



FOR IMMEDIATE RELEASE, 18 October 2022

1H FY23 Performance Update

Positive cash flow of \$2.2m in Q2 FY23, positive cash flow of \$1.1m in 1H FY23

Revenue of ~\$15.4m in 1H FY23 (+170% vs pcp)

Continued demonstration of operating leverage and balance sheet strength

IKE performance update for 1H FY23

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release an update for 1H FY23 to 30 September 2022 (all figures in NZD).

Highlights for the quarter:

- + Positive cash flow was ~\$2.2m in the Q2 FY23 period, and was ~\$1.1m positive in the 1H FY23 period, evidencing the operating leverage in the business.
- + Cash and receivables as at 30 September 2022 grew to ~\$29.3m, comprised of \$25.5m cash and \$3.8m receivables, with no debt.
- + Revenue 1H FY23 of ~\$15.4m (+170% vs pcp).
 - + This outturn is ~\$0.4m above the top end of the range forecast.
 - + Within this, recurring Subscription and reoccurring Transaction revenue was ~\$13.6m (+183% vs pcp).
- + Gross margin in 1H FY23 of ~\$8.2m (+128% vs pcp) representing a 1H FY23 gross margin percentage of ~53%.

IKE notes that the full financial statements for the six-month period to 30 September 2022 are expected to be released at the end of November 2022.

Commentary and outlook

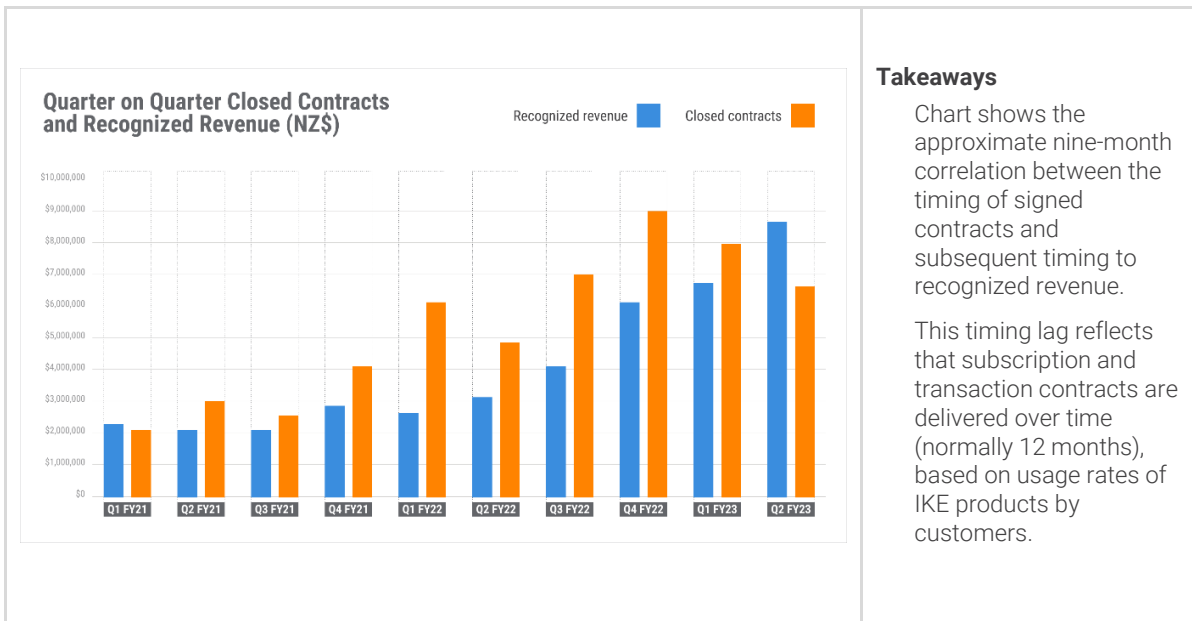
IKE CEO Glenn Milnes commented, "Q2 FY23 was another very positive period at IKE. It included a strongly cash positive Q2 FY23 period (with \$2.2m positive cash flow) and a cash positive 1H FY23 period.

We have seen continued expansion of various existing customers. Several new and important tier-1 enterprise groups have been onboarded in the 1H period and we expect more to follow in 2H. Operating leverage is in place via the scalability of our software and our disciplined approach to operating expenses. As signaled last quarter, management and the Board remain cognizant of the importance to maintain a fortress balance sheet position, and we have executed against this in driving to positive cash flow over the past six plus months.

The revenue and growth outlook remains robust based on a strong sales opportunity funnel and a significant signed contract backlog. We anticipate a healthy run rate of new contracts will close and be recognized in the FY23 period. In addition, we expect \$8-11m of our signed contract backlog will be delivered and recognized as revenue over the next two quarters of FY23 (noting that the ultimate timing of these contracts is subject to the execution speed of our customers).

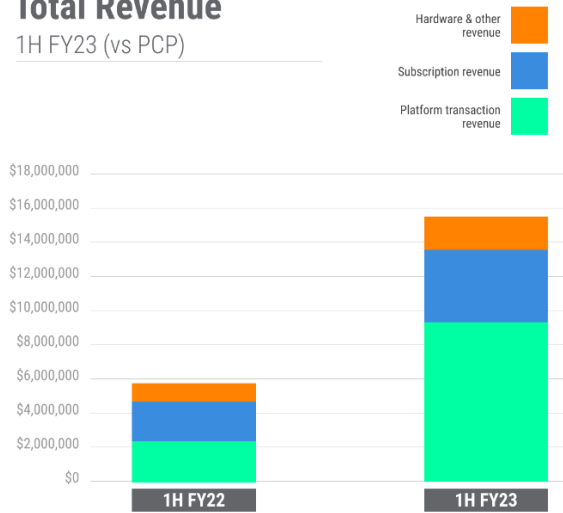
Momentum across the business is set out in the following table and charts:

	1H FY23	PCP (1H FY22)	% Change
Total revenue	\$15.4m	\$5.7m	+170%
Platform Transactions			
# of billable transactions	259k	160k	+62%
Platform transaction revenue	\$9.4m	\$2.3m	+309%
Gross Margin	\$3.6m	\$1.0m	+260%
Gross Margin %	38%	43%	
Platform Subscriptions			
# of enterprise customers	361	308	+17%
Platform subscription revenue	\$4.2m	\$2.5m	+68%
Gross Margin	\$3.7m	\$2.1m	+76%
FY22 Gross Margin %	88%	84%	
Hardware & Other			
Hardware & Services revenue	\$1.9m	\$1.0m	+90%
Gross Margin	\$0.9m	\$0.5m	+80%
Gross Margin %	47%	50%	



Total Revenue

1H FY23 (vs PCP)



Takeaways

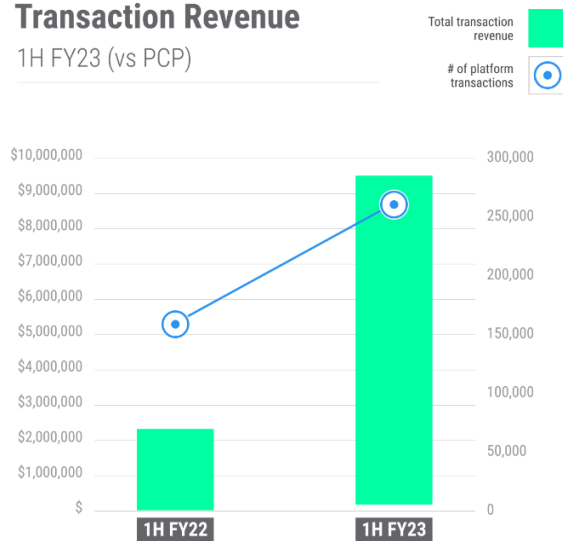
170% total revenue growth against PCP.

Recurring subscription and reoccurring transaction revenues (shown by the Green and Blue segments in this chart) dominate IKE's revenue mix.

This element continues grow positively because of the investment into extending software products, underpinning more predictable growth with higher quality revenue.

Transaction Revenue

1H FY23 (vs PCP)



Takeaways

Significant growth in transaction revenue has continued.

This is one of the primary indicators of platform usage by IKE customers, and is expected to remain a growth driver for the business.

ENDS

About ikeGPS

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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