EVOLUTION CAPITAL

ASX:HPG
Technology
Initiation Report

Thursday, 12 June 2025

SaaS in Steelcaps: Because Excel Doesn't Work on a Job Site

Evolution Capital initiates coverage on Hipages Group Holdings (ASX:HPG) with a fair value of A$1.75 per share, citing attractive upside from a scalable SaaS transition. Hipages is Australia's #1 tradie marketplace, now evolving into a workflow-driven, subscription-based software platform. With 97% recurring revenue, growing ARPU (Average Revenue Per User), FCF generation and a strong balance sheet with 22.5m cash, Hipages enters a monetisation phase supported by operational leverage and customer retention.

Trusted by over 35,000 subscribed trade businesses and used by over 1 million homeowners annually, Hipages is transitioning from a lead generation marketplace to a full-service job management platform. The ongoing rollout of its Single Tradie Platform (STP) introduces quoting, invoicing, scheduling, and payment functionality into a single SaaS solution. As of April, approximately 65% of the customer base has migrated to the new pricing plans, which unlock access to these features. This transition supports continued growth in average revenue per user and operating leverage.

From Retention to Recurring Upside

Hipages' monetisation strategy is supported by a 9% year-on-year ARPU uplift in H1 FY25 and continued growth in subscription tier upgrades. Monthly active usage of job management tools remains low at 10% as of April 2025, pointing to significant potential as feature adoption expands. Overall subscriber retention stands at approximately 58%, with early platform users exhibiting encouraging engagement trends, albeit from a small base.

Cash Flow Positive with Structural Operating Leverage

With A$22.5 million in cash and no debt, Hipages is funding growth organically through positive free cash flow. FY25 guidance includes A$83–84 million in revenue, a 23–24% EBITDA margin, and A$5–6 million in free cash flow. Core platform development has peaked as a percentage of revenue, enabling operating leverage to materialise. Builderscrack, the New Zealand subsidiary, has successfully migrated to a subscription-based revenue model, recording an 18% ARPU uplift, while integration of the Single Tradie Platform (STP) remains on the roadmap for FY26 and beyond.

Direct Exposure to SME SaaS and Home Services Digitisation

As tradespeople digitise, demand for integrated workflow tools grows. Hipages sits uniquely at the intersection of SaaS, marketplaces, and SME software. The platform is sticky with pricing power, and churn is stable. With increasing feature adoption and low acquisition costs, Hipages offers scalable, capital-light growth and margin leverage.

Recommendation	**BUY**
Share Price	**$0.83**
Fair Valuation	**$1.75**

Company Profile	
Market Cap	~$111M
Enterprise Value	~$128M
Free Float	~55%
52-Week Range	$0.78 – $1.62

Price Performance

Company Overview

Hipages is Australia's leading home services SaaS platform, enabling tradies to find work, manage jobs, and get paid - all through a single, integrated solution. Its subscription model combines lead generation with workflow tools, delivering high-margin, recurring revenue and scalable growth across the tradie economy.

Notable Shareholders	
News Corp.	~28%
Board	~14%
Spheria Asset Mmgt.	~8.5%
Investor Mutal Ltd	~7%
Ellerston Capital Ltd	~5%

Analyst

Johanna Burkhardt jb@eveq.com
Industrials Analyst

Catalyst	Timeline
Continued ARPU uplift from Tradiecore pricing migration and tier adoption	Ongoing FY25–FY30
Rollout of advanced Tradiecore features (e.g. quoting, invoicing, scheduling)	H2 2025
Growth in subscription tradie volume across core categories	FY25–FY27
Deeper regional penetration across Australia and New Zealand	H2 2025 – H1 2026
Strategic partnerships and bolt-on integrations (e.g. energy, payments)	FY26 onward
Increased monetisation via feature-led differentiation (e.g. tiered tools)	FY26–FY28
Operating leverage as revenue scales from a stable tech cost base	FY26–FY30
Optionality for disciplined M&A or capital returns as cash generation grows	FY27 onward (selective)

Contents

Investment Case

Hipages Group Holdings Ltd (ASX:HPG) is Australia's leading home services SaaS platform, operating at the convergence of three structurally growing trends: the digitisation of trades, subscription-based marketplace models, and SME workflow automation. Having completed a multi-year transition from legacy lead generation to an integrated software ecosystem, Hipages now enters its monetisation phase — underpinned by pricing power, platform stickiness, and operating leverage.

Hipages connects ~35,000 subscribed trade businesses with over 1 million unique users per year across Australia and New Zealand. Following the successful rollout of its proprietary "Single Tradie Platform" (STP), the company now monetises through vertically integrated job management tools, workflow SaaS features, and dynamic lead marketplaces — all bundled within a subscription model that accounts for over 97% of total revenue.

The investment thesis for Hipages rests on three core questions:

1. **Is Hipages the category winner in a market ready to digitise?**
2. **Can SaaS turn users into long-term revenue engines?**
3. **Is the platform ready to scale margin and cash flow at speed?**

From Marketplace to Platform

The home services economy remains one of the largest under-digitised sectors in Australia and New Zealand. Tradies still rely heavily on fragmented, manual workflows: spreadsheets, phone calls, handwritten quotes. Hipages solves this with an all-in-one solution for lead generation, job management, quoting, invoicing, scheduling, and payments — integrated through its mobile-first STP offering.

This evolution shifts Hipages from a marketing-led, transactional business to a software-led, recurring revenue platform. As of March 2025, 100% of Australian tradies on the platform have been migrated to the Single Tradie Platform (STP). Importantly, approximately 65% of these customers have also transitioned to higher-yield price plans, with the remainder expected to migrate by October 2025.

Hipages is no longer reliant on subscriber growth alone — monetisation now scales through higher ARPU, driven by Tradiecore adoption and deeper feature usage. Monthly active usage of job management tools continues to rise from a low base, with early cohorts showing materially higher retention. This marks a structural evolution in the business model, underpinned by SaaS-led expansion.

Unit Economics Improving Across Core Metrics

ARPU rose 10% YoY in H1 FY25 to A$2,310 at Group level, driven by pricing plan migration, higher engagement with lead credits, and growing adoption of workflow tools. In Australia, ARPU reached A$2,415 (+9% YoY), while New Zealand posted an 18% uplift following its shift to a full subscription model. Group MRR increased 14% YoY to A$6.8m, supported by strong supply-demand balance and 1.4m tradie-homeowner connections (+4% YoY).

Free Cash Flow turned positive in H1 FY25 (A$1.2m vs. -A$0.1m pcp), with A$9.4m operating cash inflow and a stable cost base. EBITDA came in at A$8.7m with a 21% margin despite elevated brand investment, while cash and term deposits rose to A$22.5m — all with zero debt.

New Zealand (Builderscrack) completed its transition to full subscription in H1, resulting in short-term churn (-27%) but +18% ARPU uplift to A$1,149. This follows the Australian playbook and demonstrates the transferability of the Hipages model across adjacent markets.

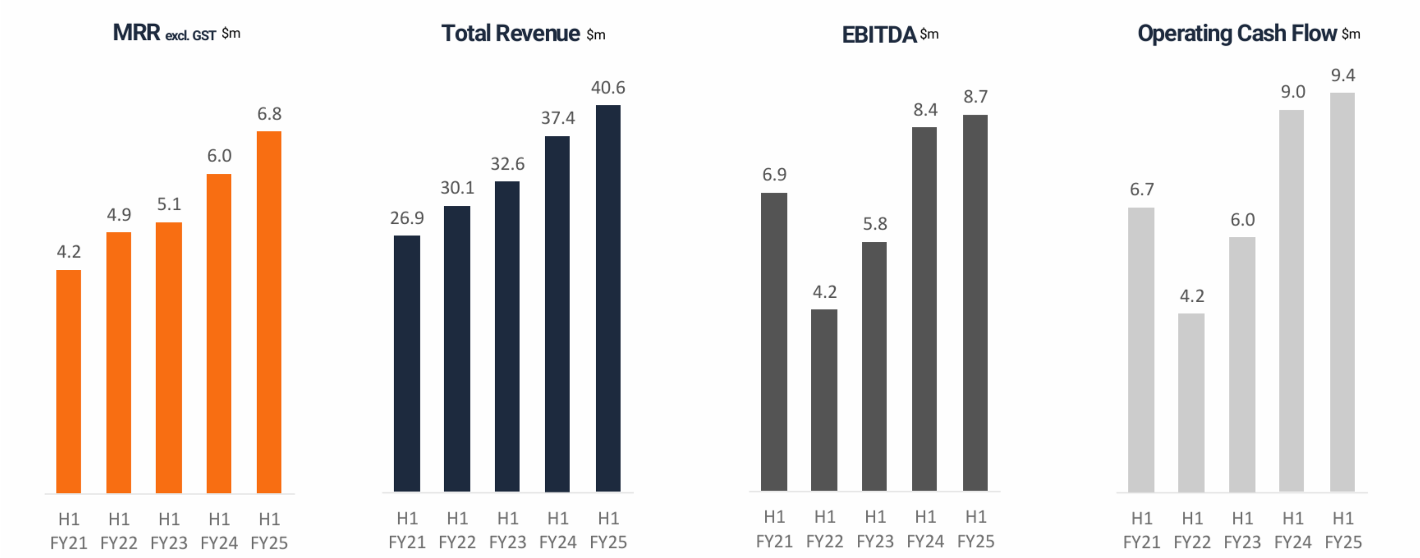
Pathway to Scale, Leverage, and Valuation Re-Rating

Hipages operates a high gross margin, capital-light model with significant embedded operating leverage. Technology spend has peaked as a percentage of revenue (24% in H1, majority capitalised), and SG&A costs have begun to normalise. With FY25 revenue guided at A$83–84m and EBITDA margins at 23–24%, the company is well placed to expand Free Cash Flow to A$5–6m.

From H1 FY21 to H1 FY25, Hipages has delivered consistent growth across key metrics:

- MRR CAGR: 12.8%
- Total Revenue CAGR: 10.8%
- EBITDA CAGR: 6.0%
- Operating Cash Flow CAGR: 8.8%

Figure 1: Key Financial Metrics (H1 FY21 – H1 FY25)



Importantly, this growth is being delivered with no additional capital, no dilution, and no debt — enabling reinvestment, M&A flexibility, or capital returns in future periods.

Despite strong fundamentals, Hipages trades at a material discount to SaaS peers. The stock is valued at just xx× EV/Revenue and xx× EV/EBITDA on FY25e, despite >95% recurring revenue, consistent ARPU growth, and strong free cash flow conversion. The current multiple does not reflect Hipages' evolution into a SaaS platform with scalable margins and long-term pricing power.

Strategically, News Corp - holding ~8.5% of the register - brings meaningful optionality. As a global media and classifieds player, it offers synergistic reach, data assets, and strategic levers across real estate, local services, and consumer marketplaces. Its presence enhances credibility and may signal long-term alignment or optionality around control.

We believe Hipages is not just digitising trades — it is redefining the economics of the sector.

It has emerged from its product transition with a sticky, software-first platform, a clean balance sheet, and a playbook that is working in both core and adjacent markets. As price migration completes and feature usage deepens, we see further upside to monetisation, margin, and valuation.

Initiate coverage with BUY. Price Target: A$1.75 (+110.8% upside)

Product Portfolio & Technology

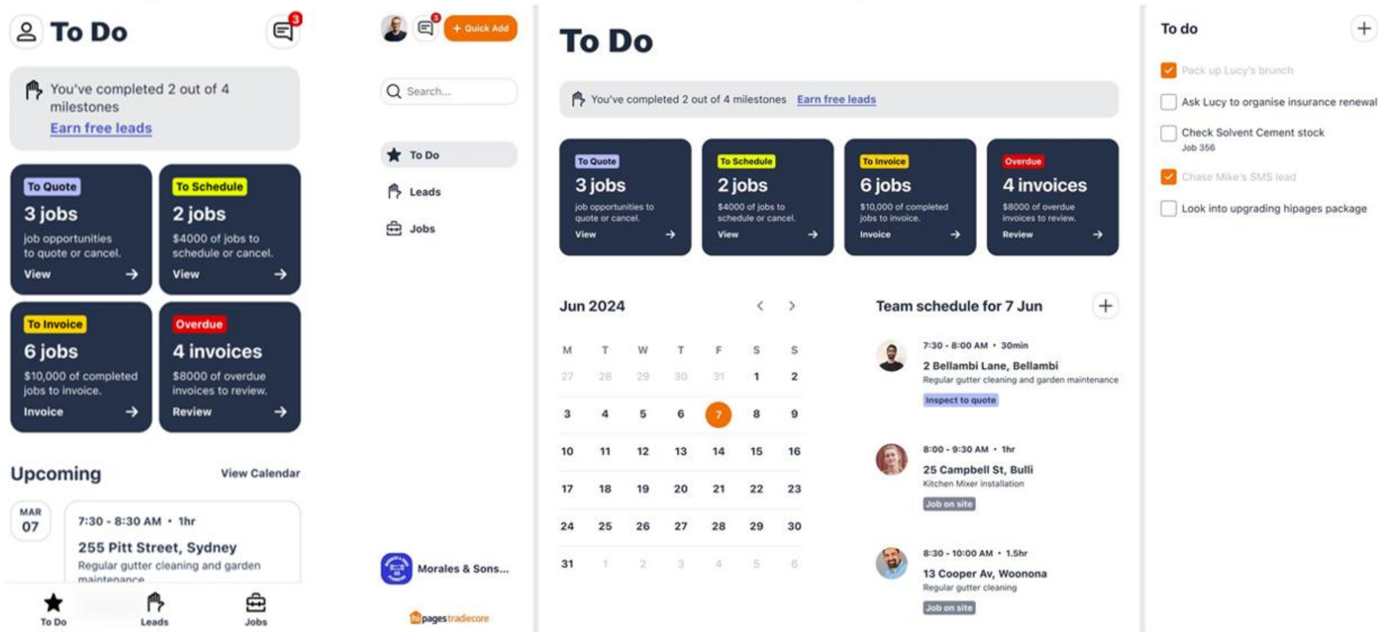
A Full-Stack Platform for Trade Services

Hipages operates a vertically integrated, dual-sided platform that connects homeowners with trade professionals ("tradies") through a proprietary software ecosystem. Over the past three years, the company has transformed its product and revenue model from a transactional lead marketplace into a full-scale SaaS platform with embedded workflow tools and high recurring revenue.

At the core of this transformation lies the Single Tradie Platform (STP) — a mobile-first, subscription-based product suite that allows tradies to manage the full lifecycle of a job: from discovery to payment. All functionality is embedded within the "Tradiecore" app and includes quoting, scheduling, invoicing, Tap-to-Pay functionality, client messaging, and performance analytics. This shift has elevated Hipages from a job acquisition tool to a full operating system for trade businesses.

Figure 2: Single Tradie Platform

App | Desktop Version



Subscription Model and Credit-Based Monetisation

Hipages' monetisation model combines fixed-tier subscriptions with a usage-based lead access system that scales with engagement. Tradies pay monthly fees for a set number of credits, which act as tokens to unlock homeowner job leads. These are not jobs themselves but allow tradies to connect with relevant opportunities — aligning platform value with actual business outcomes.

When a homeowner submits a request, the system algorithmically matches it with suitable tradies based on variables such as location, service category, availability, and past engagement performance. Each job is then offered to a select pool (typically up to three tradies) on a first-claim basis. Claiming the job requires expending a certain number of credits, with the price set dynamically based on estimated job value, competition level, and urgency.

Lead access pricing varies by job type, location, and demand. While smaller or lower-value jobs may cost fewer credits, the platform's average lead requires around 35 credits, with high-value jobs costing significantly more. This tiered model ensures value-based monetisation, allowing Hipages to extract fair pricing while maintaining tradie accessibility across job categories.

The credit system functions as both a revenue gate and a behavioural filter. Once a tradie exhausts their monthly credits, they face two choices: either purchase additional credit bundles (lead packs) at a premium rate, or upgrade to a higher subscription tier that includes more monthly credits. This framework ensures that the most active and successful tradies — those who convert jobs consistently — are incentivised to move up the value chain.

As a result, the credit system serves multiple strategic purposes:

- Revenue scaling: It ties monetisation directly to platform engagement, not just seat count.
- ARPU uplift: Higher usage correlates with upward pricing migration.
- Churn protection: Users retain flexibility via pay-as-you-go top-ups.
- Homeowner experience: The credit system ensures only interested tradies connect with a job, leading to faster responses and higher homeowner satisfaction.

Ultimately, credits aren't just a technical billing unit — they are the economic engine of Hipages' marketplace. They enable granular monetisation, price discrimination by job type, and natural segmentation of user cohorts — all without diluting platform accessibility or user trust.

Workflow Tools Drive Stickiness and Upsell

Beyond lead acquisition, Hipages' product strategy focuses on embedding itself deeper into the day-to-day operations of tradies. The job management tools inside the STP — including instant quoting, Tap-to-Pay mobile payments, automated invoicing, and calendar-based scheduling — are designed to replace spreadsheets, manual processes, and disjointed apps.

Access to advanced STP features — such as quoting, invoicing, and scheduling — is gated by subscription tier and only available to tradies on the new pricing plans. While these features are widely available to migrated users, monthly active usage remains low at ~10%, highlighting meaningful upside potential. Early adopters show stronger retention than the broader base (~58%), although results are based on a limited sample and are not yet statistically representative.

Data-Driven Matching and Algorithmic Optimisation

Hipages' technology is underpinned by a proprietary, data-rich infrastructure that personalises job allocation and supports monetisation efficiency. The matching engine not only considers geographic and category fit, but also favours tradies with high job completion rates, fast response times, and strong review scores.

The platform's visibility into job outcomes allows it to learn and adapt pricing per segment. Over time, this leads to better job-to-tradie matching, higher tradie satisfaction, and ultimately a more efficient, closed-loop ecosystem. Hipages' control over this full data stack is a structural advantage, as it enables continuous product optimisation without third-party dependencies.

Homeowner Experience and Network Effects

On the consumer side, Hipages offers a streamlined digital experience. Homeowners can quickly post jobs and receive up to three connections from relevant, verified tradies. They compare quotes, schedule visits, and provide direct feedback after job completion — helping Hipages improve platform outcomes over time.

This dual-sided structure creates strong network effects: more job posts attract more tradies, which in turn improves quote speed and platform responsiveness for homeowners. As more transactions flow through Hipages, its data becomes richer, its matching smarter, and its value to both sides of the market grows.

Modular Architecture and Strategic Optionality

The Hipages platform is fully self-developed and modular, enabling rapid iteration and scalable feature deployment. Its architecture supports future international expansion without the need for core platform rework. In New Zealand, subsidiary Builderscrack transitioned to a full subscription model in FY25, recording an 18% ARPU uplift. Integration of the broader STP functionality is planned for FY26, with feature rollout expected to follow the Australian roadmap.

The modular design also opens future product avenues, including embedded financial services (e.g. BNPL, insurance), white-label software licensing, and new verticals within the home improvement ecosystem. With full control over its codebase and data, Hipages is not constrained by third-party dependencies or export regulations — providing a foundation for long-term product-led growth and geographic optionality.

Hipages' product and technology strategy has moved far beyond lead generation. The company now offers a deeply integrated, high-retention SaaS platform with multiple monetisation vectors — from dynamic credit usage to workflow tool adoption. Its data-driven architecture, expanding feature set, and embedded network effects create structural advantages that are difficult to replicate.

Figure 3: Tradiecore

As price plan migration continues and workflow usage deepens, Hipages is increasingly positioned not just as a marketplace, but as the default operating system for Australia and New Zealand's tradie economy.

Industry Trends & Market Opportunity

The home services and trade sector is undergoing a structural digital transformation. What has historically been one of the most fragmented, offline, and under-digitised categories in the broader services economy is now seeing accelerated software adoption — driven by shifting consumer expectations, generational turnover within the trades, and the growing operational complexity faced by small business owners. Against this backdrop, Hipages is strategically positioned at the intersection of several converging trends: vertical SaaS expansion, consumer platform consolidation, and SME workflow automation.

A Fragmented, High-Value Market

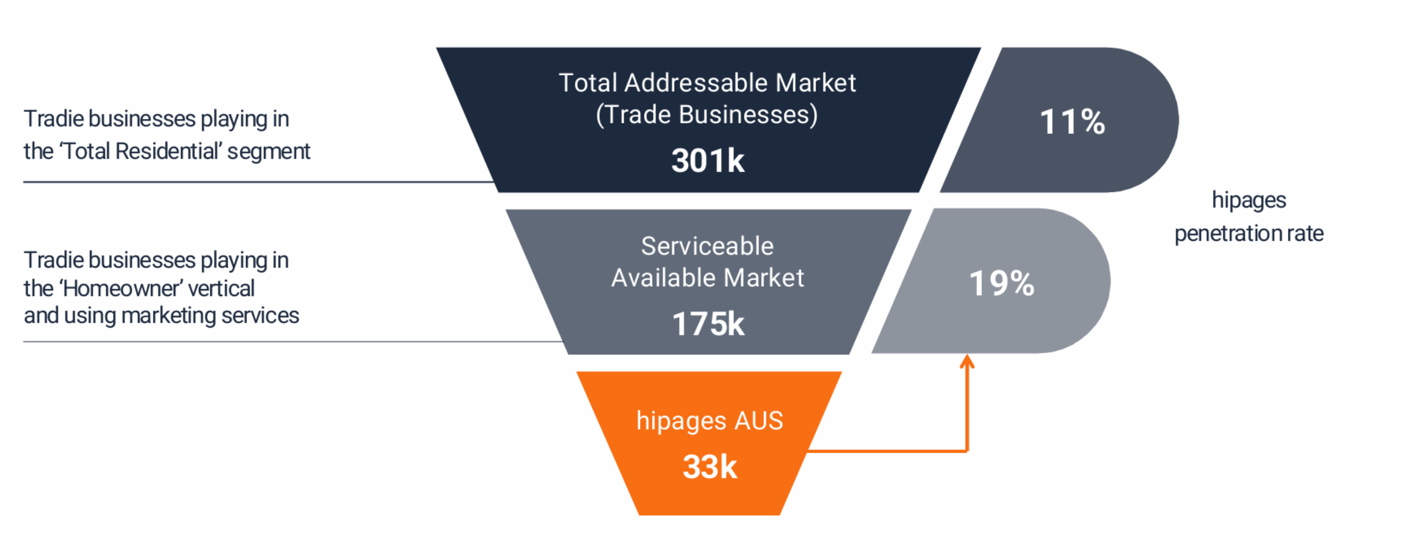
The home improvement and maintenance industry in Australia and New Zealand is vast. Australia alone is home to over 300,000 trade businesses, ranging from solo electricians and plumbers to medium-sized construction and renovation firms. These businesses operate across more than 100 service categories, covering everything from carpentry to solar installation to pest control.

Australia's trades services market is valued at A$141.8 billion, spanning residential, commercial, insurance, and government sectors. Within this, the residential segment alone represents A$112.4 billion, comprising homeowner-driven demand (A$54.3b), managed investment properties (A$16.8b), and new builds (A$41.3b).

Despite its size, the market remains highly fragmented and under-digitised. Most tradies still rely on manual tools and informal channels for client management, quoting, and scheduling. Marketing tends to be ad hoc, and lead conversion tracking is limited or absent — creating inefficiencies for both tradies and consumers.

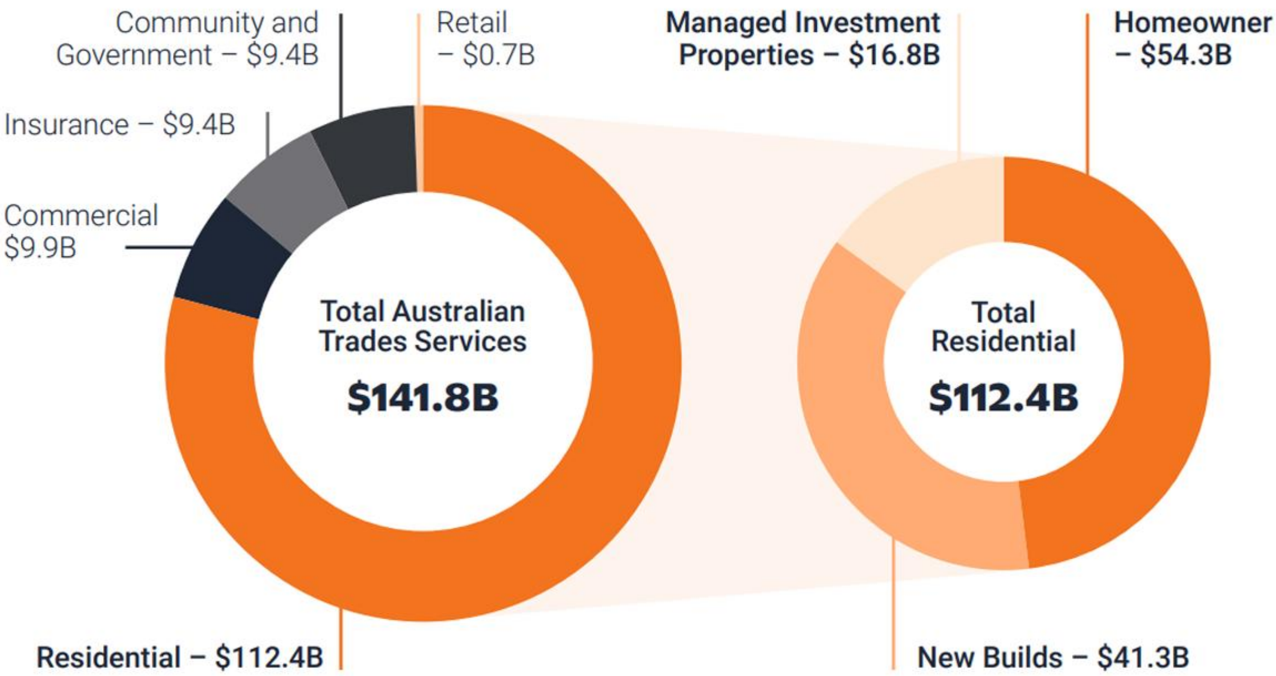
Hipages directly targets the A$54.3 billion homeowner segment, focusing on both lead generation and SaaS enablement. With 33,000 active tradies in Australia (~19% of its serviceable market), and over 1 million jobs posted annually, the platform is well positioned to scale volumes and wallet share within a structurally underserved category.

Figure 4: Growth potential



International analogues (e.g. Angi) have demonstrated that trade and home services marketplaces can reach deep consumer penetration and become central discovery platforms. However, Hipages goes a step further by offering not just customer acquisition, but full job management infrastructure — shifting the revenue model from transactional to recurring, and the customer relationship from passive to embedded.

Figure 5: Australian trades market size



How SaaS Is Transforming Small Business Trades

A defining trend over the past five years has been the verticalisation of SaaS. Rather than general-purpose tools, software providers are increasingly building purpose-built platforms for specific industries — legal, dental, real estate, fitness, and now trades. These vertical SaaS models are particularly well-suited for sectors with:

- Complex workflows
- High repeat usage
- Localised service delivery
- Low historical digitisation

Mobile-first operating environments

Trade businesses meet all five criteria. They are highly operational, often mobile-based, and increasingly pressured to respond faster, quote more accurately, and manage cash flow in real time. The shift toward digital job lifecycle management — from lead to payment — is no longer optional, particularly as younger, more tech-native business owners enter the sector.

Hipages is one of the only platforms in the region offering an end-to-end solution that combines demand generation with operational tools. This integration offers strategic advantages over point solutions like standalone job scheduling apps or passive directories. Because Hipages controls the full customer journey, it has far greater data visibility, monetisation control, and stickiness.

The company's STP rollout and pricing model reinforce the SaaS structure: tradies pay a monthly fee, use lead credits, and adopt workflow tools over time — creating multiple monetisation vectors. Critically, tradies engaging with job management features exhibit materially higher retention and plan upgrade rates, validating the SaaS-led expansion thesis.

Digital Expectations from Consumers

While much of the transformation is occurring on the tradie side, consumer expectations are evolving just as quickly. Homeowners now demand seamless online experiences, instant responses, and verified reviews — preferences shaped by platforms like Uber, Airbnb, and Amazon. In this environment, traditional offline methods of finding a tradesperson (local ads, phone directories, personal referrals) are increasingly seen as slow, risky, and inefficient.

Hipages addresses core friction points in the homeowner experience. Jobs can be posted quickly, and homeowners typically receive up to three responses from relevant, verified tradies. Leads are offered to a targeted batch, but only the first three tradies to respond can connect — ensuring speed and intent. Over 85% of posted jobs result in at least one tradie connection, underscoring the platform's efficiency at scale.

The trust dynamic is especially important in trades, where service quality is highly variable and reputational risk is significant. Hipages' review system and profile structure give consumers confidence while allowing top-performing tradies to build digital reputations — a key driver of re-engagement and loyalty.

Structural Tailwinds: Labour Shortages & Economic Volatility

Two macroeconomic factors are adding further weight to Hipages' model:

1. Labour shortages in the trades sector mean that demand for trusted, efficient customer acquisition tools is rising. Tradies need to spend less time chasing jobs and more time fulfilling them. Platforms like Hipages help them keep their calendars full with minimal admin overhead.

2. Economic volatility and inflation make cost tracking, invoice accuracy, and cash flow management more important than ever — all of which are addressed by Hipages' built-in workflow tools. Subscription pricing provides predictable costs for tradies and revenue visibility for Hipages.

Moreover, the home services sector tends to show relative resilience in economic downturns. Essential repair and maintenance jobs continue even in weak cycles, and consumers are more likely to comparison-shop — favouring transparent, review-driven platforms.

Geographic and Strategic Expansion Potential

Hipages addresses key market inefficiencies by enabling fast job posting, structured lead delivery, and simplified quoting. Homeowners receive up to three tradie responses per job, selected from a targeted batch of potential matches. This approach preserves a smooth user experience while ensuring intent-driven connections. Over 85% of jobs posted on the platform result in at least one tradie connection — demonstrating Hipages' scale and matching efficiency.

In parallel, Hipages could expand horizontally into adjacent services: renovations, commercial property maintenance, landlord compliance, or even B2B construction. Each of these represents a natural extension of the existing platform and leverages the same core strengths: discovery, workflow, and trust.

The macro environment for Hipages is highly favourable. The tradie sector is digitising, consumers are shifting to platforms, and workflow SaaS adoption is accelerating.

Hipages' hybrid model — marketplace plus software — positions it uniquely to capture this convergence.

With only ~10% of the tradie market penetrated and deep product-led monetisation ahead, the company is operating in a structurally growing, underdeveloped market with significant headroom. As adoption scales and ARPU expands, Hipages is not only participating in a digitisation trend — it is architecting the infrastructure behind it.

Customer Metrics & KPIs

Hipages' core unit economics and customer-level performance metrics reflect the company's shift from a transactional marketplace to a SaaS-led, subscription-driven business. While the headline revenue and EBITDA figures provide visibility on growth and margin development, it is the platform-level KPIs — such as ARPU, retention, engagement, and job volumes — that ultimately drive long-term value and scalability.

Subscriber Base: Stable, Active, and Quality-Focused

As of 31 December 2024, Hipages had a total of 34,920 subscribed tradies across Australia and New Zealand. This figure includes both sole traders and small teams operating under a single account. While the absolute number of subscribers remained broadly flat YoY (-1%), the composition improved. In Australia, the core market, the tradie base grew +1% YoY to 32,297, while the New Zealand base declined as expected due to the migration of Builderscrack to a full subscription model. The net result was a strategic shift toward higher-quality, higher-yield users.

This stabilisation of the subscriber base — despite price increases and functional changes — highlights strong underlying product-market fit. It also supports the thesis that Hipages can drive revenue growth through monetisation, not just user acquisition.

ARPU: Clear Monetisation Trajectory

One of the clearest indicators of product leverage is ARPU (Average Revenue Per User), which rose to A$2,267 in H1 FY25, representing a +9% YoY increase. In the core Australian market, ARPU grew to A$2,374 (+8% YoY), while New Zealand achieved an impressive +18% YoY uplift to A$1,149 following its shift to a full subscription model.

This ARPU growth was driven by three key dynamics:

1. Ongoing price plan migration – As of March 2025, 65% of the base had migrated to the new pricing tiers. The remainder is scheduled to convert by October 2025, creating a natural, time-bound uplift pipeline.

2. Increased lead credit consumption – High-performing tradies increasingly top up credits or upgrade tiers due to volume demand. The credit-based system naturally drives revenue from activity rather than pure headcount.

3. Early adoption of workflow features – Tradies using job management tools are more likely to ascend to higher-tier plans, particularly those with multi-user needs or scheduling complexity.

With continued progress on all three fronts, ARPU is expected to remain on a multi-year growth trajectory, even without large-scale expansion in user numbers.

Retention: Feature Engagement Drives Loyalty

Retention is a critical KPI for any subscription business — particularly one transitioning from a transactional model. In Hipages' case, group-wide annual MRR retention currently sits around 58%, but importantly, this varies sharply depending on platform usage.

Early cohorts of users engaging with core STP tools — such as quoting, invoicing, and scheduling — are showing meaningfully higher retention compared to the platform average (~58%), based on initial usage data. While based on a small sample, this trend supports the link between workflow adoption and customer stickiness.

This dynamic supports the company's product-led growth thesis: as more tradies integrate Hipages into their daily operations — beyond just acquiring leads — the platform becomes harder to churn from. Over time, this creates a layered LTV model where deeper usage equates to longer retention and higher monetisation potential.

Importantly, this also reduces pressure on acquisition spend, allowing gross margin to improve as retention increases.

Job Volumes and Connections: Marketplace Efficiency

In H1 FY25, Hipages facilitated 1.4 million tradie-homeowner connections, a 4% increase YoY. This metric refers to instances where a tradie successfully claims a job lead and initiates a conversation with a homeowner — the first conversion step in the platform funnel.

Early users of the STP feature set — including quoting, invoicing, and scheduling tools — have shown meaningfully higher retention compared to the broader base (~58%), though based on a limited early cohort. This suggests a positive relationship between workflow adoption and platform engagement, with further validation expected as usage scales.

This performance is backed by the strength of Hipages' matching engine, which has improved through years of machine learning on service categories, response times, location-based availability, and rating feedback.

As platform matching improves and marketplace liquidity increases, job-to-tradie connection rates are expected to benefit — particularly as dynamic pricing better aligns lead value with tradie demand. Enhanced targeting and job distribution logic support continued optimisation of outcomes for both sides of the platform.

Monthly Recurring Revenue (MRR): Core Metric for SaaS Transition

Hipages' total MRR (excluding GST) grew to A$6.84 million in H1 FY25, representing a +14% YoY increase. This reflects both ARPU uplift and increased activity from high-value accounts.

MRR is the most direct indicator of the company's recurring revenue engine and is central to valuation in SaaS-oriented models. The fact that MRR is growing faster than the number of subscribers confirms the transition away from top-of-funnel acquisition and toward deeper monetisation and feature leverage.

With price migration still underway, MRR growth has further headroom even in a flat subscriber environment.

Hipages' customer metrics tell a clear story of platform maturity and SaaS leverage:

- ARPU is rising at high single-digit to low double-digit rates, driven by tier migration and deeper product usage
- Retention is materially higher among STP feature users, validating the strategic shift toward workflow integration

- Job connection volumes remain strong, and conversion rates continue to improve — supporting trust and engagement
- MRR growth is outpacing subscriber growth, a hallmark of a successfully transitioning vertical SaaS business

As feature adoption scales and the pricing uplift rolls through in full, these KPIs provide a clear glidepath to sustained margin expansion, improved unit economics, and ultimately, valuation multiple re-rating.

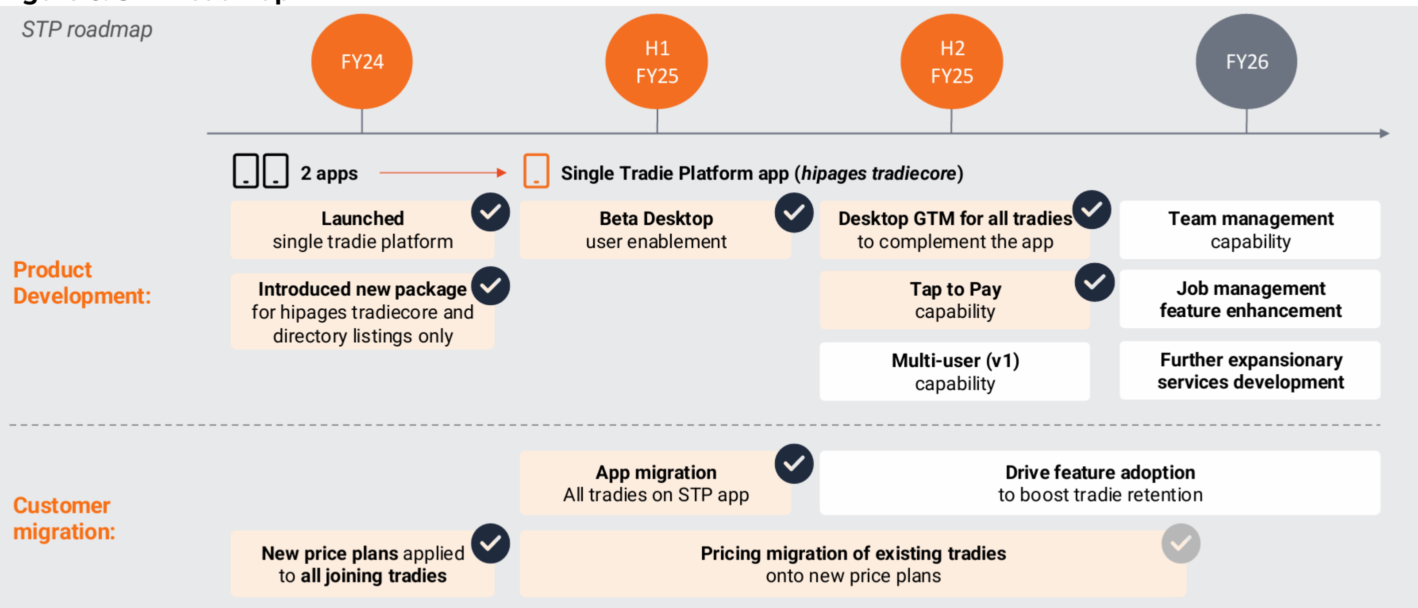
Pipeline, Catalysts & Strategic Outlook

Hipages entered FY25 with a high-visibility growth roadmap supported by a series of self-reinforcing internal initiatives and structural catalysts already underway. Unlike capital-intensive businesses reliant on large external contracts, Hipages' growth pipeline is primarily driven by product-led expansion, pricing migration, and organic workflow adoption. However, this does not imply limited upside. In fact, the combination of embedded revenue levers, margin inflection, and strategic optionality offers significant potential for earnings re-rating over the next 6–18 months.

Price Plan Migration: Visible, Time-Bound Uplift

One of the most tangible short-term catalysts is the full migration of legacy tradie accounts to the new STP-aligned pricing tiers. As of March 2025, approximately **65%** of Hipages' subscriber base had been moved onto the new structure. The remaining accounts are scheduled to convert by October 2025, following the natural expiry of their existing 12-month contracts.

Figure 6: STP Roadmap



The impact of this migration is twofold: it drives immediate ARPU uplift and streamlines Hipages' pricing model by aligning subscription levels with software usage. Management has observed early signs that tradies on new plans are engaging more actively with platform features such as quoting, invoicing, and scheduling — laying the foundation for future tier progression as advanced tools are rolled out.

This creates a forecastable, low-risk monetisation catalyst with high confidence and near-term earnings impact.

Feature Adoption & Workflow Integration

Beyond pricing, the next major source of operating leverage lies in workflow feature adoption. As of Q3 FY25, only ~10% of tradies on the platform were considered active monthly users of STP job management features. These include quoting, invoicing, payment capture, and scheduling — all of which are housed within the Tradiecore interface.

Hipages is actively investing in education, UI improvements, and incentive structures to drive feature engagement across the broader base. Early cohorts that adopt these tools show +20ppt higher retention and are more likely to upgrade plans.

Management expects adoption to accelerate as feature awareness grows and usability improves — particularly in high-value categories such as renovations, HVAC, and electrical, where job complexity increases the relevance of quoting, scheduling, and workflow tools.

This is a critical medium-term catalyst for both retention and ARPU expansion — and will likely become a central KPI focus for the market in FY25–26.

Builderscrack NZ: SaaS Playbook in Action

In H1 FY25, Hipages transitioned its New Zealand subsidiary Builderscrack from a commission-based model to a fixed-fee subscription structure. This shift led to a temporary 27% reduction in active tradies, while ARPU increased 18% year-on-year and engagement improved. The transition supports margin expansion in the New Zealand business and provides a tested framework for further operational optimisation across the group.

Margin Upside from Marketing & Cost Leverage

Another underappreciated catalyst lies in Hipages' operating cost structure. FY25 H1 included a deliberately elevated marketing spend, including new brand assets and a major cross-platform campaign tied to "The Block" TV sponsorship. This spend is not expected to repeat at the same intensity in H2 or FY26, creating a natural margin tailwind without reducing lead inflow.

With tech investment now largely stabilised (~24% of revenue, partially capitalised), and core SG&A costs well contained, the platform is positioned to drive significant EBITDA margin expansion on modest topline growth. The guidance range of 23–24% EBITDA margin and A$5–6m FCF in FY25 reflects this trend — and may prove conservative if workflow adoption and migration progress ahead of schedule.

Optional Catalysts: Fintech & Strategic Partnerships

While not currently in guidance, Hipages has optionality to monetise new product adjacencies — particularly in embedded finance and strategic integrations. With full visibility over tradie activity, job volume, and receivables, the platform could credibly introduce:

- BNPL or instant settlement tools for tradies
- Consumer financing for large home improvement jobs
- Insurance or compliance offerings embedded into job management
- White-label SaaS partnerships with larger franchise groups or B2B property maintenance providers

Management has alluded to early-stage exploration of these ideas, and while timelines remain uncertain, their potential to open new monetisation layers is real — especially as ARPU per user increases and software becomes a mission-critical layer of tradie operations.

Hipages offers a highly visible catalyst stack across pricing, product usage, and operational leverage. Unlike traditional contract-driven businesses, its upside is tied to internal execution on adoption, engagement, and monetisation — all of which are already underway. Key drivers to watch over the next 6–12 months include:

- Completion of pricing plan migration (Oct 2025 target)
- Feature adoption curve for job management tools
- Builderscrack performance and potential M&A
- Margin expansion from normalised marketing and stable tech capex
- Optional strategic partnerships or embedded fintech rollout

With the platform now fully deployed, and monetisation levers embedded, Hipages moves into a phase of predictable revenue scaling and free cash flow growth, backed by multiple value unlocks.

Competitive Landscape

To frame the strategic position and long-term valuation potential of Hipages, we benchmark the company against a curated set of relevant domestic and international comparables. These peers span both direct competitors within Australia's tradie and home services sector, as well as global platforms that operate at the intersection of consumer marketplaces and SaaS — a hybrid model that Hipages is increasingly executing on with the rollout of its Tradiecore platform.

While some peers focus solely on lead generation or workflow software, Hipages stands out in its integrated approach. The following companies have been selected for their relevance to either Hipages' current capabilities or its aspirational trajectory. Publicly listed peers, in particular, offer valuable insight into potential revenue models, operating leverage, and investor perception of similar business models.

Domestic Comparables

Airtasker Ltd (ASX: ART)

Airtasker operates a horizontal services marketplace in Australia, allowing users to post tasks and receive open bids from a wide pool of providers. The platform specialises in one-off, low-friction jobs such as furniture assembly, cleaning, and deliveries — largely commoditised and non-specialised services.

In 2022, Airtasker acquired Oneflare, a platform with greater exposure to trades and home improvement jobs. However, Airtasker has yet to integrate this asset into a broader SaaS strategy.

- Overlap with Hipages: Moderate. Both compete in early-stage job matching, but Airtasker does not offer job management tools or subscription-based monetisation.
- Market Positioning: Volume-focused and price-sensitive. Strong brand visibility but low ARPU and weak customer retention. Its generalist model limits depth in higher-value trades work, where Hipages maintains a clear lead.

Oneflare (subsidiary of Airtasker)

Oneflare is a semi-structured lead generation platform that connects consumers with trades and home service providers through request-based quoting. It monetises primarily through pay-per-lead pricing, and lacks workflow integration or SaaS capabilities.

- Overlap with Hipages: High. Oneflare targets similar tradie demand at the lower end of the market.
- Market Positioning: Commodity-style lead gen business with minimal loyalty, limited feature set, and no end-to-end job lifecycle support.

ServiceSeeking (Private)

ServiceSeeking was previously a key competitor in the Australian home services segment but has significantly lost ground due to stagnation in product development and declining consumer awareness. It still operates a bid-based model, offering access to tradie leads via pay-per-quote mechanics.

- Overlap with Hipages: Historical only. Once a rival in lead generation, it has now been outpaced by both Hipages and Airtasker.

- Market Positioning: Low-margin, low-retention lead generation. No SaaS integration. No longer considered a strategic threat.

International Public Comparables – Valuation and Strategic Context

To supplement the domestic peer set, we also reference international companies that operate in adjacent models. These firms provide critical benchmarks for what Hipages could become at scale — and also highlight the challenges of execution in a hybrid SaaS-marketplace model.

Angi Inc. (NASDAQ: ANGI)

Angi, the parent company of Angie's List and HomeAdvisor, is the largest home services platform in the U.S. It offers job discovery, lead sales, and scheduling services. While Angi has attempted to pivot into SaaS with offerings like Angi Leads Pro, the platform has struggled with churn, inconsistent product-market fit, and margin pressure.

- Overlap with Hipages: High. Both companies target the home services space with a blend of consumer matching and professional tools.

- Market Positioning: At scale, Angi proves market demand. However, its structural reliance on advertising and transactional fees — rather than high-retention SaaS revenue — makes its economics fragile. Angi represents both a blueprint and a warning.

ServiceTitan Inc. (NASDAQ: TTAN)

ServiceTitan is a U.S.-based vertical SaaS leader that provides comprehensive job management software for trade and field service businesses. Its feature set includes CRM, quoting, dispatching, and mobile workforce management. Unlike Hipages, ServiceTitan does not offer consumer lead generation.

- Overlap with Hipages: Strong alignment in SaaS capabilities. No overlap in customer acquisition, as ServiceTitan relies on its clients to generate their own work.

- Market Positioning: A benchmark in SaaS monetisation for trades. ServiceTitan operates at enterprise-level pricing and high LTV/CAC ratios. It illustrates the long-term margin and ARPU potential that Hipages could unlock as it deepens Tradiecore penetration.

Comparative Analysis

The home services and tradie platform sector is evolving rapidly, shaped by increasing digitization, rising customer expectations, and the growing demand for integrated software solutions. Players in this space vary significantly in terms of business model, market scope, and technological depth. This comparative analysis reviews six key platforms — Hipages, Airtasker, Oneflare, ServiceSeeking, Angi Inc., and ServiceTitan — across several strategic dimensions, highlighting where models diverge and how different approaches position each company for future growth.

Target Market and Positioning

While some platforms take a broad approach, targeting general home services or gig-style jobs (e.g., Airtasker, Angi), others like Hipages and ServiceTitan focus more narrowly on professional trades and contractors. The benefit of a focused vertical strategy lies in deeper specialization, which enables better product-market fit, higher retention, and more effective monetization. Generalist platforms may achieve scale faster, but they often suffer from lower user engagement and weaker differentiation.

Product Offering and Integration

Product depth varies significantly across competitors. At one end, platforms like Airtasker and ServiceSeeking operate primarily as lead-generation or task-matching engines, offering minimal tooling beyond user listings. On the other, ServiceTitan delivers a fully-fledged SaaS suite designed for operational management in trade businesses, though without consumer job flow. Hipages adopts a hybrid model, combining lead generation with its own proprietary SaaS platform (Tradiecore), aiming to serve both demand generation and workflow execution in one system. This dual approach is relatively rare and represents a distinct strategic path compared to more one-dimensional models.

Customer Acquisition and Demand Generation

Customer acquisition is a critical differentiator across platforms. While platforms like Airtasker and Angi rely on open consumer marketplaces to attract job postings, others such as ServiceTitan operate in a pure B2B model, requiring users to manage their own lead generation. Models that generate consumer demand internally tend to have stronger pricing power and greater control over quality of engagement. For companies serving smaller trade businesses, the ability to provide both software tools and qualified job leads creates a compelling value proposition and reduces reliance on external marketing or sales efforts.

Monetization Models and Revenue Quality

Revenue models range from commission-based systems (Airtasker), to pay-per-lead (Oneflare, Angi), to fixed subscriptions (Hipages, ServiceTitan). Transaction-based monetization tends to be volatile, difficult to scale, and highly dependent on job volume. In contrast, subscription-based models provide predictability and allow for ARPU expansion via tiered service plans, feature bundling, or usage-based upgrades. The highest monetization potential is typically found in platforms that combine recurring revenues with strong product engagement, a combination that remains difficult to achieve for pure marketplaces.

ARPU and Retention Potential

Customer value is closely tied to platform stickiness. Platforms offering only lead access typically show lower average revenue per user (ARPU) and higher churn, since the value proposition is commoditized and easily replicable. SaaS providers generally fare better, especially when their tools are embedded in day-to-day business operations. However, this requires a longer sales cycle and deeper onboarding. Hybrid platforms that combine both functions — acquisition and workflow — can, in theory, optimize ARPU and customer retention simultaneously, assuming product adoption is high and switching costs are sufficient.

Cost Structure and Accessibility

In terms of pricing, most lead platforms charge per interaction or job, with relatively low overall costs but also limited utility. SaaS platforms, by contrast, command higher monthly fees — with ServiceTitan charging upwards of US$245 per user per month — but deliver more operational depth. Hipages, positioned between these extremes, offers monthly subscription pricing (A$129+) that balances functionality with affordability, particularly for small and medium-sized businesses. This middle-ground pricing strategy could be attractive in markets that are price-sensitive but still value operational tools.

Strategic Positioning Summary

Each platform reflects a different strategic response to the needs of the trades and home services market:

- Airtasker maximizes reach through simplicity and breadth but lacks operational tools or loyalty mechanisms.
- Oneflare and ServiceSeeking serve more as traditional directories or lead generators, with limited product evolution and declining defensibility.
- Angi Inc. demonstrates scale but continues to grapple with user churn and profitability, illustrating the limitations of a lead-focused model.
- ServiceTitan sets the standard for SaaS functionality but addresses a narrow, enterprise-level segment, with high onboarding and cost barriers.
- Hipages blends acquisition and SaaS in a single system, aiming to strike a balance between scalability, engagement, and monetization.

This comparative view suggests that platforms capable of owning both the demand side (job generation) and the supply side (workflow integration) are best positioned to create durable economic value. However, success depends on execution — especially product adoption, retention, and conversion from basic access to premium services.

Table 1: Strategic Comparison

Category	Hipages	Airtasker	Oneflare	ServiceSeeking	Angi Inc.	ServiceTitan
Target Market	Australia/NZ (Trades)	Australia (General Services)	Australia (Home Services)	Australia	USA (Home Services)	USA (Trade SaaS)
Product Offering	B2B SaaS + Marketplace	Open task platform	Lead-gen platform	Lead matching	Lead-gen + limited SaaS (Angi Leads Pro)	Pure SaaS (no lead-gen)
Workflow Integration	Fully integrated	None	None	None	Partial integration	Deep integration
Customer Acquisition	Inbound leads via platform	Open postings from consumers	Request-based quoting	Own listing; user-generated leads	Large consumer-facing platform	Provider is responsible
Monetization Model/Lead packs	Subscription (from A$129) + upgrades	Pay-per-task (~15% fee)	Pay-per-lead (A$15–50)	Freemium + quote payments	Lead sales + SaaS trials (US$20–100)	License model (US$245–400 per user/month)
ARPU Potential	High (SaaS + upgrades)	Low	Low	Very low	Medium (limited by churn)	Very high (enterprise pricing)
Churn Risk	Moderate (declining with SaaS adoption)	High	High	Very high	High	Very low (high switching costs)
Subscription/User Cost	A$129+/month	No fixed fees	A$15–50 per lead	Up to A$30 per quote	US$20–100/month (SaaS), per-lead charges	US$245–400/month per user

Financial Comparison

A financial comparison of Hipages with digital service platform peers such as Airtasker, Angi Inc., and ServiceTitan reveals notable differences in monetisation depth, operational scale, cost structure, and capital discipline. Although Hipages operates at a smaller absolute scale than some international peers, it demonstrates a stronger balance of revenue generation, profitability, and cash flow efficiency. Its high user-level monetisation and disciplined cost management set it apart within the broader competitive landscape.

All figures have been converted to Australian dollars (AUD) using a USD→AUD exchange rate of 1.55, as of May 2025.

Revenue and Monetisation Structure

Hipages reported A$75.3 million in revenue (FY24) - modest in absolute terms, but notable for the efficiency with which it is generated. The company operates with a lean cost base and a vertically focused monetisation model centred on subscriptions and SaaS integration. Its average revenue per user (ARPU) of A$2,343 stands in sharp contrast to Airtasker's estimated ARPU of A$1,085, highlighting the divergence in revenue quality between the two platforms.

While Airtasker functions as an open consumer marketplace, booking over 400,000 tasks in its most recent period, the bulk of this volume consists of low-value, one-off jobs. This results in relatively shallow monetisation per user and high platform churn. Hipages, by comparison, derives its revenue from a smaller but more stable base of professional users, generating predictable, recurring income through monthly subscription plans and add-on credit purchases.

The monetisation gap reflects not just product strategy but business maturity: Airtasker prioritises volume and accessibility, whereas Hipages focuses on depth of engagement and lifetime value. The result is a revenue model that scales with user quality, not just quantity—positioning Hipages as the more capital-efficient platform.

Other peers like Angi and ServiceTitan produce higher topline figures, but under very different structural conditions. Angi relies on ad-driven lead generation, which suppresses margins and leads to volatile customer behaviour. ServiceTitan, on the other hand, targets enterprise clients with a complex, high-value SaaS stack, but incurs significant sales and implementation costs. In contrast, Hipages delivers strong unit economics at small-cap scale, with far greater monetisation efficiency per user.

Profitability and Cost Structure

Of the four, Hipages is the only company that is both profitable (A$3.56m NPAT) and free cash flow positive, operating on a structurally lean cost base with OPEX of just A$59.4 million. R&D investment is focused (A$14.5 million) and product-oriented, maintaining the core SaaS layer without overstretching.

Airtasker reports a loss (A$4.43 million), but this figure includes significant non-operating income and masks a neutral cash position. Its operating expenses (A$42.39 million) already exceed its revenue (A$46.6 million), and its R&D outlay (A$5.11 million) suggests limited long-term product development.

Angi, despite achieving A$81.8 million NPAT, continues to consume capital at a rate of A$310 million per year. Its operating expense base exceeds A$1 billion, leaving it highly exposed to consumer cycles and margin pressure.

ServiceTitan remains in aggressive build-out mode, posting a massive A$557.6 million net loss, funded by venture capital. With over A$1.13 billion in OPEX and nearly A$408 million in R&D, its model reflects an all-in bet on scale—effective in market dominance but at the cost of current profitability or sustainability.

Liquidity and Financial Stability

Here again, Hipages demonstrates a strong position. With a quick ratio of 1.61× and no financial leverage, the company funds itself operationally. Its working capital structure is efficient, and it carries no structural debt—unlike ServiceTitan, which reports A$790 million in debt and negative book equity (–A$2.16 million).

Angi is well capitalised with over A$640 million in cash, but still structurally burns over A$300 million annually. Airtasker remains capital neutral and cash-flow stable, though with thinner buffers. ServiceTitan's high quick ratio (2.89×) is offset by the sheer scale of losses and external capital dependence.

Valuation Multiples: P/B Ratio, EV/Revenue and EV/EBITDA Comparison

The relative valuation of Hipages, when benchmarked against selected domestic and international peers, highlights a conservative market view despite the company's profitability and operating efficiency. Two key multiples—Price-to-Book (P/B) ratio and Enterprise Value-to-Revenue (EV/Revenue)—offer insights into how investors are currently pricing equity value and forward revenue potential.

Hipages trades at a P/B ratio of 3.25×, which is modest relative to its profitability and capital efficiency. In comparison, Airtasker trades at 5.92×, despite a structurally lower ARPU, flat monetisation depth, and lower operating margins. Angi Inc., although larger in scale, trades at just 0.75×, reflecting its legacy cost structure, lower margin profile, and high structural churn. ServiceTitan has a negative book equity position due to accumulated losses and preferred stock and thus lacks a meaningful P/B multiple.

From a revenue perspective, Hipages' EV/Revenue multiple stands at 1.3×, reflecting a valuation that remains grounded despite the company's recurring revenue model and positive cash flow. Airtasker, by contrast, is priced at 2.18× EV/Revenue, a premium that implies higher growth expectations but is not yet matched by margin delivery. Angi, with significantly greater revenue, trades at 0.81×, reflecting concerns around churn and customer acquisition efficiency. ServiceTitan commands an EV/Revenue multiple of 11.5×, indicative of high growth expectations embedded in its valuation, albeit with ongoing cash burn and no current profitability.

Looking at EV/EBITDA multiples further underscores Hipages' relative value positioning. Hipages trades at 8.09× EV/EBITDA, reflecting its profitable operations. Angi Inc. sits at 7.64×, close to Hipages, despite its ongoing margin challenges. ServiceTitan reports a negative EV/EBITDA of –63.2×, underlining continued losses and cash burn.

Within the ASX-listed SaaS peer group, Hipages appears undervalued on both EV/Revenue and EV/EBITDA multiples when benchmarked against peers with comparable or lower profitability.

- EV/Revenue: Hipages trades at 1.3×, notably below peers such as Infomedia (4.03×) and ReadyTech (3.64×), both of which share SaaS characteristics but operate at smaller scale or in more narrowly defined verticals. Even Envirosuite (1.33×), despite reporting negative net income, trades slightly above Hipages in this metric.

- EV/EBITDA: Hipages' 8.09× multiple is lower than the peer average of 12.57× (across IRESS, IFM, EVS, RDY). Peers such as ReadyTech (12.74×) and Infomedia (12.64×) command higher valuations despite similar or lower levels of profitability, while IRESS (12.33×) trades at a premium driven by scale and institutional penetration.

These comparisons reinforce that Hipages' hybrid platform/SaaS model is not yet fully reflected in its valuation multiples, especially given its status as one of the few profitable operators in the group. The company's relatively low EV multiples suggest potential for re-rating as the market recalibrates toward sustainable earnings quality and capital efficiency.

Summary: Where Hipages Outperforms

Relative to its size, Hipages exhibits a stronger financial profile and operational efficiency than many of its larger peers, particularly in areas such as ARPU, profitability, and capital discipline.

- ARPU (A$2,343): driven by a subscription model and deep SaaS engagement.
- Positive NPAT (A$3.56m): the only profitable firm among the group besides Angi (which still burns cash).
- Free cash flow positive: a rare trait in the SaaS/marketplace sector at small-cap scale.
- Balanced capital structure: no debt, cash-flow self-sufficient, strong liquidity (1.61× quick ratio).
- Focused R&D (A$14.5m): efficient, not excessive—unlike ServiceTitan's A$408m.
- Attractive valuation multiples:
    - P/B Ratio of 3.25× – below Airtasker (5.92×), reflecting grounded equity pricing.
    - EV/Revenue of 1.3× – significantly below high-growth peers, despite strong fundamentals and profitability.
    - EV/EBITDA of 8.09× – well below ServiceTitan (–63.2×) and in line with Angi (7.64).
    - Annual Recurring Revenue (ARR) of A$86.4 million – underpinned by a highly predictable, subscription-led revenue model with ongoing ARPU uplift.

These combined attributes reflect Hipages' unique position as a high-quality, capital-efficient platform generating sustainable cash flows—offering both downside protection and upside optionality within the listed tech ecosystem.

Strategic Outlook

Hipages sits at a unique inflection point: small enough to remain nimble, yet mature enough to show profitability, capital control, and user-level monetisation strength. Unlike Airtasker, it does not rely on volume-driven models. Unlike Angi, it is not bloated or exposed to ad cycles. And unlike ServiceTitan, it is not structurally dependent on high-risk capital deployment or late-stage venture discipline.

As the SaaS and services sector increasingly values efficiency over scale, and unit economics overreach, Hipages emerges as a high-quality, under-recognised asset. It may be modest in scale—but it is fundamentally sound, economically resilient, and strategically built for sustainable growth.

Table 2: Financial Comparison

Competitor	MCap (m)	ARPU	NPAT (m)	Revenue (m)	P/B ratio	OPEX (m)	R&D Expenses (m)	Quick Ratio	EV/EBITDA	EV/Revenue
Hipages (ASX:HPG)	111	2,343	3.56	75.3	3.25	-59.4	-14.5	1.61	8.09	1.3
Airtasker (ASX: ART)	136	~1,085	-4.43	46.6	5.92	-42.39	-5.11	1.92	n/a	2.18
Freelancer (ASX: FLN)	90	~13.3[1]	-0.8	53.1	3.37	-37.2	n/a	0.56	11.5	1.45
Angi Inc. (NASDAQ: ANGI)	1,233	-	81.8	1,745	0.75	-1,028	-74.75	1.96	7.64	0.81
ServiceTitan Inc. (NASDAQ: TTAN)	14,638	-	-557.6	1,196.4	6.5	-1,132.9	-407.7	2.89	-63.2	11.5
SaaS Peers on the ASX										
IRESS (ASX:DSE)	1,560	n/a	38.8	601.9	2.75	543.3	95.9	1.37	12.33	3.14
Infomedia (ASX:IFM)	477	n/a	11.5	130.1	4.45	82.1	25.4	1.61	12.64	4.03
Envirosuite (ASX:EVS)	119	n/a	-5.7	62.6	1.4	35.6	19.6	1.88	12.56	1.33
Readytech (ASX:RDY)	281	n/a	11.2	118.3	1.86	97	39.4	1.14	12.74	3.64
ø									**12.57**	**3.04**

Figures represent trailing twelve months (TTM) performance. Market data is as of 11/06/2025. All values are in AUD millions unless otherwise stated.

Financial Analysis and Valuation

Recurring Profitability and Structural Growth in a Vertical SaaS Model

Hipages' valuation reflects the company's transition from a legacy job marketplace into a vertically integrated SaaS platform deeply embedded within Australia's tradie economy. This shift has redefined the business model: from transactional revenues to recurring subscriptions, from one-off lead monetisation to SaaS-driven ARPU expansion, and from reliance on external capital to internally funded growth.

With a clean balance sheet, growing cash reserves, and zero debt, Hipages operates with a structurally low-risk profile. Its business performance is underpinned by three operational levers - modest customer growth, strong ARPU expansion, and improving feature adoption. These levers are practical, evident in historical data, and integral to its valuation framework.

The shareholder register further reinforces alignment and strategic potential. Approximately 14% of shares are held by the board, underlining strong internal ownership. Institutional investors such as Spheria (~8.5%), Investor Mutual (~7%), and Ellerston Capital (~5%) provide a stable base. Notably, News Corp holds ~28% and brings strategic value through potential data, distribution, and classifieds synergies - as well as optionality around future corporate activity.

[1] ARPU is estimated assuming 5% of the 79.6M registered users are active (~4M). Actual active user figures are not disclosed.

Revenue Modelling and Market Assumptions

Revenue forecasts are driven by two variables: customer growth and ARPU uplift. According to industry data, the Australian market includes over 250,000 registered trades professionals. While Hipages is forecast to have ~36,800 paying tradies across Australia and New Zealand in FY25, we estimate that approximately 33,500 of these are based in Australia and 3,300 in New Zealand. This implies a national market share of around 13.4% in Australia, leaving substantial headroom for organic growth without requiring geographic expansion.

For our base case, we project:

- Customer growth in Australia from 33,500 in FY25 to 39,400 by FY30 (CAGR ~3.3%), or ~1,200–1,400 net adds per year. This assumption is grounded in Hipages' historical performance: over the past three fiscal years (FY22 to FY25e), the tradie base grew from ~30,900 to 33,500, equating to an average annual growth rate of approximately 2.7%. The forecast reflects a realistic blend of organic acquisition, improved conversion from free-to-paid accounts, and stabilised churn, supported by stronger GTM execution including the desktop rollout and upgraded onboarding journeys.

- ARPU growth in Australia from A$2,350 in FY25e to A$3,248 in FY30e over the same period (CAGR ~6.7%). This assumption is consistent with Hipages' historical ARPU expansion: between FY23 and FY25e, ARPU in Australia increased from A$2,199 to A$2,350, reflecting an average annual growth rate of approximately 3.4%. The forecast assumes a continued but slightly elevated trajectory, driven by the scheduled price plan migration (35% of users still on legacy pricing), increased adoption of workflow tools, and deeper utilisation of Tradiecore features like Tap-to-Pay, quoting, and multi-user access.

We forecast customer numbers in New Zealand will grow from 3,300 in FY25 to 3,956 by FY30, with ARPU increasing from A$1,350 to A$1,866, representing respective CAGRs of approximately 3.7% and 6.6%. The FY25 starting point reflects a deliberate reduction in total user count following Builderscrack's migration to a full subscription SaaS model, which prioritised higher-quality, paying subscribers over volume. While the platform previously catered to a broader mix of occasional users, the new model has resulted in a smaller but more engaged and monetisable customer base — forming the foundation for more predictable, recurring growth going forward.

Table 3: Revenue Forecast

Market	FY25	FY26	FY27	FY28	FY29	FY30
Number of Customers Australia	33,500	34,673	36,059	37,502	38,627	39,399
Growth		3%	4%	4%	3%	2%
ARPU ($) Australia	2,350	2,525	2,702	2,891	3,064	3,248
Growth		7%	7%	7%	6%	6%
Revenue Australia	78.73	87.55	97.43	108.42	118.37	127.98
Number of Customers New Zealand	3,300	3,482	3,621	3,766	3,879	3,956
Growth		5%	4%	4%	3%	2%
ARPU ($) New Zealand	1,350	1,451	1,552	1,661	1,760	1,866
Growth		7%	7%	7%	6%	6%
Revenue New Zealand	4.46	5.05	5.62	6.25	6.83	7.38
Total Revenue	**83.18**	**92.60**	**103.05**	**114.67**	**125.20**	**135.36**

Group total revenue increases from A$83.18 million in FY25 to A$135.36 million in FY30, a CAGR of ~10.3%. These figures are grounded in current user behaviour: ARPU rose +11% YoY in Q3 FY25; 35% of tradies are still on legacy pricing and expected to migrate by October 2025.

Margin Profile and Free Cash Flow Generation

EBITDA margins expand from 23% to 42% over the forecast period, driven by a combination of fixed-cost leverage, high-margin subscriptions, low CAC, and embedded feature monetisation. As product investment normalises and user monetisation deepens, each incremental dollar of revenue contributes meaningfully to bottom-line profitability. Operating expenses grow moderately from A$64.18 million in FY25 to A$78.77 million in FY30, while EBITDA scales from A$19 million to A$56.59 million.

Free cash flow improves significantly, increasing from A$5.14 million in FY25 to A$24 million by FY30, reflecting disciplined cost control and sustained profitability. Capital expenditures are held stable at approximately A$15 million annually, with limited investing variation. Working capital movements remain neutral, consistent with Hipages' subscription-based model. Importantly, the business remains fully self-funded throughout the forecast horizon, with no reliance on external equity or debt to support growth.

Capital Structure, DCF Valuation and Upside Potential

The valuation of hipages is based on a Discounted Cash Flow (DCF) model, applying a Weighted Average Cost of Capital (WACC) of 10.48%. This reflects a cost of equity of 13% and a cost of debt of 10%, under a target capital structure of approximately 91.6% equity (E = 111.26) and 8.4% debt (D = 10.19). The risk-free rate is 3.85%, and the beta of 0.76 was calculated based on 3-year weekly returns against the ASX200 index. A tax shield of 30% was applied in the calculation. The cost of equity reflects the expected return for a mid-cap technology business operating in a competitive and evolving platform environment. The cost of debt is based on indicative borrowing rates for similar ASX-listed companies with no existing debt but strong liquidity positions.

The Company restructure was accounted for as a capital reorganisation, with financial information presented as a continuation of hipages Group Pty Limited. The difference in share capital was recorded as a capital reorganisation reserve, which is negative due to the restructure involving no new capital.

The model assumes that no additional options are issued and that the number of fully diluted shares remains constant at 134.05 million, in line with the current shares on issue.

Financially, hipages maintains a strong position, with net assets projected to grow from A$41.47 million in FY25 to A$141.97 million in FY30, and no long-term debt. The quick ratio increases from 1.4× to 3.8×, indicating robust short-term liquidity and no gearing.

Using a terminal growth rate of 2.5%, the valuation results in an enterprise value of A$121.74 million and an equity value of A$234.06 million. Based on 134.05 million shares on issue, this implies a target price of **A$1.75** per share.

Table 4: HPG Valuation

HPG Valuation (A$M)	
Terminal Growth Rate	2.5%
Discount Rate	10.48%
Terminal Value (TV)	308.27
Present Value of TV	169.52
Enterprise Value	**121.74**
Net Debt	-112.32
Equity Value	**234.06**
Fully Diluted Shares	134.05
Implied (Target) Price	**$1.7461**

WACC	
Beta	0.76
Rf	3.85%
Re	13%
Rd	10%
E	111.26
D	10.19
1-T	70%
WACC	**10.48%**

Table 5: Sensitivity analysis

		WACC						
	1.75	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
Terminal Growth	1.0%	1.84	1.72	1.62	1.53	1.45	1.37	1.31
	1.5%	1.93	1.80	1.69	1.59	1.50	1.42	1.35
	2.0%	2.05	1.90	1.77	1.67	1.56	1.48	1.40
	2.5%	2.17	2.01	1.87	**1.75**	1.63	1.54	1.45
	3.0%	2.32	2.13	1.97	1.84	1.71	1.61	1.51
	3.5%	2.50	2.28	2.09	1.94	1.80	1.68	1.58
	4.0%	2.71	2.45	2.24	2.06	1.90	1.77	1.65

To assess valuation robustness, we conducted a sensitivity analysis across a range of discount rates and terminal growth assumptions. At a WACC of 10.48%, the implied valuation ranges from A$1.53 to A$2.06 per share, depending on terminal growth rates between 1.0% and 4.0%. Even under more conservative assumptions — such as a 12% discount rate and 2.0% terminal growth — the implied valuation remains above A$1.40, highlighting limited downside. At the upper end of growth and discount combinations, valuations exceed A$2.71 per share.

This valuation framework is constructed on a disciplined, capital-efficient growth model. It does not depend on international expansion or speculative product bets to unlock value. As price plan migration completes and deeper SaaS adoption continues, Hipages is structurally positioned to deliver compounding margin expansion and cash generation.

Key Risks

Market Fragmentation and Customer Concentration

The Australian trades and home services sector is highly fragmented, composed largely of sole traders and micro-businesses with limited digital infrastructure or sophistication. While this fragmentation creates opportunity for digitisation, it also increases acquisition cost, onboarding complexity, and overall churn risk. Additionally, Hipages' customer base—though numerically large—is largely composed of smaller clients with limited revenue per user, making aggregate performance more vulnerable to pricing sensitivity or regional volatility.

Product Dependence on the Tradie Segment

Hipages' commercial model is tightly focused on trades professionals. While this vertical alignment improves product–market fit, it also creates sectoral concentration. Any adverse shift in regulatory, labour, or economic conditions impacting the trades ecosystem—such as contractor reclassification, materials inflation, or skills shortages—could indirectly reduce customer acquisition or retention. The lack of diversification into adjacent verticals (e.g. cleaning, allied home services) may limit resilience against such shocks.

Brand Perception and Consumer Trust

As a dual-sided platform, Hipages must maintain trust and usability on both the tradie and consumer sides. Negative experiences—such as disputes, fraudulent listings, or poor-quality service outcomes—can damage platform perception and reduce lead quality, directly affecting tradie willingness to pay. While Hipages has invested in moderation, ratings, and verification tools, reputational risk remains an ongoing challenge in open marketplaces.

Platform Scalability and Technical Debt

While Hipages is steadily expanding its SaaS offering (Tradiecore), the platform still competes with best-in-class vertical SaaS players globally. Any delays in delivering competitive product features, issues with platform stability, or visible gaps in mobile-first usability may limit SaaS adoption and constrain ARPU growth. Furthermore, if technical debt from legacy marketplace infrastructure accumulates, it could hamper development velocity or increase long-term cost to scale.

Churn and Monetisation Risk

Although Hipages reports improving customer retention and rising ARPU, the platform remains exposed to short-term usage behaviours. Tradespeople may subscribe during peak seasons and cancel during slow periods, especially if jobs are not consistently delivered. If lead quality deteriorates, or Tradiecore fails to achieve deeper workflow integration, monetisation per user may plateau or reverse pressuring both revenue and operating leverage.

Competitive Pressure from Niche and Generalist Platforms

The home services and SMB SaaS space is increasingly competitive, with global and local players offering adjacent or overlapping services. Generalist platforms like Airtasker compete on volume and reach, while vertical SaaS challengers (e.g. Tradify, Fergus) offer specialised workflow tools with focused UX. If these players expand into lead generation or integrate with job boards, Hipages could face margin compression or user attrition—especially if it cannot maintain its unique hybrid value proposition.

Regulatory and Legal Risk

As an intermediary in thousands of customer–provider interactions, Hipages is subject to consumer law, privacy regulations, advertising standards, and contractor compliance frameworks. A change in government policy—such as liability shifts for marketplace intermediaries, data localisation requirements, or payment regulations—could materially increase compliance costs or create new legal exposure.

Management Execution and Strategic Focus

While the company has executed well post-IPO, its long-term success depends on continued leadership focus, cultural alignment, and operational agility. Strategic missteps—such as poorly timed product launches, inefficient resource allocation, or failed expansion attempts—could erode shareholder value. Retaining and incentivising top product, engineering, and commercial talent will be critical as the company moves from scaling to optimisation.

Appendix
Financial Statements

Income Statement A$'000s	FY24a	FY25e	FY26e	FY27e	FY28e
Revenue	75.81	83.18	92.60	103.05	114.67
Other Income	0.37	-	-	-	-
Expenses	-59.43	-64.18	-68.67	-70.05	-71.45
EBITDA	16.76	19.00	23.93	33.00	43.22
D&A	-16.88	-16.28	-16.03	-15.96	-16.00
EBIT	-0.12	2.72	7.90	17.04	27.22
Finance Income/Costs	0.31	-	-0.75	-0.78	-0.82
NPBT	3.22	2.72	7.15	16.26	26.40
Tax expense	0.35	-	-	-	-
NPAT	3.56	2.72	7.15	16.26	26.40

Balance Sheet A$'000s	FY24a	FY25e	FY26e	FY27e	FY28e
Cash	20.12	23.99	30.39	45.61	69.56
Trade and other receivables	1.48	1.66	1.85	2.06	2.29
Funds on deposit	1.15	1.24	1.34	1.45	1.56
Other	1.25	1.27	1.30	1.32	1.35
Current assets	23.99	28.17	34.88	50.44	74.77
Equity-accounted investment	-	-	-	-	-
Right of use assets	8.16	6.77	5.66	4.79	4.12
PPE	0.88	0.49	0.28	0.16	0.09
Intangible assets and Other	30.77	31.98	35.07	37.75	41.63
Non-current assets	39.82	39.25	41.01	42.70	45.84
Total assets	63.81	67.41	75.89	93.14	120.61
Trade and other payables	7.58	8.34	9.27	9.81	10.36
Contract liabilities	3.55	3.74	4.17	4.64	5.16
Provisions	2.17	2.06	1.95	1.86	1.76
Lease Liabilities	0.05	1.56	1.54	1.52	-
Other	0.05	-	-	-	-
Current liabilities	14.91	15.70	16.93	17.82	18.79
Provisions	0.79	0.79	0.79	0.79	0.79
Other liability	9.36	9.45	9.54	9.64	9.73
Non current liabilities	10.15	10.24	10.33	10.43	10.53
Total Liabilities	25.05	25.94	27.27	28.25	29.32
Net Assets	38.76	41.47	48.62	64.89	91.29
Contributed Equity	320.43	320.43	320.43	320.43	320.43
Accumulated Losses/Gains	-219.59	-59.37	-52.22	-35.95	-219.59
Reserves	-219.59	-219.59	-219.59	-219.59	-219.59
Total equity	38.76	41.47	48.62	64.89	91.29
Weighted Avg Shares Outstanding	134.05	134.05	134.05	134.05	134.05

Statement of Cashflows A$'000s	FY24a	FY25e	FY26e	FY27e	FY28e
Net profit for period	3.56	2.72	7.15	16.26	26.40
Depreciation & Amortisation	16.88	16.28	16.03	15.96	16.00
Changes in working capital	-0.74	-0.49	-0.92	-0.55	-0.59
Other	-0.39	-0.47	-0.50	-0.70	-1.33
Operating cash flow	19.31	18.04	21.76	30.97	40.48
Payments for PPE	-0.18	-	-	-	-
Payments for Intangibles and other assets	-14.55	-14.70	-15.00	-15.30	-15.60
Other	9.44	1.80	1.84	1.87	1.91
Investing cash flow	-5.29	-12.90	-13.16	-13.42	-13.69
Equity Raised	1.00	-	-	-	-
Lease liability payments	-2.44	-1.26	-2.20	-2.32	-2.83
Borrowings	-	-	-	-	-
Other	-1.00	-	-	-	-
Financing cash flow	-2.44	-1.26	-2.20	-2.32	-2.83
Free cash flow	**14.02**	**5.14**	**8.59**	**17.55**	**26.79**
Cash flows	**11.59**	**3.87**	**6.40**	**15.22**	**23.95**
Effects of exchange rate	-0.01	-	-	-	-
Cash year end	20.12	23.99	30.39	45.61	69.56

Investment Fundamentals	FY24a	FY25e	FY26e	FY27e	FY28e
Liquidity					
Quick Ratio	1.4	1.6	1.9	2.7	3.8
Solvency					
Debt to Equity	0.0	0.1	0.0	0.0	0.0
Debt to Assets	0.0	0.0	0.0	0.0	0.0
LT Debt to Assets	0.0	0.0	0.0	0.0	0.0
Profitability					
Net Margin	5%	3%	8%	16%	23%
ROA	n/a	4%	10%	19%	25%
ROE	n/a	7%	16%	29%	34%
Valuation					
P/E	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a	n/a
P/B	3.25	2.70	2.30	1.72	1.23
Growth					
0	0%	0%	0%	0%	0%
NPAT Margin	5%	3%	8%	16%	23%
EBITDA Margin	22%	23%	26%	32%	38%

Leadership Team

Roby Sharon-Zipser Group CEO	As co-founder of Hipages, Roby Sharon-Zipser has led the business since its inception in 2004. With a strong entrepreneurial track record and deep expertise in technology-enabled services, Roby has overseen the company's evolution into a leading SaaS platform for tradies. His focus on innovation, data, and product-led growth continues to drive the group's strategy and execution. He holds a 6.4% ownership stake and plays a central role in shaping Hipages' long-term vision.
Jaco Jonker CFO & COO	Joining Hipages in 2022, Jaco Jonker is responsible for financial strategy, operational delivery, and business performance across the group. With a global career spanning over 20 years, including senior roles in Australia, South Africa, the UK, and the US, Jaco brings significant experience in scaling technology-driven businesses. He is both a Chartered Accountant and CFA charterholder.
Inese Kingsmill Chair & Independent NED	Appointed Chair in 2022, Inese Kingsmill brings more than 25 years of senior leadership experience across the telecommunications, technology, and aviation sectors. Having held executive roles at Microsoft, Telstra, and Virgin Australia, she brings valuable insight into customer strategy, brand, and digital transformation. Inese is also active across several other boards and provides strong governance leadership as Hipages scales.
Nicholas Gray NED	Nicholas Gray has served on the board since 2020 and contributes a strong commercial lens shaped by leadership roles at News Corp Australia. His expertise lies in digital transformation, business development, and monetisation strategy, particularly within media and property-related verticals.
Kate Hill Independent NED	Kate Hill is a seasoned Non-Executive Director with deep expertise in audit, risk, and financial governance. She brings over 30 years of experience in accounting and compliance, including as a former partner at Deloitte. Kate supports Hipages' oversight of internal controls, reporting frameworks, and financial accountability as the company transitions to scalable free cash flow generation. She also serves on several boards across the technology and services sectors.
Kate Mills Independent NED	Kate Mills is a business leader, advisor, and former CEO of the Property Industry Foundation. She brings valuable cross-sector insight across property, construction, and social enterprise. At Hipages, she provides perspective on stakeholder alignment, purpose-driven governance, and customer-centric innovation. Her expertise reinforces the company's role in supporting Australia's tradie economy through responsible digital enablement.
Adir Shiffman Independent NED	Adir Shiffman is a serial entrepreneur and investor with deep expertise in SaaS, health tech, and online marketplaces. He brings a strong founder mindset and strategic lens to Hipages' growth planning, product roadmap, and innovation culture. As a Non-Executive Director, Adir supports the leadership team in navigating scale, market positioning, and long-term shareholder value creation.

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