

ikeGPS

New Council-Backed Products Greenlit

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ikeGPS (IKE) has now committed to building two new subscription software modules at the direct request of its customer council—a group comprising more than a dozen major North American electric utilities. This follows the success of IKE PoleForeman, whose redevelopment also followed a council-led approach and now generates ~NZ\$7m in ARR. We now incorporate preliminary, albeit conservative, assumptions into our estimates, reflecting a <24-month build-to-revenue window, and we see potential for these new products to be 2x–5x+ PoleForeman’s ARR at maturity. The new modules will extend IKE’s software capability into ‘how utilities capture, digitise, and manage their distribution networks’. IKE is raising ~NZ\$22m to ensure it can pursue the product build at pace. Our blended spot valuation lifts +28% to NZ\$1.19.

NZX code	IKE	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.93	Rev (NZ\$m)	25.4	31.1	36.5	43.8	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$1.19 (from 0.93)	NPAT* (NZ\$m)	-16.3	-7.3	-4.3	-2.9	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	-10.1	-3.9	-2.3	-1.6	EV/EBITDA	n/a	n/a	n/a	n/a
Issued shares	161.1m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	n/a	20.7	n/a	n/a
Market cap	NZ\$150m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	62.8k (NZ\$43k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

What's changed?

- **Earnings:** FY26/FY27/FY28 EBITDA estimates fall -NZ\$0.5m/-NZ\$1.6m/-NZ\$3.3m respectively, but rise significantly longer term.
- **Spot valuation:** Our blended spot valuation lifts +NZ\$0.26 to NZ\$1.19 on introducing a risk-weighted new product assessment.

Customer-led new product development

The new initiatives originated through IKE’s customer council—now comprising 13 of the largest investor-owned utilities (IOUs) in the US—the same group whom were involved in redesigning PoleForeman. This ensures strong product–market fit and very likely accelerates uptake. Importantly, every council member who helped with PoleForeman is now a subscriber of the new product. We expect the same pull-through effect to occur again, given the alignment and council-led engagement.

Adjacent to PoleForeman, but structurally larger

We understand the new modules are designed to complement PoleForeman—with strong cross-sell applicability and a similar user base—but will also be capable of being sold standalone. While detail on the new products is limited (given obvious commercial sensitivity), we are bullish on the opportunity to develop further scale and deepen customer relationships. Unlike PoleForeman, which supports structural-pole analysis, we expect the new product to target a broader set of network design, optimisation workflows, and system-wide planning. Management has indicated the opportunity is large, and we consider this to be a NZ\$20m–NZ\$50m+ ARR opportunity, given broader applicability, significantly expanding IKE’s addressable market among 6,000+ North American utilities.

Capital raise to support accelerated development and provide balance sheet flexibility

Management confirms that development has commenced with IKE’s existing R&D team, aiming to deliver the product within 24 months at a cost of around NZ\$11m. We believe this is a ‘once-in-a-cycle opportunity’ to scale the platform’s scope, unlock operational leverage, and embed IKE more deeply in grid infrastructure markets. The company is raising ~NZ\$22m to pursue building these products at pace. This may allow commercialisation ahead of our current estimate of FY28, while also enabling other work programmes to continue without delay.

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

Priced as at 10 Jul 2025	0.93
52 week high / low	0.98 / 0.44
Market capitalisation (NZ\$m)	149.8

Key WACC assumptions

Risk free rate	5.00%
Equity beta	1.30
WACC	11.5%
Terminal growth	2.5%

Profit and Loss Account (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Revenue	21.5	25.4	31.1	36.5	43.8
Normalised EBITDA	(10.5)	(11.4)	(2.6)	0.8	0.4
Depreciation and amortisation	(4.4)	(5.1)	(4.8)	(5.3)	(3.4)
Normalised EBIT	(15.2)	(16.4)	(7.4)	(4.5)	(3.0)
Net interest	0.2	0.1	0.1	0.2	0.1
Associate income	-	-	-	-	-
Tax	-	0.0	-	-	-
Minority interests	-	-	-	-	-
Normalised NPAT	(15.0)	(16.3)	(7.3)	(4.3)	(2.9)
Abnormals/other	-	-	-	-	-
Reported NPAT	(15.0)	(16.3)	(7.3)	(4.3)	(2.9)
Normalised EPS (cps)	(9.4)	(10.1)	(3.9)	(2.3)	(1.6)
DPS (cps)	-	-	-	-	-

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	-30.7	18.1	22.2	17.5	20.0
EBITDA (%)	n/a	n/a	n/a	n/a	-53.3
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
EBITDA	(10.5)	(11.4)	(2.6)	0.8	0.4
Working capital change	2.4	(0.3)	0.2	0.2	0.1
Interest & tax paid	0.2	0.1	0.1	0.2	0.1
Other	6.0	12.9	(2.0)	(2.0)	(2.0)
Operating cash flow	(1.8)	1.4	(4.3)	(0.8)	(1.4)
Capital expenditure	(3.8)	(1.2)	(6.0)	(6.7)	(4.6)
(Acquisitions)/divestments	-	-	-	-	-
Other	0.2	(0.2)	(0.3)	(0.3)	(0.3)
Funding available/(required)	(5.5)	(0.1)	(10.6)	(7.7)	(6.3)
Dividends paid	-	-	-	-	-
Equity raised/(returned)	-	0.0	19.5	-	-
(Increase)/decrease in net debt	(5.5)	(0.1)	8.9	(7.7)	(6.3)

Balance Sheet (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Working capital	5.8	(3.6)	(3.8)	7.0	7.3
Fixed assets	2.9	2.1	1.3	0.4	0.4
Intangibles	13.1	6.3	8.7	11.2	12.9
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
Total funds employed	24.6	7.9	8.9	21.4	23.1
Net debt/(cash)	(10.2)	(10.3)	(19.2)	(11.5)	(5.2)
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	17.1	12.9	10.2
Minority interests	-	-	-	-	-
Total funding sources	24.6	18.0	19.4	21.4	23.1

* 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

Spot valuation (NZ\$)

DCF	1.19
EV/sales relative	1.18
n/a	1.20
n/a	n/a

DCF valuation summary

Total firm value	228.8
(Net debt)/cash	9.2
Less: Capitalised operating leases	-6.1
Value of equity	231.9

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	6.5	5.6	4.4	3.6	3.0
EV/EBITDA (x)	n/a	n/a	n/a	>100x	>100x
EV/EBIT (x)	n/a	n/a	n/a	n/a	n/a
PE (x)	n/a	n/a	n/a	n/a	n/a
Price/NTA (x)	21.2	n/a	20.7	>100x	n/a
Free cash flow yield (%)	-4.0	-0.2	-7.2	-5.2	-4.3
Adj. free cash flow yield (%)	-1.5	0.6	-3.2	-0.8	-1.3
Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	76.6	>100x	>100x	21.2	36.4
Interest cover EBITDA (x)	52.6	>100x	37.6	n/a	n/a
Net debt/ND+E (%)	-103.9	186.5	929.1	-838.2	-105.0
Net debt/EBITDA (x)	1.0	0.9	7.5	n/a	n/a

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-42.2	-56.1	-18.7	-13.4	-10.2
Return on equity (%)	-74.9	-342.5	-42.7	-33.4	-28.7
Return on funds employed (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	-48.6	-44.7	-8.3	2.2	0.9
EBIT margin (%)	-70.8	-64.6	-23.8	-12.4	-6.9
Capex to sales (%)	17.8	4.9	19.3	18.2	10.5
Capex to depreciation (%)	204	64	296	329	340
Imputation (%)	0	0	0	0	0
Pay-out ratio (%)	0	0	0	0	0

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
New product revenue	0.0	0.0	0.0	0.0	3.0
Hardware revenue	3.1	3.2	3.2	3.1	3.0

Total Revenues	2024A	2025A	2026E	2027E	2028E
	21.1	25.2	30.8	36.2	43.5
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
New product gross profit	0.0	0.0	0.0	0.0	0.6
Hardware gross profit	1.7	2.2	2.2	2.1	2.1

Total gross profit	2024A	2025A	2026E	2027E	2028E
	12.7	17.4	22.6	27.6	32.0
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
New product gross margin (%)	n/a	n/a	n/a	n/a	20.0
Hardware gross margin (%)	56.0	67.7	67.9	68.2	68.4

Total gross margin (%)	2024A	2025A	2026E	2027E	2028E
	60.1	69.2	73.5	76.2	73.4

Earnings revisions

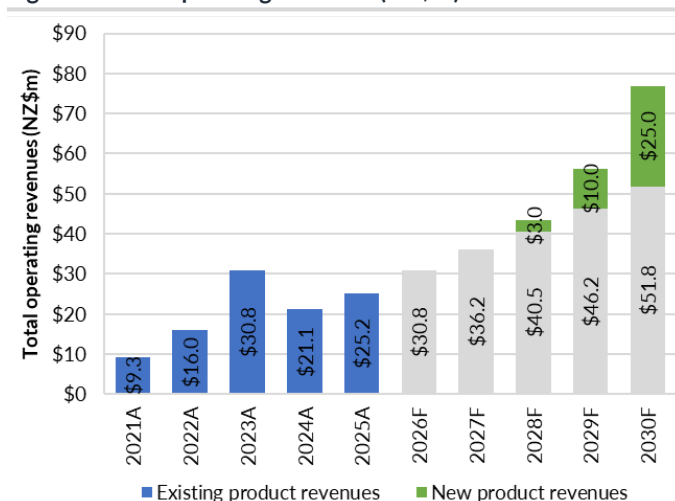
We incorporate a preliminary view of the newly greenlit, council-backed products into our estimates, with a degree of conservatism. We assume R&D development occurs over FY26 and FY27 where we model an additional +NZ\$11m in R&D, 80% capitalised. This is funded by the new ~NZ\$22m capital raise, which we incorporate into our numbers. Revenue contribution is not expected until FY28. On this basis, our FY26/FY27/FY28 EBITDA estimates fall -NZ\$0.5m/-NZ\$1.6m/-NZ\$3.3m respectively. However, these new product modules support longer-term margin expansion from significantly enhanced operating leverage. Our blended spot valuation lifts +28% to NZ\$1.19 on these longer-term earnings upgrades. Our conservative new product assumptions—reflecting the limited public detail on the targeted application for obvious commercial sensitivity reasons—see these new council-backed modules reaching NZ\$10m in revenue in FY29, broadly mirroring PoleForeman's 18-month post-launch trajectory (from its 3Q24 debut). We forecast these new products scaling revenue to >NZ\$50m by FY35, supported by embedded pull-through from existing IKE customers and broader relevance across the ~6,000-utility North American market. Our assessed peer group is trading on 7.1x one-year forward EV/Sales, which would translate to ~NZ\$1.16 on our estimates for IKE, assuming the same multiple, but before the ramp of the new products is seen.

Figure 1. Earnings revisions (NZ\$m)

	FY26			FY27			FY28		
	Old	New	Change	Old	New	Change	Old	New	Change
Operating Revenue	30.8	30.8	+0%	36.2	36.2	+0%	40.5	43.5	+7%
Cost of sales	(8.2)	(8.2)	+0%	(8.6)	(8.6)	+0%	(9.2)	(11.6)	+26%
Gross profit	22.6	22.6	+0%	27.6	27.6	+0%	31.4	32.0	+2%
Total other income	0.3	0.3	n/a	0.3	0.3	n/a	0.3	0.3	n/a
"Support costs"/Other operating expenses	(1.7)	(1.7)	+0%	(1.7)	(1.7)	+0%	(1.8)	(1.8)	+0%
Sales & marketing expenses	(10.0)	(10.0)	+0%	(10.1)	(11.1)	+10%	(10.1)	(12.9)	+27%
Research & engineering expenses	(10.2)	(11.0)	+8%	(10.5)	(11.5)	+10%	(10.9)	(12.2)	+11%
"Corporate Costs"/General & Admin expenses	(7.6)	(7.6)	+0%	(7.8)	(8.0)	+2%	(8.0)	(8.4)	+5%
Total operating expenses	(29.5)	(30.3)	+3%	(30.2)	(32.4)	+7%	(30.9)	(35.2)	+14%
Operating profit (loss)	(6.9)	(7.7)	n/a	(2.6)	(4.8)	n/a	0.5	(3.3)	n/a
Finance costs	0.1	0.1	n/a	(0.1)	0.2	n/a	(0.1)	0.1	n/a
Profit (loss) before income tax	(6.5)	(7.3)	n/a	(2.4)	(4.3)	n/a	0.7	(2.9)	n/a
Income tax	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a
Net Profit (Loss) for the Year	(6.5)	(7.3)	n/a	(2.4)	(4.3)	n/a	0.7	(2.9)	n/a
Operating EBITDA (\$m)	(2.1)	(2.6)	n/a	2.4	0.8	-66%	3.7	0.4	-90%

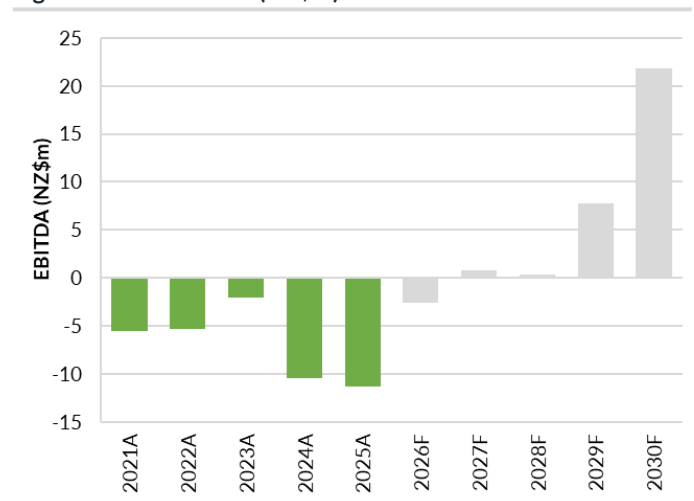
Source: Forsyth Barr analysis

Figure 2. IKE—Operating revenues (NZ\$m)



Source: Company, Forsyth Barr analysis

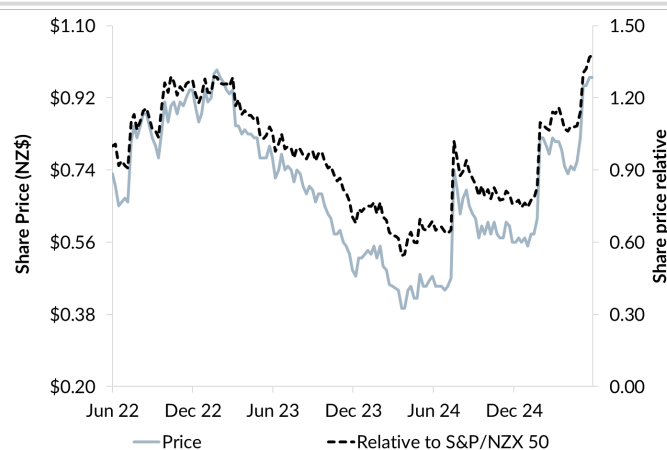
Figure 3. IKE—EBITDA (NZ\$m)



Source: Company, Forsyth Barr analysis

Additional data

Figure 4. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 5. 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 6. 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	IKENZ	NZ\$0.93	NZ\$150	<0x	>75x	<0x	42.0x	<0x	>75x	0.0%
Autodesk	ADSK US	US\$307.27	US\$65,756	29.8x	25.9x	23.7x	20.9x	24.2x	21.2x	0.0%
Ansys	ANSS US	US\$366.87	US\$32,254	29.8x	27.8x	23.7x	22.1x	24.3x	21.9x	0.0%
Bentley Systems	BSY US	US\$56.02	US\$18,680	44.4x	38.8x	36.1x	31.9x	37.4x	32.8x	0.5%
Dassault Systemes	DSY FP	€31.69	€42,619	22.5x	20.7x	17.9x	16.5x	20.3x	18.5x	0.9%
Hexagon	HEXAB SS	€97.56	€263,946	>75x	>75x	>75x	>75x	>75x	>75x	0.1%
Rockwell Automation	ROK US	US\$340.26	US\$38,353	30.8x	27.1x	22.5x	20.3x	25.2x	22.5x	1.5%
Roper Technologies	ROP US	US\$558.64	US\$60,062	26.8x	24.4x	20.9x	18.9x	28.7x	26.0x	0.6%
Trimble	TRMB US	US\$79.62	US\$18,996	25.7x	22.1x	19.5x	17.5x	20.7x	18.5x	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

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