For immediate release, 29 May 2025

FY25 Financial Results for the Period to 31 March 2025

+48% growth of FY25 annual subscription revenue exit run rate.

Subscription revenue growth in FY26 expected to be +35% or greater.

Total recognized revenue in the period of NZ$25.2m (+19% vs pcp), with a net loss of NZ$16.3m.

Total cash & net receivables NZ$15.4m. The March 2025 cash position of NZ$10.3m is consistent with the position 12 months prior.

Unsolicited, non-binding acquisition approach received in the period at NZ$1/share, or ~NZ$165-170m EV.

power

ikeGPS Group Limited (IKE) (NZX: IKE / ASX: IKE) is pleased to release its full year audited results for the 12-month period to 31 March 2025. All figures are in NZD, rounded to the nearest decimal.

The results are in line with the performance update reported to the market in April. Highlights:

+ Exit run rate of annual platform subscription revenue grew to NZ$17.6m (+48% vs pcp).
+ Total recognized revenue in the period of NZ$25.2m (+19% vs pcp), with recognized revenue in 4Q of NZ$6.6m. Comprising the above was:
    + Subscription revenue of NZ$14.4m (+34% vs pcp).
    + Transaction revenue of NZ$7.6m (+3% vs pcp).
    + Hardware and other services revenue of NZ$3.2m (+5% vs pcp).
+ Gross margin of NZ$17.4m (+37% vs pcp), with gross margin in 4Q of NZ$4.8m (73%).
    + Gross margin percentage of 69% (up from pcp of 60%), driven by revenue mix continuing to shift to high margin subscription software products.
+ Cash Operating Expenses 2% lower than pcp.
+ Adjusted EBITDA loss of NZ$6.1m (improved from pcp Adjusted EBITDA loss NZ$9.8m)
+ Net Comprehensive Loss of NZ$16.3m (-11% vs pcp).
    + Excluding impairment (non-cash) the Net Comprehensive Loss position improved by 18% vs pcp.
+ Total cash and net receivables NZ$15.4m.
    + This comprises NZ$10.3m in cash and NZ$5.1m in net receivables (NZ$6.1m in receivables with payables of NZ$1.0m) and no debt. This grew +NZ$1.8m in the fourth quarter.
    + The 31 March 2025 cash position is consistent with the level 12 months prior.

Commenting on the company's FY26 outlook and FY25 performance, IKE CEO Glenn Milnes said:

"Looking ahead to FY26 (the period beginning 1 April 2025) based on contracts in place and broader momentum in the company we expect our subscription revenue to continue to increase strongly at growth levels of 35% or greater, positioning us well for the medium and long term. We also expect to be approximately EBITDA break-even on a run rate basis within the second half of FY26. It is of note that our FY25 cash operating expenses reduced year-over-year while materially growing subscription revenues, evidencing the operating leverage opportunity. The current global tariff situation has no material impact on IKE's business as U.S. software provider into materially all U.S. businesses.

In terms of the FY25 audited result, we had reported headline revenue, margin and balance sheet performance in April and the result is in-line. The year was a very strong operating period marked by significant subscription contracts closed with tier-1 North American customers, driving continued growth in ARR run rates. This has resulted in the addition of >4,300 new subscription seat licenses, bringing the total to over 8,500. This is a greater than 100% increase compared to the prior year.

Total recognized subscription revenue for FY25 grew by ~34% compared to the prior year, and the exit run rate for annual platform subscription revenue is up +48% as at 31 March 2025 compared to the same time in the prior year. Our margin percentage profile strengthened during the 12-month period, increasing to 69% from 60%. This improvement was driven across all revenue segments and reflects a shift in the product mix towards higher-margin subscription revenue. This trend is expected to continue.

Adjusted EBITDA loss was NZ$6.1m, improving materially from pcp of a NZ$9.8m loss. The net loss was NZ$16.3m. Excluding non-cash impairments this result also improved from pcp by 18%.

Our balance sheet remains strong. The cash and net receivables position increased again in the fourth quarter, by~NZ$1.8m. This is a result of continued overall growth, from winning numerous large subscription contracts and the associated collection timing, and ongoing operating cost control. Our March 2025 cash position of NZ$10.3m is consistent with the level reported at the same time in 2024. This has been achieved while investing significantly into building five new products and while we have continued our expansion in the market with many new customer wins.

The investment in both product and market development is yielding returns. For example, since the launch of the IKE PoleForeman product late calendar FY24, Total Contract Value (TCV) closed has now surpassed NZ$17m, driven by adoption among tier-1 electric utilities in the U.S. market. Since launching in late 2024, 127 customers have subscribed to the platform, including 68 existing customers and 59 new customers. This growth has driven the issuance of a total of 8,500 subscription seat licenses, each representing a distribution network engineer using IKE's software. The highly sticky nature of these customers ensures substantial lifetime contract value.

We note the impact to the FY25 P&L of the non-cash impairment of aspects of our capitalized AI asset, called IKE Insight. As context, the Company conducted a review of its intangible assets in accordance with IAS 38 Intangible Assets. As part of this review, we assessed the carrying value of intangible assets for indicators of *obsolescence*. Considering the extremely rapid recent advancements in platform artificial intelligence such as the large language models that are leveraged to deliver IKE's power-specific software applications, some legacy assets related to IKE Insight were determined to no longer provide future economic benefits to the Company. As a result, an impairment charge of $4.4m was recognised. This write-down is non-cash in nature, has no impact on the Company's operations or liquidity position, and does not alter Management's expectations regarding the future value and cash flows to be generated from the Group's ongoing investments in AI-based automation applications & products – noting that IKE's value to customers stems from the specific applications it delivers related to distribution grid workflows.

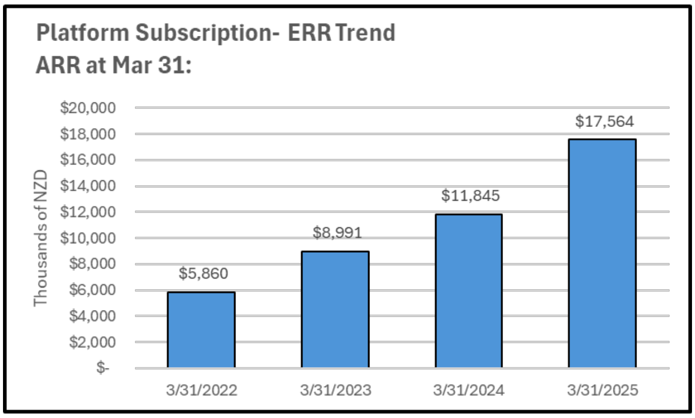
As disclosed in late January 2025, we were approached, on a confidential and non-binding basis by a potential acquirer about the acquisition of 100% of IKE's shares, to be affected by way of a scheme of arrangement. The proposal was conditional on several material matters, including the potential acquirer undertaking detailed due diligence. After seeking appropriate advice from legal and financial advisers, the Board of IKE assessed that the indicative valuation range presented by the potential acquirer was sufficient to justify granting this short period of exclusive due diligence with a view to the Potential Acquirer providing a subsequent firm offer that was sufficiently compelling for the board to engage. The firm offer from the potential acquirer equated to approximately NZ$1.00 per IKE share, an approximately +62% premium to IKE's share price at the time, equating an enterprise value of approximately NZ$165-170m.

The construct of IKE's share register is such that without the key support of its largest few shareholders, no takeover transaction can be successful. Having then taken direct, confidential soundings under stand-still agreements from these specific shareholders, IKE's Board determined that a transaction at this price had no realistic chance of securing sufficient support. IKE's Board therefore concluded that continuing to devote resources and incurring the significant costs to progress this specific process would not be in the best interests of the Company and its shareholders and accordingly ceased discussions.

Looking forward, macro-market tailwinds in North America related to electrical grid hardening and electrical grid capacity remain highly supportive of IKE's business and are expected to drive growth over the coming decades. Today, eight of the ten largest electric utilities in the U.S. are Standardized on IKE software for distribution network structural analysis, across a total of nearly 400 subscription customers. We continue to win approximately one new customer per week, with a direct sales focus on the largest network owners and engineering firms. Our North American-based business continues to capitalize on these significant sales opportunities.

Performance summary

Performance across the business is set out in the following charts and table:

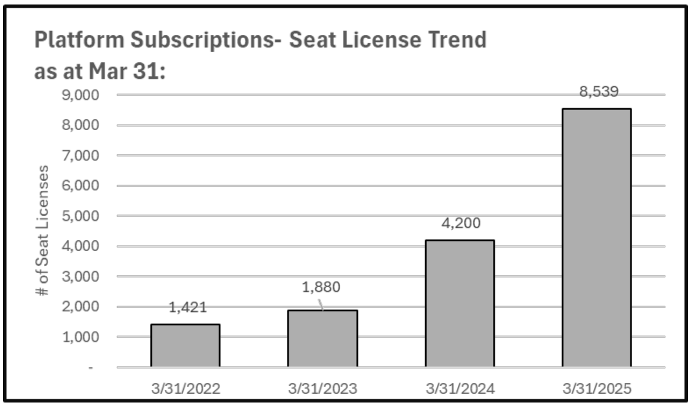


Takeaways

+48% YoY growth in the exit run rate (ERR) of annual platform subscription revenue.

YoY subscription CAGR of 34%

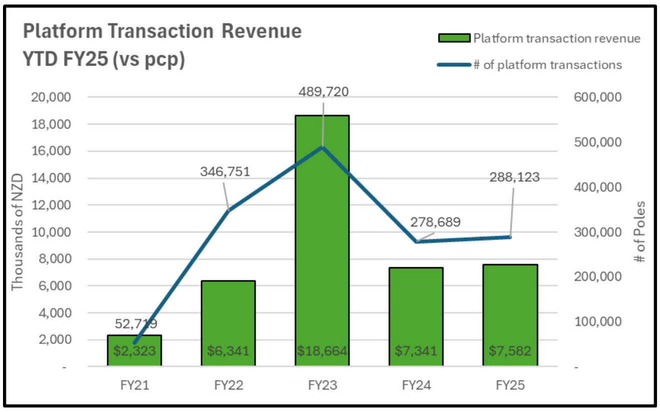
Three-year subscription revenue CAGR of +37%.



Takeaways

Subscription seat license growth of +103% YoY.

Seat count growth has accelerated at a fast pace due to customer additions and upsells, as well as selling customers onto a per-seat subscription model when adopting the new IKE PoleForman product (released late FY24).

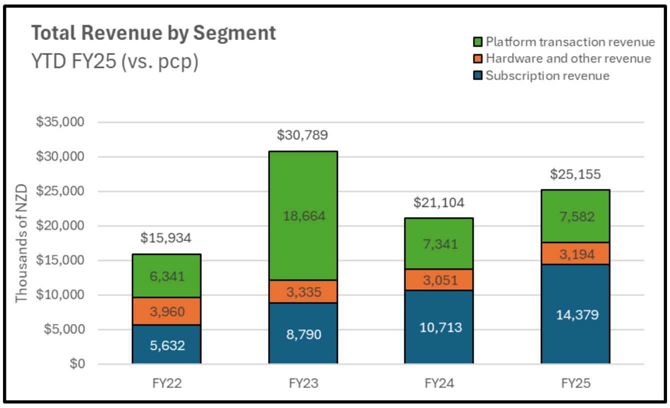


Takeaways

Three-year transaction revenue CAGR of +6%.

Gross margin increased to 32% vs 24% pcp.

IKE expects transaction volumes and associated revenue to continue to build through the end of FY26.



Takeaways (NZ$000)

Recurring subscription and reoccurring transaction revenues (shown in the green and blue segments in this chart) dominate IKE's revenue mix, at 87% for YTD FY25.

An expectation for healthy revenue growth in the full FY26 period, including ~35% or greater growth in subscription revenue.

	YTD FY25	YTD FY24	% Change
Total Revenue	$25.2m	$21.1m	+19%
Total Gross Margin	$17.4m	$12.7m	+37%
Gross Margin %	69%	60%	
Platform Subscriptions			
Total # of Subscription Customers	395	395	+0%
Total Number of Seat Licenses	8,539	4,200	+103%
Platform Subscription Revenue	$14.4m	$10.7m	+34%
Gross Margin	$12.8m	$9.2m	+39%
Gross Margin %	89%	86%	
Platform Transactions			
# of Billable Transactions	288k	279k	+3%
Platform Transaction Revenue	$7.6m	$7.3m	+3%
Gross Margin	$2.4m	$1.8m	+40%
Gross Margin %	32%	24%	
Hardware & Other			
Hardware & Services Revenue	$3.2m	$3.1m	+5%
Gross Margin	$2.2m	$1.7m	+26%
Gross Margin %	68%	56%	

**The Company added 72 new subscriptions customers during FY 2025 (15 in 4Q25), or approximately 1.4 new customers per week. In turn, approximately 40 legacy PoleForeman customers, representing total ~NZ$100k of ARR did not convert to the new IKE Poleforman platform upon the Company discontinuing support for the Company's legacy application in 4Q25. As such, we have recorded these customers as lost on the table above, keeping our customer count flat at 395 at the end of FY 2025. We do expect some of these customers will eventually adopt the new platform based on project timing, and budgeting cycles, but note the average ARR lost from these customers was under $3k per customer.*

ENDS

About IKE

We are IKE, the PoleOS™ Company. IKE aims to become the standard for collecting, analyzing and managing pole and overhead asset information for electric utilities, communications companies, and their engineering service providers.

The IKE platform enables electric utilities, communications companies, and their engineering service providers to enhance speed, quality, and safety in the construction and maintenance of distribution assets.

The core revenue engine for IKE is driven by the number of enterprise customers subscribing to the IKE platform and the volume of assets (called Transactions) being processed through IKE's software.

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