

For Immediate Release

31 August 2017

Chairman Annual General Meeting address

We reported on the 2017 financial year performance in May and all Shareholders will have seen this, but to recap:

- A weak first half of the year for IKE4 saw annual revenue fall short of the PCP 2016. This was following three prior years of greater than 100% year-on-year growth.
- IKE4 revenue improved in the second half of the year, and sales of our mobile products Spike and the Stanley Smart Measure Pro increased against PCP, but together this was not sufficient to compensate for the very soft first half.
- The decline in revenue was primarily due to slow adoption by the electric utility market for the reasons we have discussed in detail previously.
- This decline in revenue meant the full year loss before depreciation & amortization widened to \$8.55m.
- Positives were a material improvement in gross profit margin for the IKE suite of products and increasing customer proof points with IKE4 that we believe sets us up for success through FY18.

In contrast to FY17, Q1 FY18 has seen a significant rebound in IKE-branded product revenues and overall momentum, with record sales for both IKE4 and Spike. We remain cautiously optimistic that Q2 through Q4 FY18 can continue to improve over the strong start in Q1.

The Board and management had an intensive meeting in Colorado in June of this year and we came away even more focused on our stated strategy to win and expand business in our targeted niche markets.

Specifically:

- Our vision for IKE4 is to become the data Standard for managing and processing utility pole information. The future for the IKE4 suite is about the associated software, viz:-
 - o IKE Field; enabling control of field teams with IKE forms, and,
 - o IKE Office; for analysing and managing pole data in the IKE Cloud
- A reminder that the market opportunity for IKE4 in the US market is estimated at \$700m per annum. So far we have only scratched the surface, but progress is positive for IKE4 with both electric utilities and telecommunications companies. For example:
 - o In the State of California IKE 4 has now been deployed in all four Investor Owned Utilities, and is part of the ecosystem of engineering contractors servicing the electric utility industry. These contractors compete with each other to win business with the utilities and IKE is becoming an important part of their competitive toolkit.
 - o Likewise, in the State of Washington IKE4 is again in every Investor owned Utility, and now has a similar position with the respective engineering contractors.
 - o These are material proof points in the further development of these specific geographic markets, and speaks to broader opportunity across the additional 48 States.
 - o Our progress with several US telecommunications companies is also positive. Despite an initial disappointment last year with Google Fibre, who specified IKE4 before then cancelling much their fibre rollout across the country, we are now positioned in front of various communications groups with large regional fibre projects. Confidentiality precludes me from being more specific about whom these groups are, and the potential size of the prize, but they are significant and have successfully trialled IKE4 in anticipation of standardising on the solution for their programmes. (Glenn may be able to elaborate further on our work with these target accounts)

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Spike is also on a positive trajectory.

- It is being used every day by approximately 4,500 sign businesses, in a total market estimated to be an opportunity of over \$300m. This vertical market slowed a little in 2H 2017, however we established Spike signage distribution in 14 new European countries.
- Through 1H FY18 we have introduced Spike to the Architecture, Engineering and Construction (AEC) vertical market via software integration with Autodesk products, and we are currently developing distribution partners to sell into this segment. (Glenn can comment further on this in due course).
- A similar opportunity presents in the Geospatial market, from small beginnings, again through software integration in this instance with Esri products.
- The US government continues to show interest in Spike, with it now formally adopted by one of the major U.S. intelligence agencies. This market is a slow burn, but so far so good, with pilot sales now also made into more than 40% of the 52 U.S. Department of Transportation offices for asset collection applications. The US Government market remains a long-term opportunity in terms of scaling volumes from these initial proof points.

As relates to the Stanley Smart Measure Pro... Glenn will provide suitable comment.

In our report for the 2017 year we flagged the need for an increase in working capital to support increased revenues and sales operations. To this end and as advised to the market, a Placement was closed earlier this month that raised \$3.725m with a Share Purchase Plan to follow shortly. Shareholders should note that directors and management subscribed to almost \$0.75m of new shares in the Placement.

Lastly from me, May of this year saw the retirement of Peter Britnell as one of our longest serving Directors. Peter made a huge contribution to the establishment and development of the ikeGPS Group and on behalf of the Board I must record our grateful thanks for his service. We are currently searching for a new director. This appointment will not be easy given the multiple geographies and specific markets in which we operate and therefore the need for a balanced skill set as well as diversity which is the aim of all listed companies these days.

I will now ask our Chief Executive and Managing Director Glenn Milnes to provide more detailed background and commentary on the year and the future opportunities ahead in FY 2018.

ENDS