

# ikeGPS

## 1H26: Ready to Power Ahead

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ikeGPS (IKE) delivered a solid, largely pre-released 1H26 result, supported by continued subscription momentum, expanding margins, and progress on product execution. Total revenue of NZ\$12.8m grew +6% year-on-year, with subscription revenue growth of +35% mostly offset by softer hardware and transaction segments. Subscriptions now represent 69% of total revenue, underscoring IKE's shift toward recurring software income and lifting group gross margin to 75% (1H25: 70%). Operating expenses were broadly flat at NZ\$14.7m, with R&D and support costs in line with expectations, but sales and marketing was +10% ahead of expectations, at NZ\$5.3m, as IKE moves to accelerate resourcing post its capital raise. With NZ\$34m in cash and no debt, the company remains well funded to execute its expanded product roadmap and lift sales and marketing capability. Management reaffirmed expectations for cash-flow breakeven on a run-rate basis in 2H26. We make minor changes to our estimates, and our blended spot valuation rises +NZ3cps to NZ\$1.19.

NZX code	IKE	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$1.17	Rev (NZ\$m)	25.4	29.5	36.9	45.0	PE	n/a	n/a	n/a	n/a
Spot Valuation	NZ\$1.19 (from 1.16)	NPAT* (NZ\$m)	-16.3	-8.3	-4.4	-2.5	EV/EBIT	n/a	n/a	n/a	n/a
Risk rating	High	EPS* (NZc)	-10.1	-4.3	-2.3	-1.3	EV/EBITDA	n/a	n/a	n/a	n/a
Issued shares	193.8m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	n/a	13.6	23.1	39.7
Market cap	NZ\$226m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	119.2k (NZ\$111k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

### What's changed?

- **Earnings:** FY26 EBITDA estimate lifts +NZ\$0.5m, while FY27/FY28 fall -NZ\$1.1m/-NZ\$0.7m on revised cost assumptions.
- **Spot valuation:** Our blended spot valuation lifts +3cps to NZ\$1.19, on a modestly higher DCF.

### Subscription momentum maintained

Subscription revenue rose +35% against the prior year to NZ\$8.8m, supported by continuing momentum in IKE Office Pro and PoleForeman. Growth reflected both new customer additions and cross-sell/upsell activity, with seat licences up +55% to 9,283 and +12 net subscription customer additions, taking the base to 423. These dynamics supported a +48% increase in the annualised subscription exit run rate (ERR) to NZ\$19.4m, reinforcing the structural shift toward recurring software income. Segment gross margin expanded +6.2pp to 92.9% versus the same period last year. Management noted continued momentum into 3Q26 to date.

### PolePilot to take off in 2H26

The September launch of PolePilot, an AI-driven companion embedded in IKE Office Pro and offered as a compulsory module at ~US\$200 per seat per annum, has lifted average per-seat pricing by +10%, enhancing ARR growth through 2H26. Alongside two customer council-backed modules now in development, this reinforces IKE's product cadence and the strength of its customer engagement model. Management reaffirmed guidance for +35% subscription growth and EBITDA breakeven on a run-rate basis in 2H26, underscoring continued momentum across the US utility sector's digital transition.

### Transaction and Hardware revenues soften

Transaction revenue fell -32% against the prior year to NZ\$2.7m, reflecting weaker US fibre-linked activity following funding delays under Republican policy settings. Segment gross margin contracted to 17.2% (1H25: 36.9%). Hardware revenue declined -21% to NZ\$1.3m, although gross margin improved to 69.3% (1H25: 57.9%) due to a higher services mix and tighter pricing discipline. While both segments remain volatile, they now represent less than one-third of total revenue, reducing their influence on the group.

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

Priced as at 28 Nov 2025	1.17
52 week high / low	1.28 / 0.54
Market capitalisation (NZ\$m)	225.8

**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	29.5	36.9	45.0
<b>Normalised EBITDA</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(3.5)</b>	<b>0.6</b>	<b>0.9</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>(8.3)</b>	<b>(4.7)</b>	<b>(2.5)</b>
Net interest	0.2	0.1	0.1	0.3	0.0
Associate income	-	-	-	-	-
Tax	-	0.0	-	-	-
Minority interests	-	-	-	-	-
<b>Normalised NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(8.3)</b>	<b>(4.4)</b>	<b>(2.5)</b>
Abnormals/other	-	-	-	-	-
<b>Reported NPAT</b>	<b>(15.0)</b>	<b>(16.3)</b>	<b>(8.3)</b>	<b>(4.4)</b>	<b>(2.5)</b>
Normalised EPS (cps)	(9.4)	(10.1)	(4.3)	(2.3)	(1.3)
DPS (cps)	-	-	-	-	-

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	-30.7	18.1	16.2	25.0	22.1
EBITDA (%)	n/a	n/a	n/a	n/a	38.1
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>(3.5)</b>	<b>0.6</b>	<b>0.9</b>
Working capital change	2.4	(0.3)	0.7	0.9	(0.1)
Interest & tax paid	0.2	0.1	0.1	0.3	0.0
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>(4.7)</b>	<b>(0.2)</b>	<b>(1.2)</b>
Capital expenditure	(3.8)	(1.2)	(5.9)	(6.7)	(4.7)
(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>(10.9)</b>	<b>(7.2)</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>17.7</b>	<b>(7.2)</b>	<b>(6.2)</b>

Balance Sheet (NZ\$m)	2024A	2025A	2026E	2027E	2028E
Working capital	5.8	(3.6)	(4.3)	6.7	7.2
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>8.3</b>	<b>21.0</b>	<b>23.0</b>
Net debt/(cash)	(10.2)	(10.3)	(28.0)	(20.8)	(14.6)
Lease liability	1.0	0.6	0.7	0.7	0.3
Other liabilities	13.8	22.9	21.1	20.2	18.7
Shareholder's funds	20.1	4.8	25.3	20.9	18.6
Minority interests	-	-	-	-	-
<b>Total funding sources</b>	<b>24.6</b>	<b>18.0</b>	<b>19.1</b>	<b>21.0</b>	<b>23.0</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	1.19
EV/sales relative	1.23
n/a	1.15
n/a	n/a

**DCF valuation summary**

Total firm value	232.1
(Net debt)/cash	28.0
Less: Capitalised operating leases	-6.5
Value of equity	253.6

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	10.1	8.6	7.1	5.4	4.4
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)	26.6	n/a	13.6	23.1	39.7
Free cash flow yield (%)	-2.7	-0.1	-4.9	-3.3	-2.8
Adj. free cash flow yield (%)	-1.0	0.4	-2.3	-0.3	-0.7
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	17.8	>100x
Interest cover EBITDA (x)	52.6	>100x	51.5	n/a	n/a
Net debt/ND+E (%)	-103.9	186.5	1,043.6	-14,345.5	-363.8
Net debt/EBITDA (x)	1.0	0.9	7.9	n/a	n/a

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-42.2	-56.1	-17.4	-11.0	-6.5
Return on equity (%)	-74.9	-342.5	-32.7	-21.2	-13.4
Return on funds employed (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	-48.6	-44.7	-11.9	1.7	1.9
EBIT margin (%)	-70.8	-64.6	-28.2	-12.7	-5.6
Capex to sales (%)	17.8	4.9	20.0	18.1	10.4
Capex to depreciation (%)	204	64	291	330	345
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	20.4	27.3	31.5
Transactions revenue	7.3	7.6	5.7	6.3	7.2
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>29.3</b>	<b>36.6</b>	<b>44.8</b>
Subscriptions gross profit	9.2	12.8	18.9	25.4	29.3
Transactions gross profit	1.8	2.5	1.1	1.6	2.0
New product gross profit	0.0	0.0	0.0	0.0	0.6
Hardware gross profit	1.7	2.2	2.3	2.3	2.3
<b>Total gross profit</b>	<b>12.7</b>	<b>17.4</b>	<b>22.4</b>	<b>29.2</b>	<b>34.2</b>
Subscriptions gross margin (%)	86.1	89.0	92.5	93.0	93.0
Transactions gross margin (%)	23.9	32.3	20.0	25.0	28.0
New product gross margin (%)	n/a	n/a	n/a	n/a	20.0
Hardware gross margin (%)	56.0	67.7	74.0	74.0	74.0
<b>Total gross margin (%)</b>	<b>60.1</b>	<b>69.2</b>	<b>76.4</b>	<b>79.8</b>	<b>76.4</b>

## 1H26 results review

IKE's 1H26 result reflected a short-term moderation in overall top-line growth but highlighted ongoing margin expansion and a robust outlook. Operating revenue rose +6% to NZ\$12.8m, with strong platform subscription growth offset by softness in transactions and hardware. Gross margin expanded +8.1ppts to 74.6%, driven by a higher proportion of subscription revenue (69% versus 54% in 1H25). IKE reported an improved net loss of -NZ\$4.4m (1H25: -NZ\$7.1m), underpinned by: (1) higher gross margin; and (2) a -1% decline in operating expenses, with lower expensed R&D (-20%) more than offsetting higher sales and marketing (+15%) and corporate costs (+9%). The company's cash position increased to NZ\$34m (1H25: NZ\$10.3m) following the August 2025 capital raise, providing ample headroom for the development of two customer council-backed software modules. Divisionally:

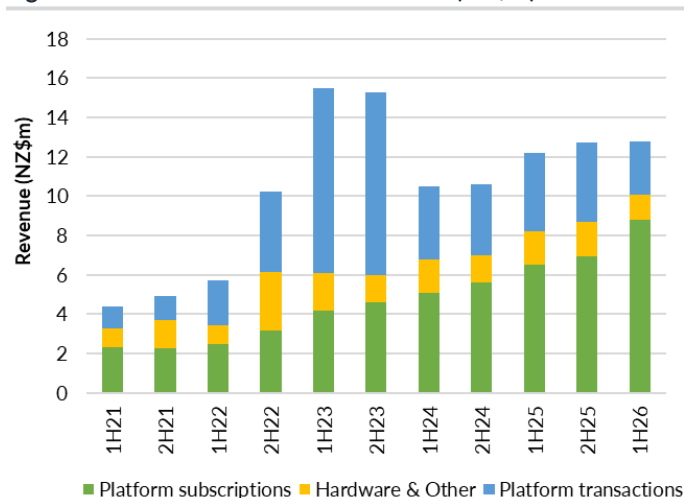
- **Subscriptions:** Revenue lifted +35% year-on-year to NZ\$8.8m, driven by continued PoleForeman momentum (structural pole loading revenue up +NZ\$2.0m to NZ\$3.8m) and robust IKE Office Pro growth (up +8% to NZ\$3.0m). Subscription seats grew +55% to 9,283 (1H25: 5,990), supported by new enterprise additions and cross-sell activity, lifting the annualised subscription exit run rate to NZ\$19.4m (+48%). Gross margin improved +6.2ppts to 92.9%.
- **Transactions:** Revenue declined by -32% versus 1H25 to NZ\$2.7m, reflecting reduced spend from US fibre-linked customers amid funding uncertainty under the Republican administration. Transaction volumes fell to ~100k (from ~160k) while the average price declined by -6%. Gross margin contracted to 17.2% (1H25: 36.9%). Though volatile, management expects recovery over the medium term as communications market funding stabilises.
- **Hardware and other services:** Revenue fell by -21% to NZ\$1.3m, while gross margin improved to 69.3% (1H25: 57.9%), reflecting a mix shift toward services, away from traditional hardware, and improved pricing discipline.

Figure 1. Results comparison (NZ\$m)

	1H25 Actual	1H26 Actual	Change
Operating revenue	12.2	12.8	+6%
Cost of sales	(4.1)	(3.3)	-20%
<b>Gross profit</b>	<b>8.1</b>	<b>9.6</b>	<b>+18%</b>
Gross margin (%)	67%	75%	
Total other income, gains and losses	(0.5)	0.7	n/a
'Support costs'/Other operating expenses	(0.8)	(0.8)	+6%
Sales & marketing expenses	(4.6)	(5.3)	+15%
Research & engineering expenses	(5.9)	(4.7)	-20%
'Corporate Costs'/General & Admin expenses	(3.6)	(3.9)	+9%
<b>Total expenses</b>	<b>(14.8)</b>	<b>(14.7)</b>	<b>-1%</b>
<b>Operating profit (loss)</b>	<b>(7.2)</b>	<b>(4.4)</b>	<b>n/a</b>
Net finance (expense)/income	0.1	0.1	n/a
Net profit (loss) before income tax	(7.1)	(4.3)	n/a
Income tax (expense)/credit	0.0	(0.0)	n/a
<b>Profit (loss) attributable to owners of ikeGPS Group</b>	<b>(7.1)</b>	<b>(4.4)</b>	<b>n/a</b>

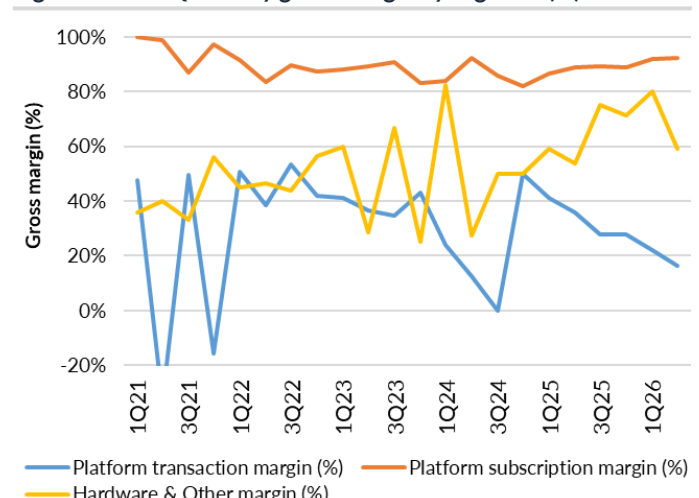
Source: Company, Forsyth Barr analysis

Figure 2. IKE—HY breakdown of revenues (NZ\$m)



Source: Company, Forsyth Barr analysis

Figure 3. IKE—Quarterly gross margin by segment (%)



Source: Company, Forsyth Barr analysis

## Earnings revisions

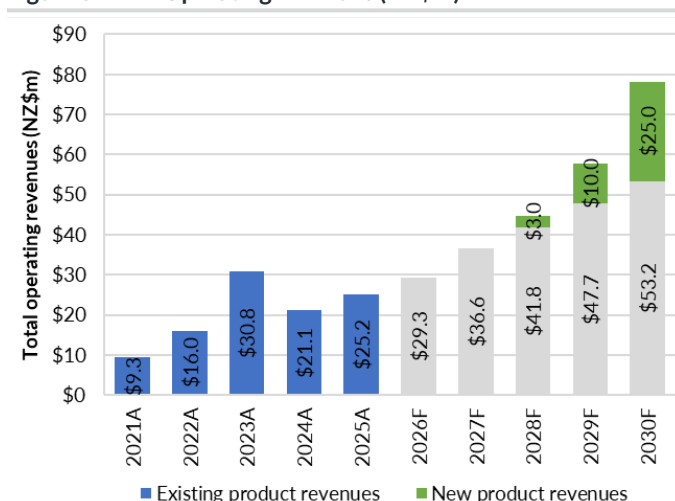
We make minor revisions to our estimates following IKE's 1H26 result, which was broadly consistent with expectations. Our revenue forecasts remain unchanged, and our estimate for subscription revenue growth of +35% remains aligned with management's FY26 guidance for +35% or greater expansion, supported by the contribution from PolePilot through 2H26. Transactional softness was anticipated, and given the fall in its percentage of group revenues and earnings, it is unlikely to affect the FY26/FY27 revenue trajectory materially. We continue to model accelerated R&D investment (following the September 2025 capital raise). We lift our sales and marketing expense forecasts +9%/+9%/+5% across FY26/FY27/FY28 respectively, reflecting the higher-than-expected spend in 1H26 and an upcoming 'expansion of sales and marketing resources to capitalize on strong market demand'. We view the uplift in sales and marketing spend as appropriate given IKE's materially stronger financial position post-raise, but we maintain our expectations for sales and marketing expense to decline steadily as a percentage of revenue across our forecast horizon. General and administrative expenses decline -16% in FY26 following the reversal of a prior assumption in which capital-raising costs had been assigned to corporate expenses rather than netted against capital raise proceeds, as was reported. The combined effect of these changes sees our FY26/FY27/FY28 operating EBITDA estimates move +NZ\$0.5m/-NZ\$1.1m/-NZ\$0.7m respectively. We maintain our expectation of EBITDA breakeven on a run-rate basis in 2H26.

Figure 4. Earnings revisions

	FY25 Reported	Old	FY26 New	Change	Old	FY27 New	Change	Old	FY28 New	Change
<b>Operating Revenue</b>	<b>25.2</b>	<b>29.3</b>	<b>29.3</b>	<b>+0%</b>	<b>36.6</b>	<b>36.6</b>	<b>+0%</b>	<b>44.8</b>	<b>44.8</b>	<b>+0%</b>
Cost of sales	(7.7)	(6.9)	(6.9)	+0%	(7.4)	(7.4)	+0%	(10.6)	(10.6)	+0%
Gross profit	17.4	22.4	22.4	+0%	29.2	29.2	+0%	34.2	34.2	+0%
Total other income	0.3	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)	(1.7)	+0%	(1.7)	(1.7)	+0%	(1.8)	(1.8)	+0%
Sales & marketing expenses	(9.5)	(9.9)	(10.8)	+9%	(11.6)	(12.7)	+9%	(13.6)	(14.3)	+5%
Research & engineering expenses	(11.4)	(10.8)	(10.8)	+0%	(11.6)	(11.6)	+0%	(12.3)	(12.3)	+0%
'Corporate Costs'/General & Admin expenses	(7.3)	(9.0)	(7.6)	-16%	(8.1)	(8.1)	+0%	(8.6)	(8.6)	+0%
<b>Total operating expenses</b>	<b>(29.9)</b>	<b>(31.5)</b>	<b>(31.0)</b>	<b>-2%</b>	<b>(33.1)</b>	<b>(34.2)</b>	<b>+3%</b>	<b>(36.3)</b>	<b>(37.0)</b>	<b>+2%</b>
Operating profit (loss)	(12.5)	(9.1)	(8.6)	n/a	(3.9)	(5.0)	n/a	(2.1)	(2.8)	n/a
Finance costs	0.1	0.1	0.1	n/a	0.2	0.3	n/a	0.0	0.0	n/a
Profit (loss) before income tax	(16.3)	(8.8)	(8.3)	n/a	(3.4)	(4.4)	n/a	(1.8)	(2.5)	n/a
Income tax	0.0	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>(16.3)</b>	<b>(8.8)</b>	<b>(8.3)</b>	<b>n/a</b>	<b>(3.4)</b>	<b>(4.4)</b>	<b>n/a</b>	<b>(1.8)</b>	<b>(2.5)</b>	<b>n/a</b>
<b>Operating EBITDA (\$m)</b>	<b>(11.4)</b>	<b>(4.1)</b>	<b>(3.5)</b>	<b>-13%</b>	<b>1.7</b>	<b>0.6</b>	<b>-64%</b>	<b>1.5</b>	<b>0.9</b>	<b>-44%</b>

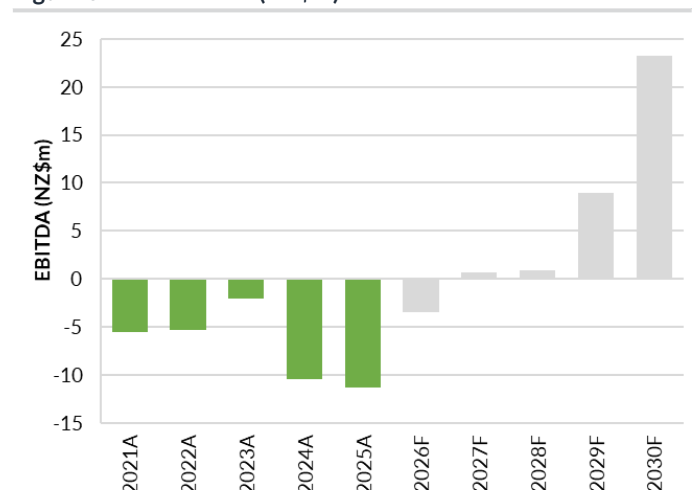
Source: Forsyth Barr analysis

Figure 5. IKE—Operating revenues (NZ\$m)



Source: Company, Forsyth Barr analysis

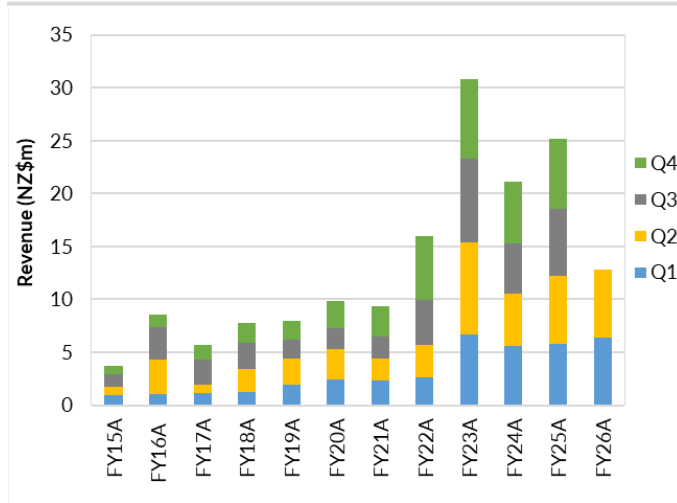
Figure 6. IKE—EBITDA (NZ\$m)



Source: Company, Forsyth Barr analysis

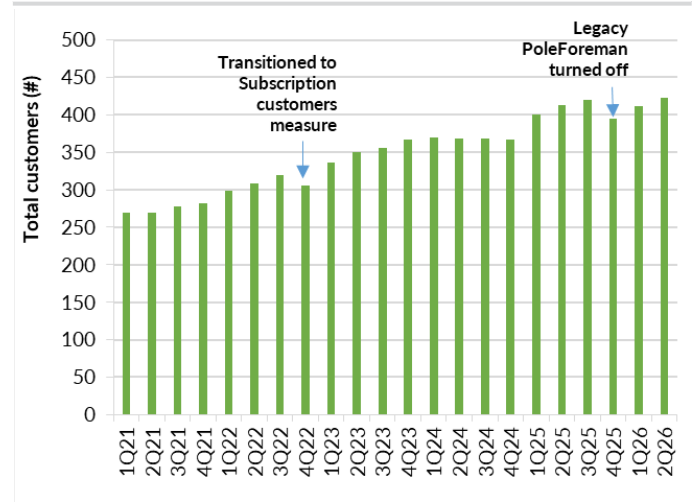
## Key charts

Figure 7. IKE—Reported quarterly revenues and FY26 YTD



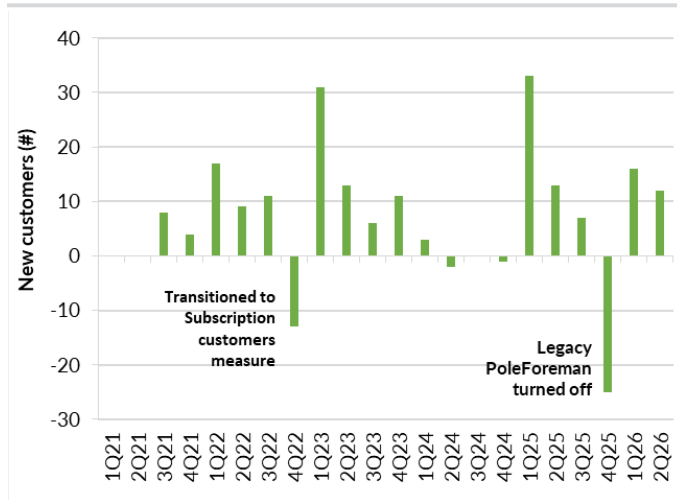
Source: Company, Forsyth Barr analysis

Figure 8. IKE—Total enterprise customers



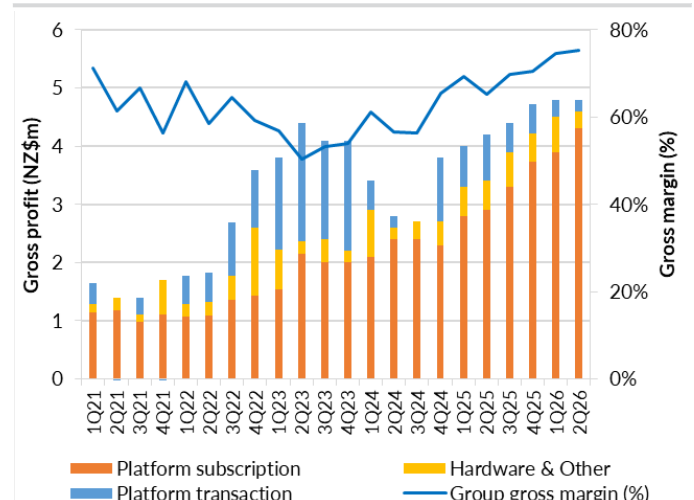
Source: Company, Forsyth Barr analysis

Figure 9. IKE—New subscription customers by quarter



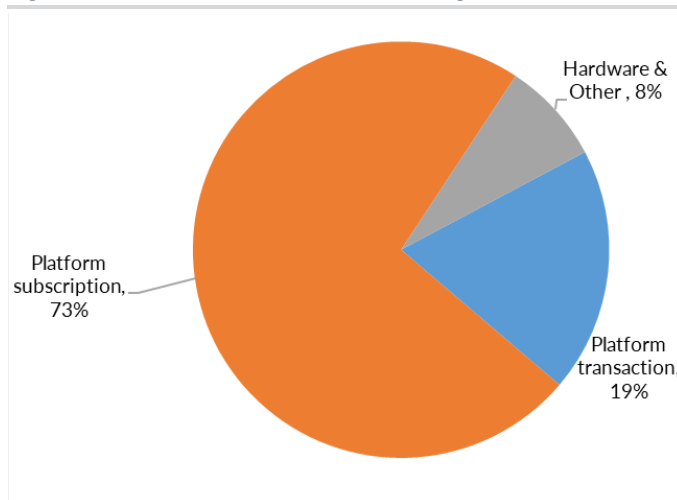
Source: Company, Forsyth Barr analysis

Figure 10. IKE—Quarterly gross margin by segment and margin



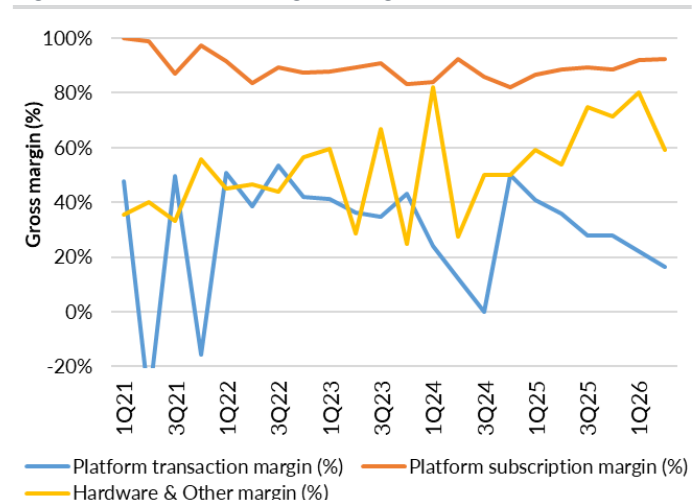
Source: Company, Forsyth Barr analysis

Figure 11. IKE—Revenue breakdown by segment in 1H26



Source: Company, Forsyth Barr analysis

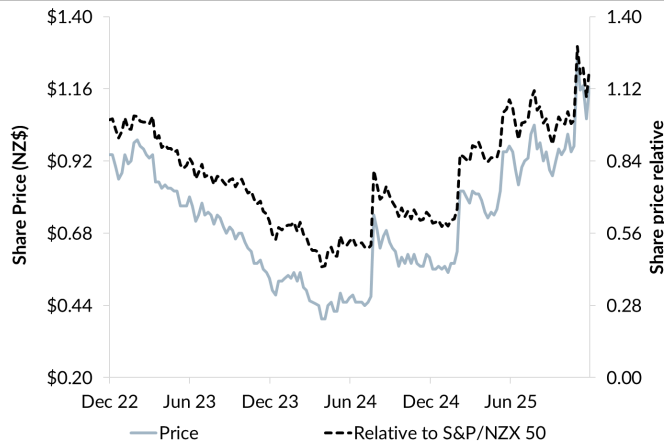
Figure 12. IKE—Gross margin by segment (%)



Source: Company, Forsyth Barr analysis

## Additional data

Figure 13. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 14. Substantial shareholders

Shareholder	Latest Holding
Wilson Family Trust	13.8%
Regal Funds Management	9.3%
TEK Trust	6.8%
Scobie Ward	6.6%
Ellerston Capital Limited	5.9%

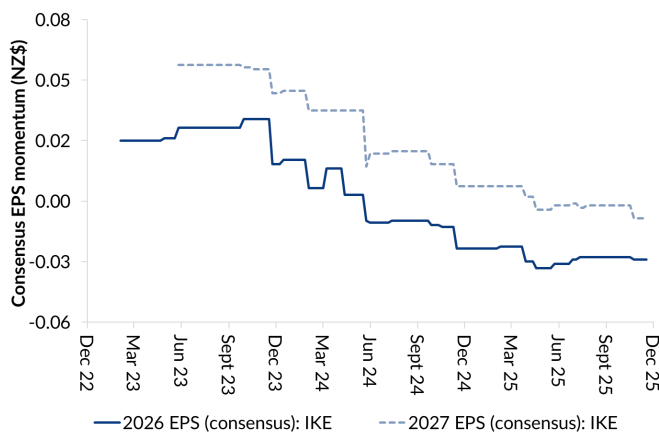
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 15. 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\$1.16	NZ\$226	<0x	>75x	>75x	53.9x	<0x	>75x	0.0%
Autodesk	ADSK US	US\$301.38	US\$63,893	26.7x	23.3x	21.1x	18.6x	21.7x	19.0x	0.0%
Bentley Systems	BSY US	US\$41.12	US\$13,719	30.8x	27.1x	25.8x	22.7x	26.7x	23.3x	0.7%
Dassault Systemes	DSY FP	€24.15	€32,404	17.6x	16.2x	13.9x	12.9x	15.3x	14.2x	1.2%
Hexagon	HEXAB SS	kr112.05	kr303,149	23.1x	20.5x	14.4x	13.6x	20.0x	18.0x	1.4%
Rockwell Automation	ROK US	US\$393.99	US\$44,235	32.2x	28.5x	22.9x	20.9x	25.4x	22.7x	1.4%
Roper Technologies	ROP US	US\$446.08	US\$48,015	20.7x	18.8x	16.3x	15.1x	22.5x	20.4x	0.8%
Trimble	TRMB US	US\$81.27	US\$19,336	23.8x	20.9x	18.3x	17.0x	19.2x	17.3x	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 16. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis



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