



**FOR IMMEDIATE RELEASE, 26 July 2023**

### **IKE performance update for Q1 FY24**

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release an update for the three-month period to 30 June 2023 (all figures in NZD).

IKE will host a webinar 26 July 2023 at noon AEDT/ 2pm NZT to discuss performance and outlook. To register, please click

[https://us02web.zoom.us/webinar/register/WN\\_WsAwv62TQksOi\\_2X\\_uEbg](https://us02web.zoom.us/webinar/register/WN_WsAwv62TQksOi_2X_uEbg)

#### **Highlights:**

- + Q1 FY24 revenue of ~\$5.6m (-18% vs pcp).
  - + Subscription revenue of \$2.5m (+36% vs pcp)
  - + Transaction revenue of \$2.1m (-45% vs pcp)
- + Q1 FY24 gross margin approximately of ~\$3.4m (-12% vs pcp), with a gross margin percentage of ~61%. (up from pcp of ~56%)
- + Total cash and receivables as at 30 June 2023 of \$18.1m, comprised of \$13.7m cash and \$4.4m receivables, with payables of \$1.1m and no debt.

#### **Commentary and outlook**

IKE CEO Glenn Milnes commented, "The Q1 period saw strong continued momentum in underlying software subscription revenue growth, but as signaled in prior updates & communications we had a temporary and well signaled slow-down in transaction revenue. This was primarily due to the engineering practices of an underlying utility where two larger IKE customers are building fiber networks. This specific situation has been addressed, and based on guidance from these and other long-term customers we expect transaction volumes to build strongly throughout FY24. We have not changed our growth outlook from a broader FY24 perspective.

Our sales pipeline is strong and Q1 sales highlights included winning 15 new enterprise customers in the U.S. market, continuing a win rate of approximately one new customer per week.

An exciting near-term milestone includes the soft-launch of our next-generation structural analysis software product, PoleForeman, into several of the largest electric utilities in the U.S. These lead groups are existing customers, using our legacy product, and have sat on our product council such that this solution has been built to meet the needs of the North American industry. This next-gen product delivers significant and unique additional value to our customers. It is also expected to enable IKE to generate more than five times the level of subscription revenue per annum per customer under the new per seat pricing model vs the legacy solution.

Our balance sheet remains strong, noting that the USD and AUD fx rates impact our reported NZD position each quarter.

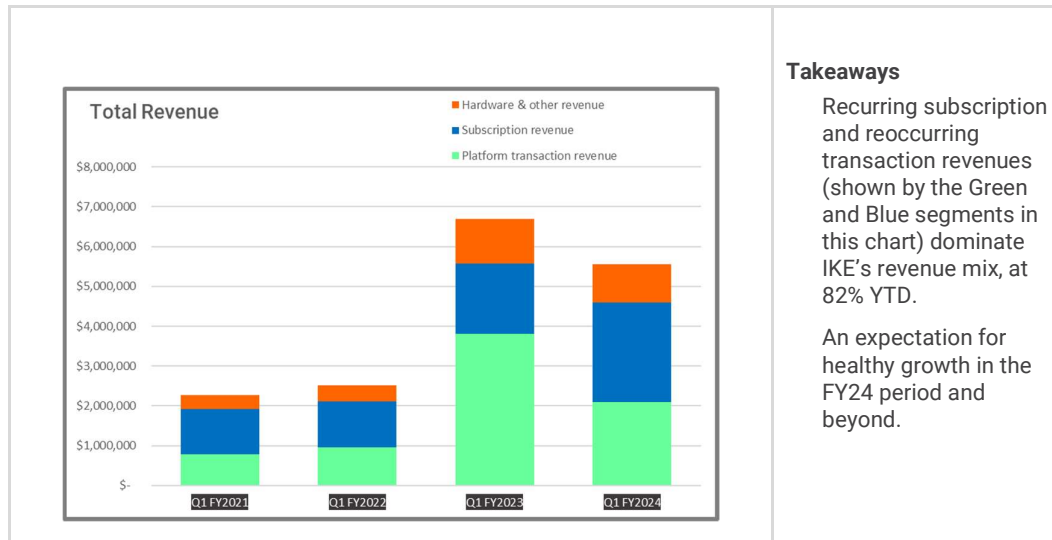
Macro-market tailwinds across North America remain highly supportive, driven by the multi-year investment being made into building overhead fiber and 5G networks, and additively, the forecasted \$300B investment by electric utilities into building & maintaining distribution network

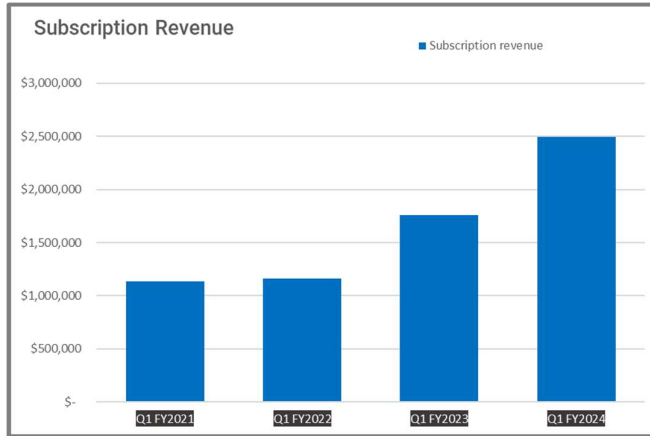
capacity and associated network hardening. To meet carbon-zero targets in the U.S. by 2050, analysts forecast that the approximately 50% of the energy in the U.S. needs to be on the electrical grid, from a position of just 20% today. IKE's product suite drives productivity in support of these network engineering and capacity activities.

We are executing on sizable sales opportunities and expect healthy growth in the FY24 period and beyond."

Performance across the business is set out in the following table and charts

	Q1 FY24	PCP (Q1 FY23)	% Change
<b>Total Revenue</b>	\$5.6m	\$6.8m	-18%
<b>Platform Transactions</b>			
# of billable transactions	77k	109k	-30%
Platform transaction revenue	\$2.1m	\$3.8m	-45%
Gross Margin	\$0.5m	\$1.6m	-68%
Gross Margin %	24%	41%	
<b>Platform Subscriptions</b>			
# of enterprise customers	394	349	13%
Platform subscription revenue	\$2.5m	\$1.8m	36%
Gross Margin	\$2.1m	\$1.6m	34%
Gross Margin %	84%	85%	
<b>Hardware &amp; Other</b>			
Hardware & Services revenue	\$1.0m	\$1.1m	-14%
Gross Margin	\$0.8m	\$0.7m	20%
Gross Margin %	82%	61%	

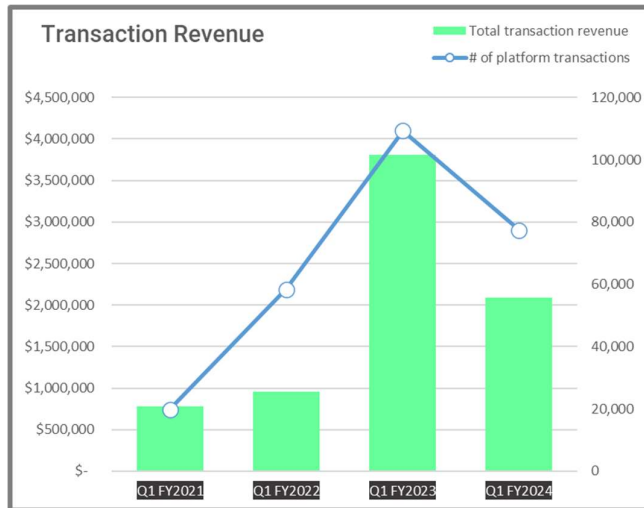




**Takeaways**

Significant growth in underlying subscription revenue.

This is expected to increase materially as IKE's next generation PoleForeman, being released in FY24, is adopted by the footprint of customers currently using the legacy version.



**Takeaways**

Significant long term growth trend in transaction revenue.

There was a well signalled, temporary slow-down in transaction volume in Q1 FY24.

Based on guidance from its long-term customers IKE expects transaction volumes and associated revenue to build strongly through FY24.

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## About IKE

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.

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 core 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 IKE's software.

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