



One Dollar of Growth, Fifty Cents of Cash

hipages Group Holdings Ltd

Evolution Capital reiterates its Buy rating on hipages Group Holdings (ASX: HPG) following the FY26 results. **Revenue grew 9% to \$90.6m, EBITDA grew 17% to \$22.9m, and the EBITDA margin expanded 170 basis points to 25.3%**, the fourth consecutive year of margin expansion and clear evidence that operating leverage is compounding. The result confirms hipages' platform strategy has moved from roadmap to delivery. For FY27, management guides to **revenue growth of 9-11%, an EBITDA margin of 25-27%, and free cash flow of A\$11-13m.**

hipages' platform strategy is maturing into a genuine moat. Job management tool adoption nearly doubled to 22% of the Australian base, from 12% a year earlier, as the company embeds quoting, invoicing, scheduling and payments deeper into trade workflows. Recurring revenue held at 98% of the total and ARR grew 8% to \$95.6m. As adoption widens, growth is shifting from subscriber acquisition to monetisation, a transition that de-risks earnings and should support a re-rating over time.

Cash Generation Remains a Key Strength

The underlying economics remain exceptional. **Free cash flow grew 66% to \$9.4m** and operating cash flow 17% to \$26.4m, lifting cash and funds on deposit to \$34.2m, a capital-light, high-conversion profile rarely seen at this scale in ASX technology.

Diversifying Beyond the Core Marketplace

The completed acquisition of a 51% stake in VIZ Insurance in April 2026 adds a new insurance vertical, marking a shift away from pure lead generation toward embedded financial services. Combined with 22% revenue growth in New Zealand, the revenue mix is broadening beyond the core Australian marketplace, a shift we expect to continue as VIZ scales and cross-sell develops.

Our updated valuation reflects two main drivers, a higher discount rate and a modestly lower revenue forecast, partly offset by rolling forward to FY26a actuals and a longer forecast horizon. WACC rises to 11.5% from 10.5% on a higher risk-free rate and beta, while revenue reflects a lower FY26 ARPU base and more conservative growth as VIZ and New Zealand scale. Our target price moves to **\$1.81 per share** (from \$1.95). hipages remains a structurally improving, cash-generative platform trading at a substantial discount to intrinsic value.

FY26 makes the case stronger: margins expanded for a fourth consecutive year, cash conversion improved, and capital returns to shareholders via the buy-back. The lower target reflects a higher cost of capital and a more conservative revenue base, not a weaker business. The gap to intrinsic value is the FY27 opportunity.

Key Near-Term Catalysts

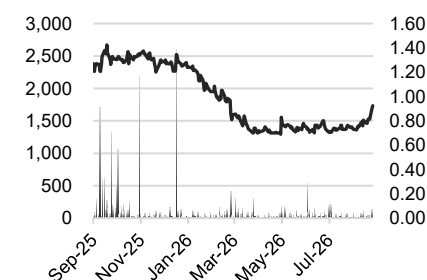
Deployment of AI-enabled workflows	FY27
Expansion of SaaS monetisation into payments and financial tools	FY27–FY28
Execution of on-market share buy-back	FY27
Integration and scaling of VIZ Insurance	FY27–FY32

Recommendation	Buy
Share Price	\$0.96
Fair Valuation	\$1.81
TSR	88.5%

Company Profile

Market Cap	\$131M
Enterprise Value	\$107M
Free Float	59%
EV/EBITDA	~4.7x
EV/FCF	~11.4x
Cash	\$33m
52-Week Range	\$0.68 - \$1.5
SOI	136.6M

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, end-to-end solution. The company has evolved from a pure marketplace into a subscription-driven model, combining lead generation with workflow tools such as quoting, invoicing, scheduling and payments. This integrated approach embeds hipages more deeply into tradie workflows, increasing engagement and retention. The platform delivers high-margin recurring revenue, strong customer loyalty and scalable growth, positioning hipages as critical digital infrastructure within the tradie economy.

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HPG Coverage

Update 5 May 2026 [Link](#)
Update 26 February 2026 [Link](#)
Update 27 August 2025 [Link](#)
Initiation 12 June 2025 [Link](#)

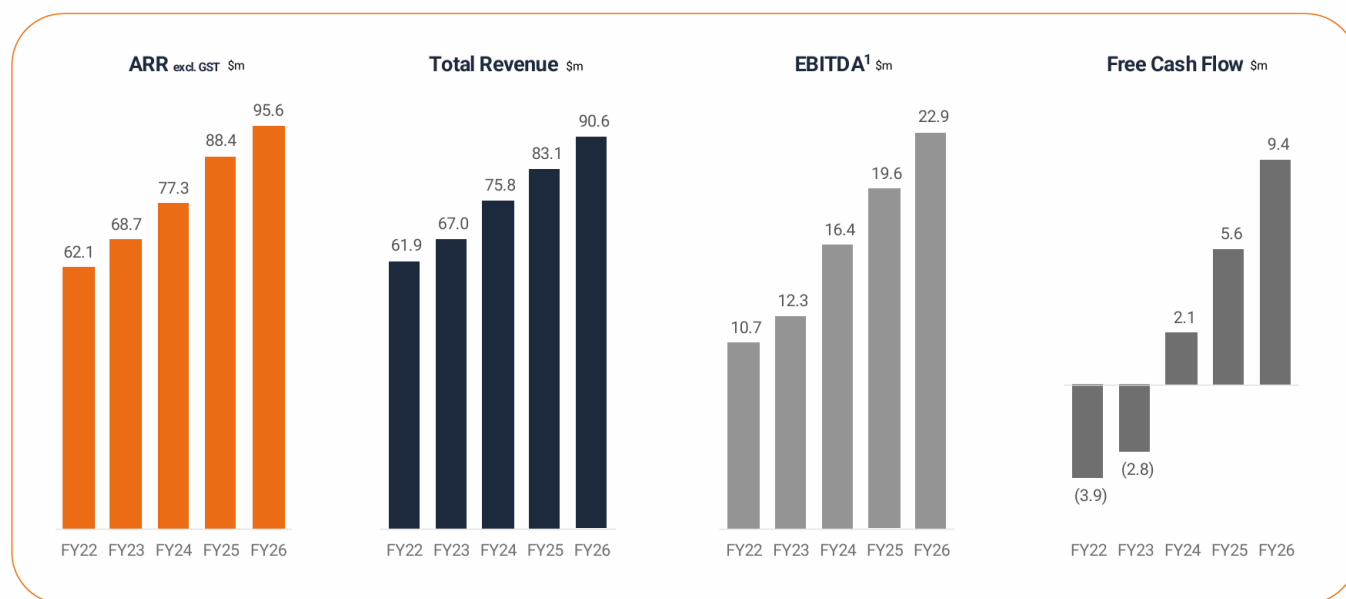
Investment Summary

Our Buy thesis rests less on any single reporting period and more on hipages' structural position at the centre of Australia's trades economy, and on a valuation, we believe has not yet caught up with that shift.

As quoting, invoicing, scheduling and payments migrate onto the platform, hipages is becoming embedded infrastructure rather than a marketplace listing and switching costs for tradies rise with every additional workflow tool they adopt. This is a fundamentally different economic position from a lead-generation directory, where a tradie can walk away between jobs at no cost: the deeper the embedding goes, the more predictable and durable the revenue base becomes, and the less the case depends on new subscriber growth in a flat market.

The economics are exceptional, and the multi-year trend confirms that this is structural, not a single-period effect. As illustrated in Figure 1, hipages has grown ARR from \$62.1m to \$95.6m and total revenue from \$61.9m to \$90.6m since FY22, a c.10% revenue CAGR, while EBITDA has more than doubled to \$22.9m from \$10.7m, roughly twice the pace of revenue and the clearest signal yet of operating leverage taking hold. Free cash flow shows an even sharper inflection, swinging from an outflow of \$3.9m in FY22 to an inflow of \$9.4m in FY26, sustainably positive for three consecutive years. This is a platform that has crossed the point where incremental revenue converts disproportionately into cash.

Figure 1: hipages Group Results



Source: Investor Presentation, HPG.

The monetisation runway is long and only partially reflected in the current share price. ARPU has expanded through successive pricing tier migrations over the past several years, and management continues to layer in adjacent monetisation, most recently financial services through VIZ Insurance on top of existing workflow tools. Each of these is a call option on wallet share that did not exist in the original lead-generation model, and none depends on the trades market growing faster than the broader economy, insulating the thesis from macro cyclicalities to a degree that we believe the market is not currently pricing in.

Demand for trade services is structurally resilient, and the balance sheet gives management room to act on it. Home repairs, maintenance and compliance work are largely non-discretionary, and hipages sits upstream of that spend regardless of the broader consumer cycle. Debt is minimal (\$0.2m of borrowings against \$34.2m of cash and deposits) with no near-term refinancing risk, giving the business the flexibility to

keep investing in product while returning capital to shareholders, without having to choose between the two.

Our DCF-derived target price of \$1.81 per share implies a premium of approximately 88.5% to the current \$0.96 share price. A gap of that size on a profitable, cash-generative business with a strong net cash position is unusual, and in our view reflects small-cap illiquidity and lingering scepticism about the durability of the margin expansion underway, rather than any deterioration in the underlying franchise. We see the trend in Figure 1, and FY26 execution more broadly, as the evidence that should begin closing that gap.

Valuation

We roll the model forward to FY26a actuals, extend the explicit forecast horizon by one year to FY32, update the timing of the buy-back, and revise a number of methodology items, including our free cash flow definition and the treatment of net cash in the equity bridge. Our price target for hipages Group Holdings moves to \$1.81, from \$1.95, and we reiterate our Buy rating. The reduction reflects two broadly similar-sized factors, a higher discount rate and a lower revenue forecast, partially offset by rolling the valuation forward to FY26a actuals and extending the explicit forecast horizon.

The higher discount rate reflects two updates to our cost of equity build: the risk-free rate, based on the Australian 10-year government bond, moves to 5% from 4.3%, and we update hipages' equity beta to 1.11 from 1.05. The WACC rises to 11.5% from 10.5%.

We model FY27 group revenue across three segments, Australia, New Zealand and VIZ Insurance, each now fully traceable in our forecast (see Table 1). Australia is modelled to contribute \$92.6 million, on a flat base of 33,078 subscription businesses, with ARPU solved as the residual required to reach the midpoint of revenue guidance, implying approximately 8.7% ARPU growth in FY27. New Zealand is modelled to contribute \$6.1 million, on approximately 3,404 subscription businesses and ARPU of \$1,800, up from \$1,501. VIZ Insurance is modelled to contribute \$0.9 million, with revenue per insured business serving as the ARPU equivalent. In aggregate, we model FY27 group revenue of \$99.6 million across the three segments.

Table 1: Revenue

Revenue Australia, New Zealand, VIZ Insurance						
	FY27	FY28	FY29	FY30	FY31	FY32
Australia						
Subscription businesses	33,078	33,078	33,078	33,078	33,078	33,078
Subscription ARPU (\$)	2,799	3,023	3,250	3,461	3,652	3,834
Revenue Australia (\$m)	92.6	100.0	107.5	114.5	120.8	126.8
New Zealand						
Subscription businesses	3,404	3,404	3,404	3,438	3,472	3,507
Subscription ARPU (\$)	1,800	1,946	2,103	2,274	2,458	2,532
Revenue New Zealand (\$m)	6.1	6.6	7.2	7.8	8.5	8.8
VIZ Insurance						
Revenue VIZ Insurance (\$m)	0.9	1.1	1.3	1.6	1.9	2.2
Total revenue (\$m)	99.6	107.7	116.0	123.8	131.1	137.9

Source: Evolution Capital assumptions.

The Australian and New Zealand customer base is held flat rather than assuming further growth, a more conservative approach than our previous model, which assumed continued subscriber growth. Given the Australian subscription base fell slightly in FY26,

holding it flat also assumes this decline stabilises rather than continues. Australia is held flat at 33,078 across the entire forecast horizon; New Zealand is held flat at 3,404 through FY29 before a modest uptick by FY32. As a result, nearly all revenue growth in the model comes from ARPU rather than customer additions.

Our Australian ARPU assumptions have also been revised down from the previous model, and the change is directly traceable to how FY26 actually came in. The previous model had assumed Australian ARPU of \$2,635 for FY26. Actual FY26 Australian ARPU came in at \$2,575, below that assumption, with the shortfall driven by pricing plan migration and dynamic lead pricing landing somewhat softer than the prior path implied. Since every subsequent year compounds off this lower FY26 base, the whole forecast starts from a smaller number even before any change to the growth path itself. ARPU growth from FY28 onward is now also anchored to that actual FY26 growth rate of 8%, rather than the previous model's steadier, higher trajectory, and tapers gradually to 5% by FY32, resulting in a lower revenue contribution in the later forecast years.

This is also the first update in which VIZ Insurance has been built out as its own revenue line, based on the FY26 annual report, which discloses pro forma full year FY26 revenue of \$0.792 million on 4,696 insured businesses, equivalent to roughly \$169 per business. Only \$0.139 million was actually consolidated in FY26, since VIZ was owned for just two months of the year, which is why its scale had been underrepresented in the model to date. The growth path is derived from the referral arrangement signed after year end, under which VIZ Insurance is actively marketed into hipages' existing Australian customer base of roughly 49,800 to 52,800 serviced businesses. We build the insured-business count directly, year by year, and anchor the pace to a precedent already visible in this result: job management tool penetration nearly doubled to 22% of the Australian base in FY26 alone. We assume a materially slower ramp for VIZ, since insurance is a more considered purchase and the referral relationship is new, taking penetration of the serviced base from around 9% to over 20% only by FY32, six years to reach what job management tools achieved in one. That produces an insured-business count rising from 4,696 to 11,000, with revenue per insured business growing conservatively at 3% a year, together producing the \$0.9 million VIZ contribution in FY27. The growing weight of New Zealand and VIZ Insurance in the revenue mix also points to a gradual broadening of the earnings base beyond the core Australian platform.

On tax, we have taken a conservative partial recognition into FY27e of the currently unrecognised deferred tax assets, the full potential benefit from unrecognised tax losses plus 20% of the unrecognised R&D tax offset. This is a profit and loss adjustment only and does not affect free cash flow or the DCF valuation.

Taken together, we view the revised revenue base, ARPU trajectory and VIZ Insurance build as conservative and well supported. The reduction in our price target to **\$1.81 per share** reflects a higher cost of capital and a more conservative revenue base rather than any deterioration in the underlying operating outlook, and we reiterate our Buy rating.

Key Risks

Execution and Monetisation Depth

Following the completion of the STP migration, the investment case is increasingly dependent on monetisation depth rather than subscriber expansion. Sustained ARPU growth relies on continued adoption of workflow tools and premium functionality, including quoting, invoicing, scheduling and payments. Slower-than-expected uptake or weaker engagement could limit ARPU expansion and constrain revenue growth, given the relatively stable subscriber base embedded in our forecasts.

Customer Retention and Competitive Dynamics

While hipages benefits from a highly recurring revenue base, retention remains linked to the perceived value delivered to tradie businesses. Competitive intensity is increasing across both lead-generation platforms and specialised workflow software providers. Any

deterioration in lead quality, pricing power, or relative product offering could negatively impact retention rates and reduce revenue visibility.

Reliance on ARPU-Led Growth

Our growth framework assumes continued ARPU expansion as the primary driver of revenue, and we have deliberately held customer counts flat in Australia and New Zealand rather than model further subscriber growth. This increases sensitivity to pricing discipline, product bundling and customer willingness to upgrade. In a softer housing or renovation environment, tradies may be less willing to accept subscription increases, potentially slowing monetisation momentum.

Product Execution and Platform Integration

The long-term growth profile is increasingly tied to successful execution of AI-enabled workflows, payments and adjacent services. Delays in product rollout, integration challenges, or weaker-than-expected adoption could limit monetisation opportunities and reduce the scalability of the platform.

Expansion into Adjacent Services

Insurance (VIZ) and other adjacencies introduce execution risk outside the company's core marketplace offering. We now model VIZ as its own revenue line, with penetration of hipages' Australian customer base rising from around 9% to over 20% by FY32 under the referral arrangement signed after the FY26 year end, and revenue per insured business growing at 3% a year. Given how early this is in the referral relationship, the path remains unproven: slower-than-expected referral conversion, lower revenue per insured business, or failure to scale the arrangement could limit the expected uplift to ARPU, retention and group revenue.

Macroeconomic Exposure

Although hipages operates a capital-light digital model, demand remains indirectly linked to residential construction and renovation activity. A sustained slowdown in tradie workloads could impact both customer engagement and willingness to pay, affecting ARPU growth and overall platform activity.

Financial Summary

VALUATION DETAILS					PER SHARE DATA				
Share Price (A\$)	\$0.96				Shares Outstanding (m)	136.6	128.5	128.5	128.5
Market Cap (A\$m)	131.10				EPS (A\$)	0.110 ¹	0.064	0.081	0.117
Enterprise Value (A\$m)	107.02				Dividends per Share (A\$)	0.00	0.00	0.00	0.00
Fair Value/Share (A\$)	\$1.81				Payout	0%	0%	0%	0%
					Franking	0%	0%	0%	0%
FINANCIAL STATEMENTS (A\$m)	FY26a	FY27e	FY28e	FY29e	RATIOS	FY26a	FY27e	FY28e	FY29e
Income Statement					Liquidity				
Revenue	90.57	99.62	107.70	115.95	Current Ratio	2.26x	2.45x	3.34x	4.31x
EBITDA	22.89	25.59	30.28	36.86	Quick Ratio	2.18x	2.37x	3.26x	4.23x
EBIT	5.39	8.99	13.93	20.58					
Net Income	15.01	8.25	10.36	15.05	Solvency				
Balance Sheet					Debt to Equity	0.17	0.13	0.09	0.06
Cash	33.05	37.50	54.27	74.68	Debt to Assets	0.12	0.10	0.07	0.05
Trade and other receivables	1.82	1.99	2.15	2.32	LT Debt to Assets	0.09	0.07	0.05	0.03
Other assets	48.22	46.54	41.92	38.32					
Total assets	83.09	86.03	98.34	115.32	Profitability				
Trade and other payables	6.61	7.26	7.59	7.75	Net Margin	16.6%	8.3%	9.6%	13.0%
Contract liabilities	4.18	4.48	4.85	5.22	EBITDA Margin	25.3%	25.7%	28.1%	31.8%
Other Liabilities	14.60	13.12	11.85	10.64	ROA	18.1%	9.6%	10.5%	13.0%
Total Liabilities	25.38	24.86	24.28	23.61	ROE	26.0%	13.5%	14.0%	16.4%
Shareholders' Equity	57.71	61.17	74.06	91.71					
Cash Flow Statement					Growth				
Net Income	15.01	8.25	10.36	15.05	Revenue	8.9%	10.0%	8.1%	7.7%
Depreciation & Amortisation	17.50	16.60	16.34	16.28	EBITDA	16.6%	11.8%	18.3%	21.7%
Change in Net Working Capital/Other	-6.16	4.69	7.19	6.53	NPAT	528%	-45%	26%	45%
Cash Flow from Operations	26.35	29.54	33.90	37.86	Valuation				
Cash Flow from Investing	-16.44	-15.80	-15.29	-15.67	P/E	8.7	15.9	12.7	8.7
Lease liability payments	-1.92	-1.46	-1.23	-1.05	P/B	2.3	2.1	1.8	1.4
Net Borrowings/Other	-0.42	-7.83	-0.61	-0.73	EV/EBITDA	4.7	4.2	3.5	2.9
Cash Flow from Financing	-2.34	-9.29	-1.84	-1.78	EV/Sales	1.2	1.1	1.0	0.9
Free Cash Flow ²	9.35	12.06	17.19	20.98					

¹ FY26a EPS is based on statutory net income of \$15.0m, which includes an \$8.9m benefit from recognition of previously unrecognised deferred tax assets. On a pro-forma basis excluding this item, FY26a net income was \$6.1m and EPS \$0.045 (P/E of approximately 21x at the current share price)

² Company definition (operating cash flow less lease payments, capex and intangibles). The DCF uses unlevered free cash flow, which excludes lease payments.

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 ('Spec'):** 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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