



Record Earnings but Slower Revenue Growth

hipages Group

Evolution Capital provides an update on hipages Group Holdings (ASX: HPG) following the release of its H1 FY26 results and updated FY26 guidance. The company continues to execute its transition from a lead-generation marketplace to a monetisation-driven SaaS platform. In Australia, 100% of customers are now on the new pricing plans within the Single Tradie Platform (STP), while New Zealand has completed its full subscription migration, structurally resetting ARPU at a higher level.

H1 FY26 results underline the strength of this shift. Revenue increased **11% year-on-year to A\$44.9m**, **EBITDA rose 29% to A\$11.2m**, and EBITDA margin expanded to 25%, reflecting emerging operating leverage. Free cash flow generation improved materially, supported by a high recurring revenue base (>97%) and disciplined cost control. The balance sheet remains debt-free, with a solid net cash position. At around 4x EV/EBITDA, the current valuation does not reflect improving margins and stronger earnings visibility.

For FY26, management now guides to **A\$90–91m revenue, an EBITDA margin of 24–26%, and free cash flow of A\$8–10m**. While the updated revenue range is modestly below earlier growth expectations, profitability and cash flow targets remain unchanged. Importantly, hipages has historically generated a stronger second half, both in revenue and free cash flow, supporting visibility into full-year delivery.

ARPU remains the central growth driver. In Australia, **ARPU increased 9%** year-on-year to A\$2,583 and has compounded at approximately 10% annually since H1 FY22. The platform is increasingly embedded in tradie workflows, deepening monetisation per customer rather than relying on subscriber expansion. In New Zealand, the subscription migration has resulted in a structural ARPU reset, with medium-term growth expected to normalise toward sustainable high single-digit levels.

On updated forecasts, hipages continues to trade at an undemanding multiple relative to its improving margin profile and accelerating free cash flow generation. The combination of high recurring revenue, operating leverage, and disciplined capital structure supports increasing earnings visibility. Hipages enters the second half of FY26 with solid momentum. The platform has evolved into critical digital infrastructure for the trades economy, combining subscription monetisation, workflow integration, and emerging payments functionality. With a debt-free balance sheet and strong cash generation, the company is well positioned to fund further product development and monetisation expansion.

We revise our DCF-derived target price to **A\$1.84** per share (from A\$1.92), reflecting moderated customer growth assumptions and an increase in shares outstanding to approximately 136.9m, primarily due to employee share rights issuance. Our margin, cash flow, and discount rate assumptions remain unchanged.

In our view, hipages has reached the monetisation phase of its platform evolution. Proven ARPU expansion, strong free cash flow generation, and increasing operating leverage underpin a structurally improving SaaS investment case.

Key Near-Term Catalysts

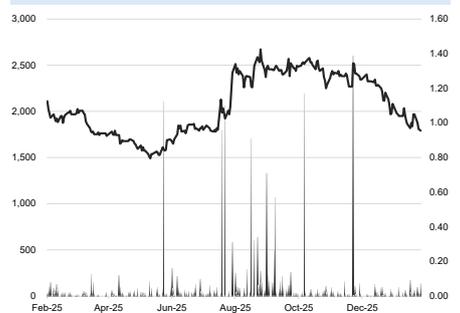
Deployment of AI-enabled workflows (AI job posting assistant, self-serve matching, smart quoting, scheduling optimisation)	From H2 FY26
Expansion of SaaS monetisation into payments and financial tools (Tap-to-Pay, advanced invoicing, embedded services)	FY26–FY28

Recommendation	Buy
Share Price	\$0.81
Fair Valuation	\$1.84
TSR	127%

Company Profile

Market Cap	\$111M
Enterprise Value	\$85M
Free Float	59%
EV/EBITDA	~4.0
Cash	\$30m
52-Week Range	\$0.78 - \$1.5

Price Performance



Company Overview

Hipages is Australia's leading home services SaaS platform, enabling tradies to find work, manage jobs and get paid through an integrated solution. The company has evolved from a marketplace into a subscription-driven model, combining lead generation with workflow tools such as quoting, invoicing, scheduling and payments. This delivers high-margin recurring revenue, strong retention and scalable growth across the tradie economy.

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HPG Coverage

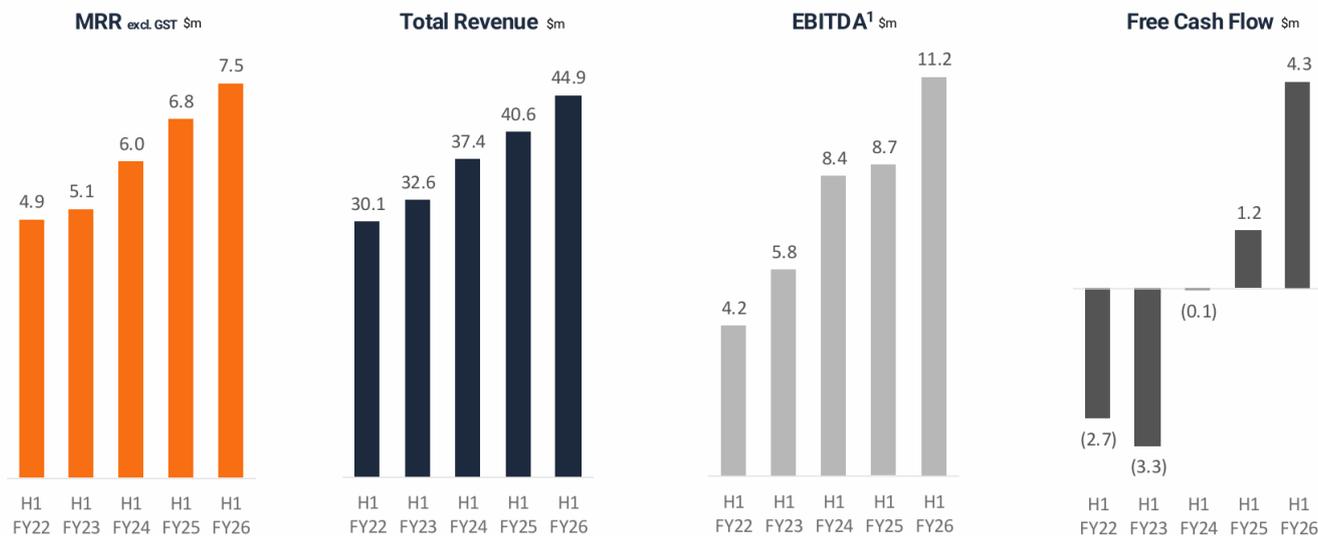
Update 27 Aug 2025 [Link](#)
Initiation 12 June 2025 [Link](#)



Investment Summary

hipages delivered a solid H1 FY26 result that reinforces the company’s structural transition from a volume-led marketplace to a monetisation-driven SaaS platform. Revenue increased 11% year-on-year to \$44.9m, EBITDA rose 29% to \$11.2m, and the EBITDA margin expanded to 25%, highlighting emerging operating leverage within the model. Free cash flow generation improved materially, supported by high recurring revenues and disciplined cost management. The balance sheet remains debt-free with a strong net cash position.

Figure 1: Track Record



Source: Investor Presentation, HPG.

During the half year, management updated its revenue guidance to an absolute range of \$90–91m for FY26. This compares to the earlier indication of 10–12% revenue growth, which implied a slightly higher outcome. While the revised revenue outlook is modestly below prior market expectations, it is important to note that the EBITDA margin guidance of 24–26% and free cash flow guidance of \$8–10m remain unchanged.

In our view, this distinction is critical. The structural investment case for hipages is increasingly anchored in margin expansion and free cash flow generation rather than pure top-line acceleration. The H1 result demonstrates that even with a calibrated revenue outlook, the business continues to deliver operating leverage and cash flow scaling.

Historically, hipages’ second half has been stronger than the first, both in terms of revenue and free cash flow generation. Against this seasonal backdrop, the reiterated full-year profitability and cash flow targets appear well supported.

Operationally, growth is now primarily ARPU-driven. In Australia, 100% of customers have migrated to the new pricing plans, embedding workflow functionality and increasing monetisation depth per tradie. ARPU increased 9% year-on-year to \$2,583 and has compounded at approximately 10% annually since H1 FY22. This track record supports our revised modelling approach, which places greater emphasis on sustainable ARPU expansion rather than subscriber growth.

In New Zealand, the completion of the subscription migration has resulted in a structural ARPU reset. While near-term growth reflects this transition, we expect normalisation toward sustainable high single-digit ARPU growth over the medium term, consistent with the post-migration trajectory observed in Australia.

We revise our target price to \$1.84 (from \$1.92), reflecting moderated customer growth assumptions and a modest increase in shares outstanding to approximately 136.9m (from ~134.0m), largely driven by employee share rights issuance. All other key valuation inputs remain unchanged.

Overall, we view hipages as being firmly in the monetisation phase of its platform evolution. With >97% recurring revenue, improving margins, accelerating free cash flow, and increasing operating leverage, the business continues to strengthen its position as a scalable, capital-light SaaS platform. The target price adjustment represents a technical recalibration rather than a change in our structural investment thesis.

Valuation

We revise our target price for hipages to \$1.84 from \$1.92. The adjustment reflects two technical factors: a more conservative revenue trajectory driven by moderated customer growth assumptions in Australia, and a modest increase in the fully diluted share count. Importantly, our assumptions regarding margins, free cash flow generation, capital structure, and discount rate remain unchanged and fully consistent with our prior framework.

In our previous model, we had incorporated stronger subscription customer growth, particularly in the Australian core market. However, historical operating data indicates that revenue expansion over recent years has been predominantly ARPU-led rather than volume-driven. While the subscription base has remained broadly stable, ARPU in Australia increased at a compound annual growth rate of approximately 10% between H1 FY22 and H1 FY26. This growth was supported by structural pricing plan migration, optimisation of lead pricing, and increasing adoption of embedded workflow features.

Market	FY26	FY27	FY28	FY29	FY30	FY31
Number of Customers Australia	32,264	32,587	32,750	32,914	32,980	33,046
ARPU (\$) Australia	2,635	2,898	3,159	3,443	3,719	3,979
<i>Growth</i>	12%	10%	9%	9%	8%	7%
Revenue Australia	85.01	94.44	103.46	113.33	122.64	131.49
Number of Customers New Zealand	3,498	3,638	3,783	3,859	3,936	4,015
ARPU (\$) New Zealand	1,615	1,809	1,990	2,149	2,321	2,460
<i>Growth</i>	20%	12%	10%	8%	8%	6%
Revenue New Zealand	5.65	6.58	7.53	8.29	9.14	9.88
Total Revenue	90.65	101.02	110.98	121.62	131.78	141.37

In light of this track record, we have recalibrated our forecasts to place greater emphasis on monetisation depth per customer rather than incremental subscriber growth. We now assume more moderate expansion of the Australian subscription base, while maintaining high single-digit ARPU growth over the medium term. The resulting revenue profile remains robust but exhibits a slightly lower CAGR than previously modelled.

In New Zealand, the recent completion of the full subscription migration has led to a structural ARPU reset. While near-term growth rates appear elevated, we expect the trajectory to normalise toward sustainable high single-digit expansion, consistent with the post-migration pattern observed in Australia. Our revised forecasts therefore reflect a more balanced growth mix between structural monetisation and measured volume expansion.

In addition, the updated target price reflects an increase in shares outstanding from approximately 134.0 million to around 136.9 million. The majority of this increase relates to share rights issued under employee incentive programs. While modest in scale, the higher share base results in a mechanical dilution effect within our equity valuation.

Taken together, the reduction in our target price primarily reflects a slightly lower medium-term revenue CAGR and the updated share count. It does not represent a change in our fundamental view of the business. hipages continues to evolve from a volume-led marketplace into a monetisation-driven SaaS platform characterised by high recurring revenue visibility, strong gross margins, and emerging operating leverage.

In our assessment, the revised valuation represents a technical recalibration within an otherwise intact long-term investment thesis.

Key Risks

Execution and Feature Adoption

Following the completion of the STP migration, the investment case increasingly relies on monetisation depth rather than subscriber expansion. Sustained ARPU growth depends on deeper adoption of workflow tools and premium functionality, including quoting, invoicing, scheduling and payments. Should feature uptake progress more slowly than expected, ARPU expansion may fall short of forecasts, limiting revenue growth given the relatively stable subscriber base embedded in our model.

Customer Retention and Competitive Pressure

While hipages benefits from a highly recurring revenue base, retention remains linked to perceived value for tradie businesses. Competitive intensity is increasing, both from alternative lead-generation channels such as digital advertising platforms and from specialised workflow software providers. Any deterioration in pricing power, lead quality, or customer retention could reduce revenue visibility and moderate growth expectations.

Dependence on ARPU-Led Growth

Our revised growth framework places greater emphasis on ARPU expansion rather than subscriber growth. This increases sensitivity to pricing discipline and customer willingness to upgrade plans. In a weaker housing or renovation environment, tradies may exhibit lower tolerance for subscription increases, potentially constraining ARPU momentum.

Product Delivery and Innovation Risk

The monetisation strategy incorporates AI-enabled workflows and embedded payments functionality. Delays in execution, integration challenges, or weaker-than-expected user adoption could limit monetisation potential and reduce the scalability underpinning the SaaS transition narrative.

Macroeconomic Exposure

Although hipages operates a capital-light digital model, it remains indirectly exposed to residential construction and renovation cycles. A sustained slowdown in tradie activity could impact both subscriber growth and ARPU expansion.

Capital Allocation

With a strong net cash position and no debt, the company maintains financial flexibility. However, disciplined capital allocation remains critical. Suboptimal investment decisions or inefficient capital deployment could weigh on long-term value creation.

Appendix

Financial Statements

VALUATION DETAILS					PER SHARE DATA				
					FY25a	FY26e	FY27e	FY28e	
Share Price (A\$)	\$0.81				Shares Outstanding (m)	136.9	136.9	136.9	136.9
Market Cap (A\$m)	110.89				Normalised EPS (A\$)	0.017	0.048	0.086	0.135
Enterprise Value (A\$m)	85.26				Dividends per Share (A\$)	0.00	0.00	0.00	0.00
Fair Value/Share (A\$)	\$1.84				Payout	0%	0%	0%	0%
					Franking	0%	0%	0%	0%
FINANCIAL STATEMENTS (A\$m)					RATIOS				
	FY25a	FY26e	FY27e	FY28e		FY25a	FY26e	FY27e	FY28e
Income Statement					Liquidity				
Revenue	83.15	90.65	101.02	110.98	Current Ratio	0.00	0.00	0.00	0.00
EBITDA	19.63	22.05	26.93	33.56	Quick Ratio	0.00	0.00	0.00	0.00
EBIT	1.65	5.95	11.10	17.84					
Net Income	2.39	6.58	11.75	18.53	Solvency				
					Debt to Equity	0.00	0.00	0.00	0.00
Balance Sheet					Debt to Assets	0.00	0.00	0.00	0.00
Cash	25.63	33.38	42.50	59.82	LT Debt to Assets	0.00	0.00	0.00	0.00
Trade and other receivables	1.63	2.72	2.02	2.22					
Intangible assets and Other	40.45	38.77	44.01	45.98	Profitability				
Total assets	67.71	74.86	88.53	108.02	Net Margin	2.9%	7.3%	11.6%	16.7%
Trade and other payables	7.09	7.55	8.89	9.29	EBITDA Margin	23.6%	24.3%	26.7%	30.2%
Contract liabilities	4.01	4.08	4.55	4.99	ROA	3.5%	8.8%	13.3%	17.2%
Other Liabilities	13.45	13.50	13.61	13.72	ROE	5.5%	13.2%	19.1%	23.2%
Total Liabilities	24.56	25.13	27.05	28.01					
Shareholders' Equity	43.15	49.73	61.48	80.01	Growth				
					Revenue	9.0%	11.4%	9.9%	9.6%
Cash Flow Statement					EBITDA	17.1%	12.3%	22.1%	24.6%
Net Income	2.39	6.58	11.75	18.53	NPAT	-33%	175%	79%	58%
Add: Depreciation & Amortisation	17.98	16.10	15.82	15.71					
Less: Change in Net Working Capital/Other	2.14	1.31	-1.84	0.06	Valuation				
Cash Flow from Operations	22.51	23.99	25.73	34.30	P/E	46.4	16.9	9.4	6.0
Cash Flow from Investing	-15.10	-14.31	-14.64	-14.98	P/B	2.6	2.2	1.8	1.4
Lease liability payments	-1.66	-1.67	-1.71	-1.74	EV/EBITDA	4.3	3.9	3.2	2.5
Net Borrowings/Other	-0.25	-0.25	-0.26	-0.25	EV/Sales	1.0	0.9	0.8	0.8
Cash Flow from Financing	-1.91	-1.93	-1.96	-1.99					
Unlevered Free Cash Flow	7.40	9.67	11.09	19.31					

Exchange differences on translation and losses from the revaluation of investments were excluded from the overall OCI assessment, as these items do not have a material impact on the company's financial outlook. Company-defined

¹ FCF deducts lease payments (classified under financing cash flows under IFRS 16), resulting in lower reported free cash flow compared to conventional DCF definitions.



Board & Management

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.

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 share-holder value creation.

Evolution Capital Ratings System

Recommendation Structure

- **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected.
- **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon.
- **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.

Risk Qualifier

- **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.

Other Ratings:

- **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view.
- **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon.
- **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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