

# ikeGPS

## FY25—Pole Vaults Ahead

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ikeGPS (IKE) delivered a solid FY25 result, with several key metrics pre-released at its 4Q25 trading update. The key positive was continued strong growth in Subscription revenue, driven by momentum with PoleForeman, its structural-engineering software. While a +900 bp improvement in gross margins to 69% was primarily the result of a favourable mix shift towards higher-margin Subscription revenue, margins lifted within all segments. The new detail from the result came around the operating-cost base. We were encouraged by a -2% decline in cash-operating costs, supporting a material improvement in adjusted EBITDA. Management has guided confidently for Subscription revenue growth of +35% or greater in FY26, with EBITDA breakeven expected on a run-rate basis in 2H26. IKE had NZ\$10.3 m of net cash at its FY25 balance date, aided by inflows from multi-year customer pre-payments. We reduce the discount in our peer valuation given heightened M&A potential and progress towards breakeven, which increases our spot valuation to NZ\$0.93.

NZX code	IKE	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.97	Rev (NZ\$m)	25.4	31.1	36.5	40.8	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$0.93 (from 0.89)	NPAT* (NZ\$m)	-16.3	-6.5	-2.4	0.7	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	-10.1	-4.1	-1.4	0.4	EV/EBITDA	n/a	n/a	65.3	41.6
Issued shares	161.1m	DPS (NZc)	0.0	0.0	0.0	0.2	Price / NTA	n/a	n/a	n/a	n/a
Market cap	NZ\$156m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.2
Avg daily turnover	62.8k (NZ\$43k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.2

### What's changed?

- **Earnings:** Our operating EBITDA estimates fall by -NZ\$1.0m/-NZ\$1.0m/-NZ\$4.6m over FY26/FY27/FY28 respectively.
- **Spot valuation:** Our blended spot valuation rises +4cps to NZ\$0.93 on reducing the discount in our peer valuation on M&A.

### Subscriptions underpin margin and revenue growth

Subscription revenues were the clear growth driver in FY25, rising +34% from FY24 to NZ\$14.4m. Strong growth was supported by customer additions and significant seat-licence uptake. IKE now has over 8,500 licences, up +103% on FY24. This growth was led by the PoleForeman platform, now a critical component of IKE's offer, having generated over NZ\$17m total-contract value since its late-2023 launch. IKE's Subscription revenue is high-margin (89% gross margin in FY25), helping lift group gross margins from 60% in FY24 to 69% in FY25 as its share of total revenue increased.

### Costs tightly managed despite investment

Operating expenses were carefully controlled, with cash operating expenses declining -2% year-on-year despite inflationary pressures. While sales and marketing expenses fell, they remained substantial, reflecting targeted customer-expansion efforts over recent years. Non-cash operating expenses increased due to amortisation and a NZ\$4.4m impairment charge on legacy intangible assets. IKE remains confident in reaching EBITDA breakeven (on a run-rate basis) in 2H26, underpinned by continued disciplined cost management (with minimal growth in staff numbers over FY26 anticipated) and sustained Subscription growth.

### Cash flat on large pre-paid payments

Net cash was NZ\$10.3m at the FY25 balance date, effectively flat on FY24. IKE benefited from pre-payments of multi-year contracts from several major customers in FY25, with long-term deferred revenue climbing +NZ\$8.5m to NZ\$12.4m. While this will represent a cash flow headwind for IKE in subsequent periods, we continue to see it reaching cash-flow breakeven without external capital.

**ikeGPS Group (IKE)**
**Market Data (NZ\$)**

Priced as at 29 May 2025	0.97
52 week high / low	0.98 / 0.44
Market capitalisation (NZ\$m)	156.2

**Key WACC assumptions**

Risk free rate	5.00%
Equity beta	1.30
WACC	11.5%
Terminal growth	2.0%

Profit and Loss Account (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Revenue	21.5	25.4	31.1	36.5	40.8
<b>Normalised EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(2.1)</b>	<b>2.4</b>	<b>3.7</b>
Depreciation and amortisation	(4.4)	(5.1)	(4.5)	(4.7)	(2.9)
<b>Normalised EBIT</b>	<b>(15.2)</b>	<b>(16.4)</b>	<b>(6.6)</b>	<b>(2.3)</b>	<b>0.7</b>
Net interest	0.2	0.1	0.1	(0.1)	(0.1)
Associate income	-	-	-	-	-
Tax	-	0.0	-	-	-
Minority interests	-	-	-	-	-
<b>Normalised NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(6.5)</b>	<b>(2.4)</b>	<b>0.7</b>
Abnormals/other	-	-	-	-	-
<b>Reported NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(6.5)</b>	<b>(2.4)</b>	<b>0.7</b>
Normalised EPS (cps)	(9.4)	(10.1)	(4.1)	(1.4)	0.4
DPS (cps)	-	-	-	-	0.2

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	-30.7	18.1	22.2	17.5	11.8
EBITDA (%)	n/a	n/a	n/a	n/a	56.8
EBIT (%)	n/a	n/a	n/a	n/a	n/a
Normalised NPAT (%)	n/a	n/a	n/a	n/a	n/a
Normalised EPS (%)	n/a	n/a	n/a	n/a	n/a
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

Cash Flow (NZ\$m)	2024A	2025A	2026E	2027E	2028E
<b>EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(2.1)</b>	<b>2.4</b>	<b>3.7</b>
Working capital change	2.4	(0.3)	0.2	0.2	0.5
Interest & tax paid	0.2	0.1	0.1	(0.1)	(0.1)
Other	6.0	12.9	(2.0)	(2.0)	(2.0)
<b>Operating cash flow</b>	<b>(1.8)</b>	<b>1.4</b>	<b>(3.8)</b>	<b>0.5</b>	<b>2.1</b>
Capital expenditure	(3.8)	(1.2)	(2.8)	(2.7)	(2.9)
(Acquisitions)/divestments	-	-	-	-	-
Other	0.2	(0.2)	(0.3)	(0.3)	(0.3)
<b>Funding available/(required)</b>	<b>(5.5)</b>	<b>(0.1)</b>	<b>(6.9)</b>	<b>(2.4)</b>	<b>(1.1)</b>
Dividends paid	-	-	-	-	(0.4)
Equity raised/(returned)	-	0.0	-	-	-
<b>(Increase)/decrease in net debt</b>	<b>(5.5)</b>	<b>(0.1)</b>	<b>(6.9)</b>	<b>(2.4)</b>	<b>(1.4)</b>

Balance Sheet (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Working capital	5.8	(3.6)	(3.8)	7.1	7.0
Fixed assets	2.9	2.1	1.3	0.4	0.4
Intangibles	13.1	6.3	5.8	5.0	5.4
Right of use asset	1.2	0.9	0.7	0.7	0.3
Other assets	1.7	2.1	2.1	2.1	2.1
<b>Total funds employed</b>	<b>24.6</b>	<b>7.9</b>	<b>6.0</b>	<b>15.2</b>	<b>15.2</b>
Net debt/(cash)	(10.2)	(10.3)	(3.4)	(1.0)	0.5
Lease liability	1.0	0.6	0.7	0.7	0.3
Other liabilities	13.8	22.9	20.8	19.4	17.8
Shareholder's funds	20.1	4.8	(1.6)	(3.9)	(3.4)
Minority interests	-	-	-	-	-
<b>Total funding sources</b>	<b>24.6</b>	<b>18.0</b>	<b>16.5</b>	<b>15.2</b>	<b>15.2</b>

\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend\*\* Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at [www.forsythbarr.co.nz/corporate-news-events/cesg-report](http://www.forsythbarr.co.nz/corporate-news-events/cesg-report)

**Spot valuation (NZ\$)**

DCF	0.81
EV/sales relative	1.04
n/a	n/a

**DCF valuation summary**

Total firm value	121.0
(Net debt)/cash	9.2
Less: Capitalised operating leases	-5.7
Value of equity	124.5

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	6.8	5.8	4.9	4.2	3.8
EV/EBITDA (x)	n/a	n/a	n/a	65.3	41.6
EV/EBIT (x)	n/a	n/a	n/a	n/a	>100x
PE (x)	n/a	n/a	n/a	n/a	>100x
Price/NTA (x)	22.1	n/a	n/a	n/a	n/a
Free cash flow yield (%)	-3.8	-0.2	-4.5	-1.7	-0.8
Adj. free cash flow yield (%)	-1.4	0.6	-2.7	0.0	1.0
Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.2
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.2

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	76.6	>100x	96.3	n/a	8.0
Interest cover EBITDA (x)	52.6	>100x	30.1	46.7	39.4
Net debt/ND+E (%)	-103.9	186.5	68.6	20.0	-15.9
Net debt/EBITDA (x)	1.0	0.9	1.7	n/a	0.1

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-42.2	-56.1	-31.7	-13.7	4.8
Return on equity (%)	-74.9	-342.5	419.0	61.7	-19.4
Return on funds employed (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	-48.6	-44.7	-6.6	6.4	9.0
EBIT margin (%)	-70.8	-64.6	-21.2	-6.4	1.8
Capex to sales (%)	17.8	4.9	9.0	7.3	7.0
Capex to depreciation (%)	204	64	138	131	211
Imputation (%)	0	0	0	0	0
Pay-out ratio (%)	0	0	0	0	54

Operating Performance	2024A	2025A	2026E	2027E	2028E
Subscriptions revenue	10.7	14.4	19.8	25.1	29.0
Transactions revenue	7.3	7.6	7.8	8.0	8.4
Hardware revenue	3.1	3.2	3.2	3.1	3.0
<b>Total Revenues</b>	<b>21.1</b>	<b>25.2</b>	<b>30.8</b>	<b>36.2</b>	<b>40.5</b>

Subscriptions gross profit	9.2	12.8	17.8	22.7	26.3
Transactions gross profit	1.8	2.5	2.7	2.8	2.9
Hardware gross profit	1.7	2.2	2.2	2.1	2.1
<b>Total gross profit</b>	<b>12.7</b>	<b>17.4</b>	<b>22.6</b>	<b>27.6</b>	<b>31.4</b>

Subscriptions gross margin (%)	86.1	89.0	90.0	90.5	90.7
Transactions gross margin (%)	23.9	32.3	34.0	34.8	34.9
Hardware gross margin (%)	56.0	67.7	67.9	68.2	68.4
<b>Total gross margin (%)</b>	<b>60.1</b>	<b>69.2</b>	<b>73.5</b>	<b>76.2</b>	<b>77.4</b>

## Results analysis

IKE reported a solid FY25 result, with revenue rising +19% year-on-year to NZ\$25.2m. Subscriptions drove revenue growth as the Transactions and Hardware segments grew only modestly. Gross profit leapt +37% to NZ\$17.4m, supported by a favourable mix shift towards high-margin Subscription revenue. However, margins rose across all divisions. Adjusted EBITDA improved from -NZ\$9.8m in FY24 to -NZ\$6.1m in FY25 as cash operating expenses declined by -2%. The NPAT loss widened to NZ\$16.3m, which included a NZ\$4.4m non-cash impairment charge on legacy intangible assets. Key points:

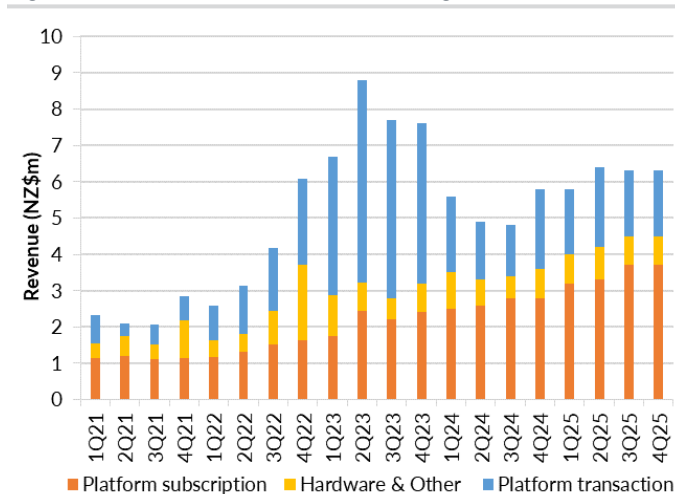
- **Subscriptions:** Revenue grew by +34% and Gross Margin +39% due to a strong uptake of the next-generation IKE PoleForeman subscription product, which has generated over NZ\$17m in total-contract value since its launch in late 2023. Subscription seat licences increased by +103% year-on-year to over 8,500, underpinning consistent growth. Gross margin lifted from 86% to 89%.
- **Transactions:** Revenue grew by +3% and Gross Margin +40%. The ongoing 'Trump' effect was impacting revenues and customer projects, however, transaction margin improved significantly from 24% to 32%, driven by operational efficiencies.
- **Hardware and Other:** Revenue +5% and Gross Margin +26%. Revenues increased slightly, driven by steady hardware sales and associated service revenues, which contributed positively to overall margin improvement. Gross margin lifted from 56% to 68%.
- **Operating expenses:** Total operating expenses increased by +19% to NZ\$34.3m, primarily due to a NZ\$4.4m impairment charge on legacy intangible assets. Excluding this charge and movements in capitalised costs, cash operating expenses fell by -2%, with targeted reductions in sales and marketing expenses (-6%) partially offset by increased R&D investment (+11%).

Figure 1. Results summary

	FY24 Actual	FY25 Actual	Change
<b>Operating revenues</b>	<b>21.1</b>	<b>25.2</b>	<b>+19%</b>
Cost of sales	(8.4)	(7.7)	-8%
<b>Gross profit</b>	<b>12.7</b>	<b>17.4</b>	<b>+37%</b>
Other income	0.8	0.4	-43%
'Support costs'/Other operating expenses	(1.3)	(1.7)	+23%
Sales & marketing expenses	(10.2)	(9.5)	-6%
Research & engineering expenses	(10.3)	(11.4)	+11%
'Corporate Costs'/General & Admin expenses	(6.9)	(7.3)	+6%
<b>Total operating expenses</b>	<b>(28.7)</b>	<b>(29.9)</b>	n/a
Impairments	-	(4.4)	n/a
Operating profit (loss)	(15.2)	(16.4)	n/a
Finance costs	0.2	0.1	n/a
<b>Profit before income tax</b>	<b>(15.0)</b>	<b>(16.3)</b>	n/a
Income tax	-	(0.0)	n/a
<b>Net Profit (Loss) for the Year</b>	<b>(15.0)</b>	<b>(16.3)</b>	n/a
<b>EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	n/a

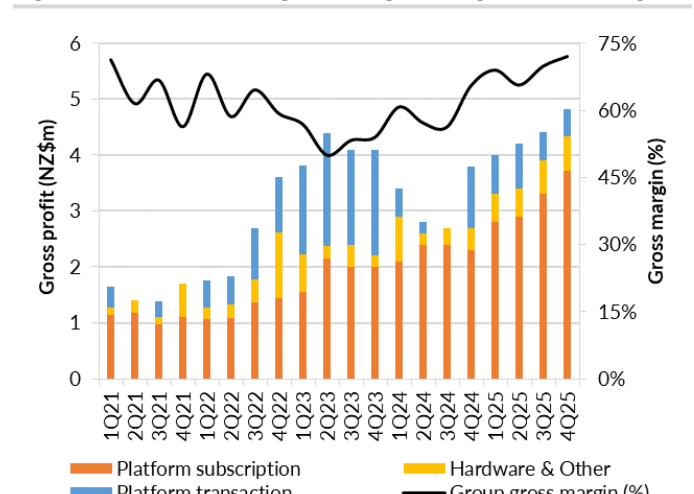
Source: Company, Forsyth Barr analysis

Figure 2. IKE—Revenue breakdown by segment (NZ\$m)



Source: Company, Forsyth Barr analysis

Figure 3. IKE—Quarterly gross margin by segment and margin



Source: Company, Forsyth Barr analysis

## Earnings revisions

We revise our estimates following IKE's FY25 results. While we tick up FY26 revenue modestly, we lower our medium-term revenue forecasts, reflecting: (1) a slower-than-anticipated recovery in transactional revenues, given Trump's commentary around satellite versus fibre; and (2) a moderation in our view of Subscription revenue growth for IKE Office Pro. Our opex increases in FY26 but is broadly flat in FY27 and FY28. In aggregate, EBITDA falls -NZ\$1m in FY26 and FY27, but by a larger amount in FY28. With net cash stable at NZ\$10.3m over FY25 and ongoing operational discipline, we maintain our expectation that IKE will achieve: (1) EBITDA breakeven on a monthly basis sometime in 2H26, as called out by management; (2) full-year EBITDA breakeven in FY27; and (3) cash-flow breakeven in FY28.

**Figure 4. Earnings revisions (NZ\$m)**

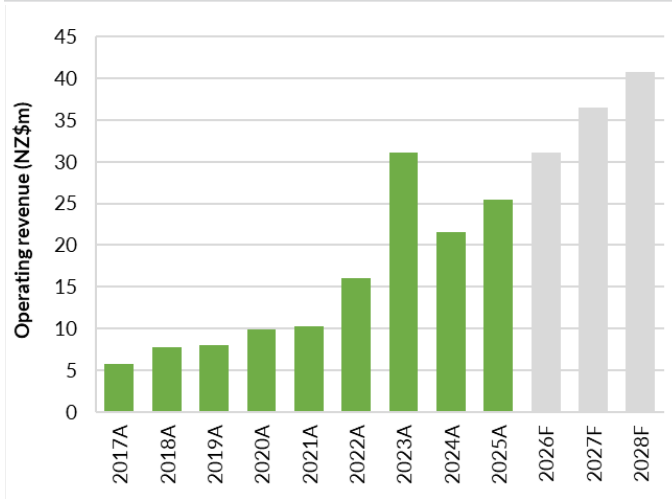
	FY26			FY27			FY28		
	Old	New	Change	Old	New	Change	Old	New	Change
<b>Operating Revenue</b>	30.3	30.8	<b>+2%</b>	37.3	36.2	<b>-3%</b>	44.0	40.5	<b>-8%</b>
Cost of sales	(7.9)	(8.2)	+4%	(8.7)	(8.6)	-1%	(9.9)	(9.2)	-8%
<b>Gross profit</b>	22.4	22.6	<b>+1%</b>	28.5	27.6	<b>-3%</b>	34.0	31.4	<b>-8%</b>
Total other income	0.4	0.3	n/a	0.4	0.3	n/a	0.4	0.3	n/a
"Support costs" / Other operating expenses	(1.4)	(1.7)	+19%	(1.5)	(1.7)	+18%	(1.5)	(1.8)	+18%
Sales & marketing expenses	(10.0)	(10.0)	+0%	(10.4)	(10.1)	-3%	(11.0)	(10.1)	-8%
Research & engineering expenses	(9.7)	(10.2)	+5%	(10.8)	(10.5)	-3%	(11.0)	(10.9)	-0%
"Corporate Costs" / General & Admin expenses	(7.3)	(7.6)	+5%	(7.5)	(7.8)	+4%	(7.7)	(8.0)	+4%
Total operating expenses	(28.4)	(29.5)	+4%	(30.2)	(30.2)	+0%	(31.2)	(30.9)	-1%
<b>Operating profit (loss)</b>	<b>(6.0)</b>	<b>(6.9)</b>	<b>+15%</b>	<b>(1.7)</b>	<b>(2.6)</b>	<b>+55%</b>	<b>2.8</b>	<b>0.5</b>	<b>-83%</b>
Finance costs	0.1	0.1	n/a	(0.0)	(0.1)	n/a	(0.1)	(0.1)	n/a
<b>Profit (loss) before income tax</b>	<b>(5.6)</b>	<b>(6.5)</b>	<b>n/a</b>	<b>(1.4)</b>	<b>(2.4)</b>	<b>n/a</b>	<b>3.1</b>	<b>0.7</b>	<b>-79%</b>
Income tax	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a
<b>Net Profit (Loss) for the Year</b>	<b>(5.6)</b>	<b>(6.5)</b>	<b>n/a</b>	<b>(1.4)</b>	<b>(2.4)</b>	<b>n/a</b>	<b>3.1</b>	<b>0.7</b>	<b>-79%</b>
<b>EBITDA</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>n.a</b>	<b>3.4</b>	<b>2.4</b>	<b>-31%</b>	<b>8.3</b>	<b>3.7</b>	<b>-55%</b>

Source: Forsyth Barr analysis

In the longer term, we see sustainable Subscription revenue growth of +15% or more, underpinned by: (1) inflation-linked price adjustments; (2) steady new customer acquisition, with IKE averaging approximately one gross new enterprise customer per week; (3) incremental contribution from new AI-powered and customer council-led product development; (4) deeper penetration than the company's estimate of ~20% within existing accounts; and (5) structural industry tailwinds, as utilities accelerate investment in automation, asset digitisation, and network hardening and efficiency programmes. Given management commentary that the proposed new customer council-led product development idea may be given the go-ahead and could be developed over the next 24 months, we see the potential for medium-term upgrades in our estimates.

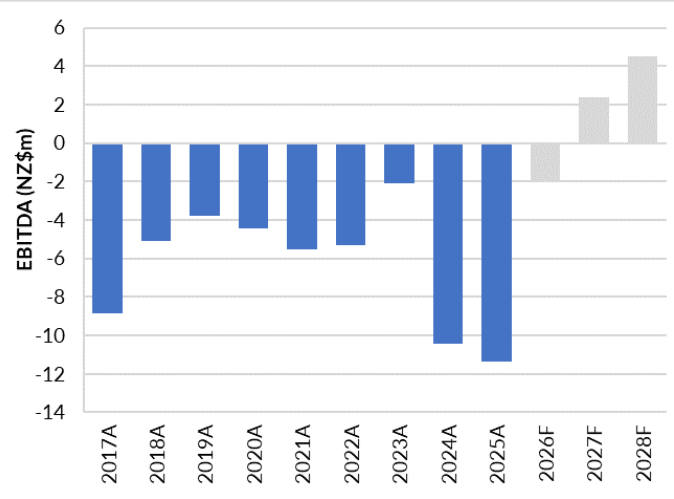
## Key result charts

Figure 5. IKE—Operating revenue



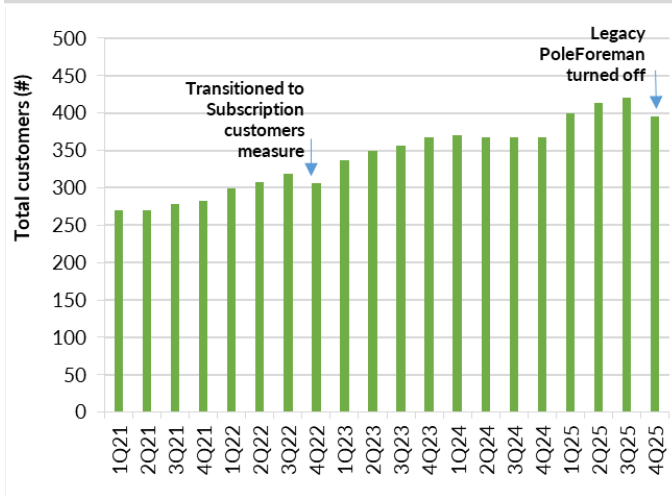
Source: Company, Forsyth Barr Analysis

Figure 6. IKE—EBITDA



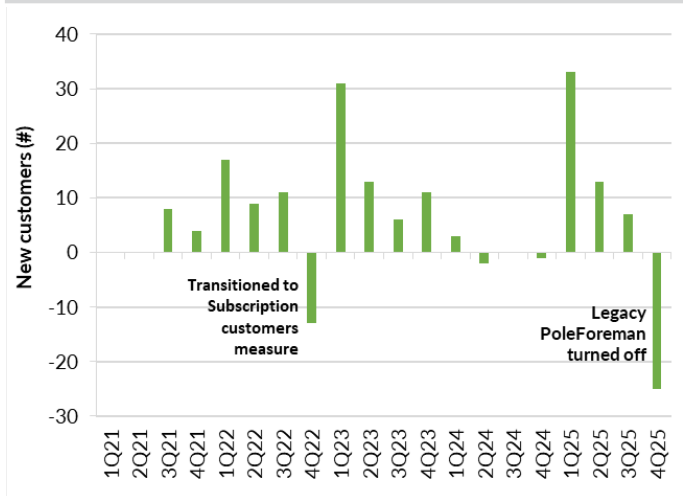
Source: Company, Forsyth Barr Analysis

Figure 7. IKE—Total customer count (#)



Source: Company, Forsyth Barr Analysis

Figure 8. IKE—Net new customers by quarter



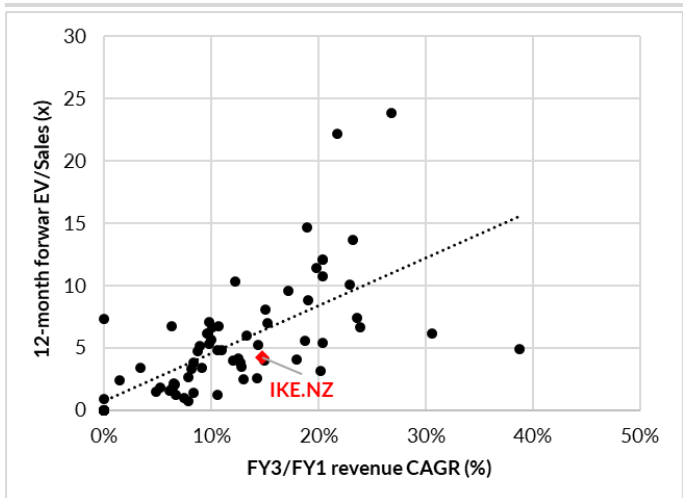
Source: Company, Forsyth Barr Analysis

Figure 9. IKE trades at a discount to its peer group\*



Source: Workspace, Forsyth Barr analysis \*peers are BSY, HEXAb, TRMB, ADSK, ANSS, DAST, ROK, & ROP

Figure 10. Valuation screens as broadly fair vs high growth tech companies\*



Source: Workspace, Forsyth Barr analysis \*high growth tech is Nasdaq Emerging Cloud index

## Additional data

Figure 11. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 12. Substantial shareholders

Shareholder	Latest Holding
Wilson Family Trust	16.6%
TEK Trust	8.2%
Scobie Ward	7.9%

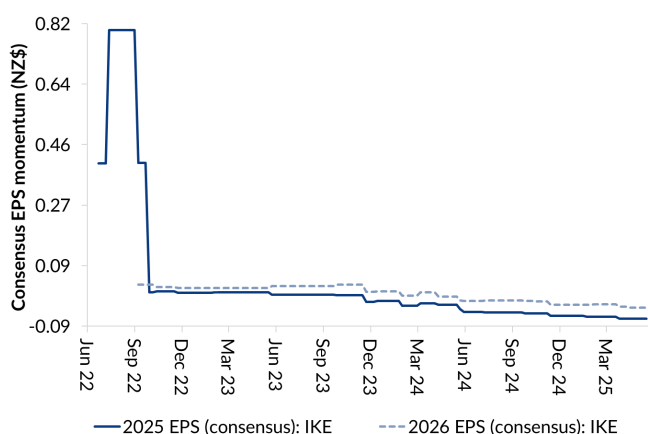
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 13. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				1yr	2yr	1yr	2yr	1yr	2yr	
IkeGPS	IKE NZ	NZ\$0.97	NZ\$156	<0x	<0x	<0x	44.8x	<0x	<0x	0.0%
Autodesk	ADSK US	US\$299.23	US\$64,019	29.6x	25.8x	23.4x	20.0x	24.0x	21.1x	0.0%
Altair Engineering	ALTR US	US\$0.0	US\$0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ansys	ANSS US	US\$329.93	US\$29,006	27.7x	25.4x	21.5x	19.9x	22.1x	19.8x	0.0%
Bentley Systems	BSY US	US\$47.93	US\$15,983	38.5x	33.8x	31.7x	28.0x	32.8x	28.8x	0.6%
Dassault Systemes	DSY FP	€33.51	€44,930	24.0x	22.1x	18.5x	17.0x	21.5x	19.4x	0.9%
Hexagon	HEXAB SS	€97.62	€264,109	>75x	>75x	>75x	>75x	>75x	>75x	0.1%
Rockwell Automation	ROK US	US\$312.39	US\$35,211	29.0x	25.4x	21.3x	19.1x	23.8x	21.3x	1.7%
Roper Technologies	ROP US	US\$569.13	US\$61,190	27.6x	25.1x	21.5x	19.7x	29.5x	26.8x	0.6%
Trimble	TRMB US	US\$71.51	US\$17,061	23.4x	20.3x	17.8x	16.1x	18.9x	17.0x	0.0%

Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 14. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

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