

# ikeGPS

## AMPed for What's Next

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IKE's oversubscribed and upsized share purchase plan (SPP) builds on July's institutional placement, further enhancing balance sheet flexibility. While near-term cash use is likely to increase due to the accelerated development of two customer council-led products, this is likely to be offset by ongoing improvements in operating performance. The enlarged cash position provides a buffer for continued execution of existing programmes alongside the new product roadmap, and gives IKE some headroom for potential future M&A opportunities. In its 1Q26 update, management reiterated its expectation to achieve cash flow breakeven on a run-rate basis in 2H26, consistent with our forecasts. We view the combined capital raise as strategically positive, enabling IKE to pursue an expanded go-to-market strategy without balance sheet constraints—even as large client prepayments begin to ease over FY26. Our blended spot valuation falls modestly.

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	43.8	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$1.12 (from 1.15)	NPAT* (NZ\$m)	-16.3	-8.7	-4.2	-2.8	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	-10.1	-4.5	-2.2	-1.4	EV/EBITDA	n/a	n/a	n/a	n/a
Issued shares	193.6m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	n/a	11.7	19.8	36.2
Market cap	NZ\$188m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	93.3k (NZ\$79k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

### What's changed?

- **Spot valuation:** Our blended spot valuation falls -3% to NZ\$1.12, due to the modest dilution from the increased capital raise.

### Raising upsized and cash impact

The non-underwritten SPP was upsized from NZ\$2.0m to NZ\$9.0m after being oversubscribed by eligible retail shareholders. Added to IKE's 1Q26 pro forma NZ\$8.8m net cash position and July's NZ\$19.6m placement, post-SPP cash rises to an estimated ~NZ\$36.0m after offer costs. For reference, IKE has indicated that R&D spend on the two new products over the next 12–24 months is estimated at NZ\$11.0m. All considered, the additional funds raised provide a solid buffer, even as total deferred revenue of NZ\$20.0m (as of 31 March 2025) is expected to trend lower, with fewer large Poleforeman prepayments expected.

### Execution flexibility

The enlarged cash position supports both existing initiatives and new product development, while preserving capacity for sustained go-to-market investment. In the 1Q26 release, management reiterated that cash flow breakeven on a run-rate basis is expected in 2H26, providing further comfort that the additional capital will support growth rather than offset operating losses. The combination of strong visibility on subscription revenue growth and a materially strengthened balance sheet reduces execution risk.

### Valuation impact

While the additional NZ\$7m raised via the SPP is modestly dilutive to our spot valuation—with approximately 8m new shares issued at NZ\$0.88 per share—we view the impact as outweighed by: (1) the fairness of enabling further participation by existing retail shareholders; (2) improved stock liquidity; (3) capital to de-risk the go-to-market strategy for the new products; and (4) longer-term M&A optionality. Fully funded, IKE can advance with confidence in a market benefiting from multi-decade grid resilience investment, reinforcing our positive view.

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

Priced as at 13 Aug 2025	0.97
52 week high / low	1.04 / 0.54
Market capitalisation (NZ\$m)	187.8

**Key WACC assumptions**

Risk free rate	5.00%
Equity beta	1.10
WACC	12.0%
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
<b>Normalised EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(4.0)</b>	<b>0.8</b>	<b>0.4</b>
Depreciation and amortisation	(4.4)	(5.1)	(4.8)	(5.3)	(3.4)
<b>Normalised EBIT</b>	<b>(15.2)</b>	<b>(16.4)</b>	<b>(8.8)</b>	<b>(4.5)</b>	<b>(3.0)</b>
Net interest	0.2	0.1	0.1	0.3	0.2
Associate income	-	-	-	-	-
Tax	-	0.0	-	-	-
Minority interests	-	-	-	-	-
<b>Normalised NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(8.7)</b>	<b>(4.2)</b>	<b>(2.8)</b>
Abnormals/other	-	-	-	-	-
<b>Reported NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(8.7)</b>	<b>(4.2)</b>	<b>(2.8)</b>
Normalised EPS (cps)	(9.4)	(10.1)	(4.5)	(2.2)	(1.4)
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
<b>EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(4.0)</b>	<b>0.8</b>	<b>0.4</b>
Working capital change	2.4	(0.3)	0.2	0.2	0.1
Interest & tax paid	0.2	0.1	0.1	0.3	0.2
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>(5.7)</b>	<b>(0.7)</b>	<b>(1.3)</b>
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)
<b>Funding available/(required)</b>	<b>(5.5)</b>	<b>(0.1)</b>	<b>(11.9)</b>	<b>(7.6)</b>	<b>(6.2)</b>
Dividends paid	-	-	-	-	-
Equity raised/(returned)	-	0.0	28.6	-	-
<b>(Increase)/decrease in net debt</b>	<b>(5.5)</b>	<b>(0.1)</b>	<b>16.7</b>	<b>(7.6)</b>	<b>(6.2)</b>

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
<b>Total funds employed</b>	<b>24.6</b>	<b>7.9</b>	<b>8.9</b>	<b>21.4</b>	<b>23.1</b>
Net debt/(cash)	(10.2)	(10.3)	(26.9)	(19.4)	(13.2)
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	24.8	20.7	18.1
Minority interests	-	-	-	-	-
<b>Total funding sources</b>	<b>24.6</b>	<b>18.0</b>	<b>19.4</b>	<b>21.4</b>	<b>23.1</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	1.07
EV/sales relative	1.18
n/a	n/a

**DCF valuation summary**

Total firm value	211.2
(Net debt)/cash	14.0
Less: Capitalised operating leases	-6.3
Value of equity	218.9

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	8.3	7.1	5.5	4.5	3.7
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)	22.1	n/a	11.7	19.8	36.2
Free cash flow yield (%)	-3.2	-0.2	-6.5	-4.1	-3.4
Adj. free cash flow yield (%)	-1.2	0.5	-3.3	-0.6	-0.9
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	13.2	14.1
Interest cover EBITDA (x)	52.6	>100x	58.1	n/a	n/a
Net debt/ND+E (%)	-103.9	186.5	1,282.9	-1,407.4	-265.4
Net debt/EBITDA (x)	1.0	0.9	6.8	n/a	n/a

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-42.2	-56.1	-18.6	-10.8	-8.1
Return on equity (%)	-74.9	-342.5	-35.1	-20.2	-15.4
Return on funds employed (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	-48.6	-44.7	-12.8	2.2	0.9
EBIT margin (%)	-70.8	-64.6	-28.3	-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
<b>Total Revenues</b>	<b>21.1</b>	<b>25.2</b>	<b>30.8</b>	<b>36.2</b>	<b>43.5</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
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
<b>Total gross profit</b>	<b>12.7</b>	<b>17.4</b>	<b>22.6</b>	<b>27.6</b>	<b>32.0</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
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
<b>Total gross margin (%)</b>	<b>60.1</b>	<b>69.2</b>	<b>73.5</b>	<b>76.2</b>	<b>73.4</b>

## Additional data

**Figure 1. Share price performance**



Source: LSEG, Forsyth Barr analysis

**Figure 2. Substantial shareholders**

Shareholder	Latest Holding
Wilson Family Trust	14.6%
TEK Trust	7.2%
Scobie Ward	6.9%
Regal Funds Management	6.2%

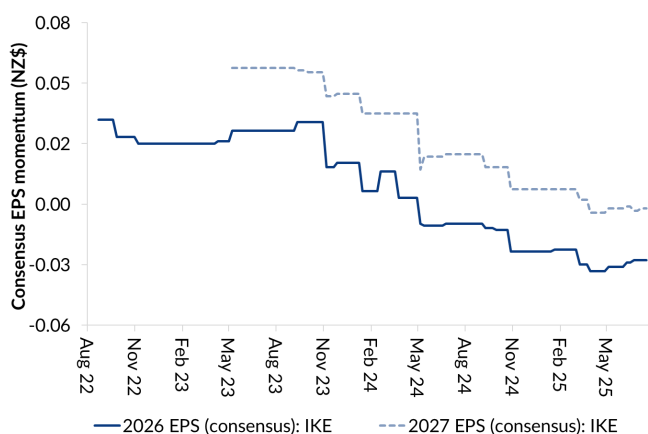
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 3. 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\$178	<0x	n/a	<0x	66.1x	<0x	<0x	0.0%
Autodesk	ADSK US	US\$283.03	US\$60,568	27.1x	23.5x	21.6x	19.0x	22.0x	19.2x	0.0%
Ansys	ANSS US	US\$374.30	US\$32,907	30.5x	28.4x	25.9x	23.6x	24.3x	22.6x	0.0%
Bentley Systems	BSY US	US\$52.37	US\$17,476	40.5x	35.4x	33.6x	29.3x	34.5x	30.1x	0.5%
Dassault Systemes	DSY FP	€26.51	€35,658	19.1x	17.6x	15.0x	14.0x	17.0x	15.6x	1.1%
Hexagon	HEXAB SS	€108.40	€293,274	>75x	>75x	>75x	>75x	>75x	>75x	0.1%
Rockwell Automation	ROK US	US\$339.75	US\$38,200	30.2x	26.8x	22.1x	20.1x	24.6x	21.9x	1.5%
Roper Technologies	ROP US	US\$519.50	US\$55,905	24.6x	22.4x	19.2x	17.6x	26.1x	23.6x	0.6%
Trimble	TRMB US	US\$83.61	US\$19,897	26.1x	22.9x	19.8x	17.8x	20.9x	18.8x	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 4. Consensus EPS momentum (NZ\$)**



Source: Bloomberg, Forsyth Barr analysis

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