

## **FY2017 outlook for strong growth and transition to cash breakeven**

### **Headlines**

- Business plan for IKE to be cash breakeven Q4 FY2017: sooner than previously projected
- Growth outlook for FY17 remains high: building upon the momentum of multi-year revenue growth rates exceeding 100% p a
- NASDAQ Capital Market listing being investigated

### **Business plan with breakeven in Q4 FY2017**

IKE is pleased to announce that in its business plan for FY2017 (period ending 31 March 2017) the Company expects to reach cash breakeven in Q4, more quickly than previously modelled. This is the result of forecasted continuing sales growth across its portfolio of measurement products, increased margins on new products, operating and cost efficiencies that have been put in place since 2H FY2016, and expandable product-to-market infrastructure that is now in place and is underpinning the Company's multiple new products.

Cash at the end of the FY2016 was approximately \$5.3m. The Board continues to monitor the Company's cash position and, under this FY2017 business plan, is comfortable with the capital structure at this time.

### **Strong growth outlook**

Historically IKE has delivered multi-year revenue growth rates of greater than 100%. Under its FY2017 business plan IKE projects high growth rates and growth in customer acquisition will continue. This projection is based upon:

- **Sales growth of the IKE 4 solution** into the U.S. electric utility and communications market. Large utility sales contracts remain lumpy, however the next generation, subscription-based IKE 4 solution is well positioned to grow existing customers and capture larger market share, estimated to be an addressable opportunity of \$700m. As examples of this increasing traction, IKE imminently expects to announce major new IKE 4 customers tied to Google Fiber deployment projects across the U.S.
- **Continued sales growth of the Spike solution** into the signage & digital graphics market. Over the past 12 months Spike has been adopted by approximately 2,000 signage businesses in the U.S. and Spike was recently recognized as 'the most significant new product to enter the signage market in the past decade' in winning the International Sign Association's most innovative product award. The addressable market for Spike is estimated to be 150,000 businesses across North America, Europe and the Middle East, representing an addressable opportunity of



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\$300-500m. IKE is now aggressively seeking to expand Spike's geographic reach, and expects to imminently announce further new distribution agreements for markets in Europe and South America.

- **Expansion of the sales territories of the Stanley Smart Measure Pro** solution into the global construction and contractor market. The initial launch and sell-through in North America has been successful via Lowe's Home Improvement stores, with product launches confirmed in several new European markets in FY2017.
- **Extension of a cloud software component to all of IKE's products**, enabling customers to perform additional analysis, reporting, and management of their data. For IKE, this new cloud software platform enables subscription business models to be introduced that will generate higher levels of recurring revenue and materially increased margins. Early adoption of the cloud offering has been positive, for example with nearly 70% of IKE's approximate 2,000 signage business customers using the cloud service.

#### **Update on potential listing on NASDAQ Capital Market**

As further context to the base case business plan and growth outlook, and notwithstanding the Company's forecast transition to cash break even, IKE reiterates that the Company is investigating a potential NASDAQ Capital Market listing subject to the Board's review and approval of the terms and benefits.

The rationale for the potential listing is:

- To deliver a higher growth and higher profitability outlook for FY2018 and beyond, using proceeds from a NASDAQ Capital Market IPO
- To provide greater liquidity for shareholders via access to a wide group of relevant potential U.S. institutional investors, and
- To support the Company's focus on developing its in-market presence with U.S. customers, partners, staff and other stakeholders

While IKE is progressing the necessary steps to assemble the team and complete pre-listing requirements, the Company will continue to implement its current high growth business plan. With multiple new product introductions in the past six months, IKE's product line is experiencing its strongest ever interest. IKE looks forward to updating investors throughout the coming year as it expands its reach into new markets and geographies.

IKE expects to release its full FY2016 financial results on 20 May 2016.

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