounts are the larger enterprise sales opportunities estimated to each have the potential to generate greater than \$1M revenue. Specifically, successful pilots or trials were completed in the period that advanced initial corporate purchases. This progress provides some further confidence in the potential for larger scale deployments in the second half of the year.

Additionally, a new IKE4 ‘Analysis’ product has recently been introduced and sold. Enabled by the IKE4 Cloud, IKE can now deliver analysis and reporting services on the pole data captured in the field by an IKE4 customer. Specifically, the IKE4 Analysis offering delivers Pole Loading Analysis and Make Ready Engineering reports, billed on a per-pole basis. For a IKE4 customer, this product provides valuable access to IKE’s pole analysis expertise and efficiency, and reduces or eliminates the cost of back-office staff to take IKE4 field data from field-to-finish. For IKE, this new product extends the depth of the solution offered to customers and provides for the potential to generate two to three times the level of revenue on any specific sale as against an IKE4 product-only deal.

**Spike** - new resellers added, and further software integration:

In addition to the improved sales run rate into the Signage market, 10 new AEC and Geospatial resellers were added in the period in advance of the release of Spike’s integration with AutoCAD by Autodesk - the most widely used CAD software in the global AEC market, and the planned release with ArcGIS by Esri - the most widely used GIS software in the global geospatial market.

**Stanley Smart Measure Pro** - pilot launched for online sales in USA:

European markets have remained the focus for new market development beyond the successful sales programmes already in place in France, Germany and the U.K., where the total number of units sold-in is approximately 39,000. A pilot online sales programme recently began with Home Depot in the U.S. via [homedepot.com](http://homedepot.com), however there is not yet any indication that the product’s presence on their online store will translate to a broader roll out to their approximately 2,200 physical stores.

**Find Out More At:**  
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**Working capital:** IKE has a working capital requirement growing to approximately \$4-5m over the coming 12-18 months, through which time IKE anticipates it will continue to grow revenue to include expanding sales of the new 'IKE4 Analysis' product. This working capital requirement is a function of delivering hardware products and selling multi-year subscription software with potential timing differences on large enterprise deals. The Company is evaluating options to fund this requirement through the raising of additional equity alongside the potential for an element of working capital debt.

**Cost reductions and cash usage:** Cash burn improved significantly in the quarter against PCP. In addition to increased sales of IKE-branded products, total operating expenses in Q1 FY18 were approximately 28%, or \$1m, lower than Q1 FY17. Lower operating expenditure levels are expected for the remainder of FY18 relative to FY17, consistent with the well progressed shift from investment into platform engineering to the focus on sales & marketing, and the forecast transition to cash breakeven.

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