

# Profitability Scaling Ahead of Revenue

## Pureprofile Ltd

Pureprofile reported FY26 revenue of **\$65.0m, up 14%** and at the upper end of the \$64m to \$65m guidance range, **with EBITDA of \$6.5m, up 25%**, and **NPAT of \$2.3m, up 47%**. EBITDA margin expanded approximately 90bp to 10.0%, the level management had guided to, and 92% cash conversion confirms the quality of the result. FY26 marks the third consecutive year of statutory profitability.

### Platform mix converting into cost leverage

Platform revenue grew 74% in FY26 and now represents 30% of group revenue. Automated and API-enabled delivery carries a materially lower cost to serve than project-based research, and in FY26 that showed through in the cost base. Employee costs fell from 36.9% to 35.0% of revenue, growing 8% in absolute terms against revenue growth of 14%, and the incremental economics are sharper still: the group added \$7.9m of revenue for \$1.7m of additional employee cost, an incremental rate of 22% against a 35% average. Technology and other overheads fell a combined 1.2 points. Working against that, cost of sales rose from 45.0% to 46.1%, so the improvement is an operating cost outcome rather than a gross margin one, and a \$0.7m adverse swing in currency took other income from a gain to a loss. The reported 90bp therefore understates what the cost base delivered. Continued mix shift is the principal driver of the margin path in our forecasts, with cost of sales the line to watch.

### FY27 starts from a cleaner base

The FY26 restructuring and acquisition costs are not expected to recur. Capex should hold at approximately \$2.5m, broadly in line with depreciation, and the group closed FY26 with net cash of \$4.3m, excluding lease liabilities. No FY27 revenue guidance was provided; management set out priorities of share gain in the UK and US and revenue growth ahead of centralised costs. We forecast FY27 revenue of \$72.6m and EBITDA of \$8.6m, an 11.9% margin that requires no acceleration in revenue and assumes no further gross margin improvement.

At \$0.032 the shares trade on 0.5x FY26 EV/Sales and 5.4x FY26 EV/EBITDA, roughly 14% below where they traded in April despite a result at the top of guidance. In our view that reflects neither three consecutive years of statutory profitability nor the change in the composition of earnings.

We maintain our Spec BUY recommendation and reduce our price target to **\$0.09 per share** from \$0.11. The revision is driven by our discount rate. We have raised the risk-free rate to 5% from 4.25% and adopted a cost of debt of 8%, in line with the weighted average rate disclosed in the accounts, taking our WACC to 13.5% from 11.5%. Our EBITDA forecasts are broadly unchanged from April, with modestly higher revenue offset by a cost of sales ratio reset to the FY26 outcome. We see scope for a re-rating as the cost base leverage evident in FY26 compounds through the forecast period.

### Key Near-Term Catalysts

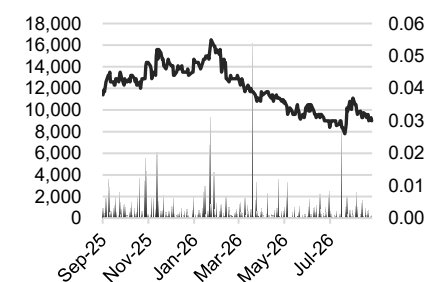
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|---------------------------------------------------------------------------------------|---------|
| FY27 revenue and margin guidance                                                      | 1H FY27 |
| Platform revenue extending beyond 30% of group, the mechanism behind margin expansion | FY27    |
| Further earnings-accretive acquisitions, following CRNRSTONE                          | FY27    |

|                       |                 |
|-----------------------|-----------------|
| <b>Recommendation</b> | <b>Spec BUY</b> |
| <b>Price Target</b>   | <b>\$0.09</b>   |
| <b>Share Price</b>    | <b>\$0.032</b>  |
| <b>TSR</b>            | <b>181%</b>     |

### Company Profile

|                  |                 |
|------------------|-----------------|
| Market Cap       | \$39m           |
| Enterprise Value | \$35m           |
| EV/Sales         | 0.5x            |
| EV/ARR           | 2.1x            |
| EV/EBITDA        | 5.4x            |
| SOI              | 1,204m          |
| Free Float       | ~53%            |
| Cash             | \$6.8m          |
| 52-Week Range    | \$0.026-\$0.056 |

### Price Performance (PTM)



### Company Overview

Pureprofile is an Australian data and insights company using AI to transform how organisations understand consumers. Its proprietary Datarubico platform automates the research process, turning real human data into actionable intelligence. With owned first-party data, an annuity revenue base of \$16.7m, and a global footprint across 14 locations and 106 countries, Pureprofile is evolving from a traditional research agency into a scalable ResTech platform, having delivered a third consecutive year of statutory profitability in FY26.

### Analyst

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### PPL Coverage

Update 24 April 2026 [Link](#)  
Update 28 January 2026 [Link](#)  
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## Investment Summary

Pureprofile has compounded revenue at 20% over five years, and the composition of that growth has changed materially. International revenue has grown at a 33% CAGR against 13% in ANZ, lifting Rest of World from 29% of the group in FY21 to 49% today, while platform revenue has compounded at 78% to reach 30% of the total. What began as an Australian panel business now earns half its revenue offshore and delivers a growing share of it through technology rather than project work.

Rest of World revenue of \$31.6 million grew 20%, or 24% in constant currency once a \$1.0 million adverse currency translation is stripped out, driven by demand in the United Kingdom and the United States. ANZ revenue of \$33.4 million grew 8%, and the shape within the year matters more than the annual figure: second half growth of 16% reported and 11% organic followed just 2% in the first half. The reacceleration is domestic, recent and not yet reflected in the full-year number.

Platform is where the margin case is made, and the audience for it is already in place: 997 active clients, with 95% of FY26 revenue repeat business, and a panel of more than 20 million members supporting research across 106 countries. Adoption is being driven by self-service and API-enabled delivery alongside the integration of AI across the product suite. The runway therefore sits inside the existing client base rather than depending on new logo acquisition, and each incremental project delivered through the platform carries a lower cost to serve.

The CRNRSTONE acquisition, completed in March, contributed \$0.6 million across four months and accounted for approximately 27% of second half ANZ revenue growth. Total consideration was \$0.7 million funded from existing cash, against pro forma full-year revenue of \$1.8 million and profit after tax of \$0.1 million, or 0.38 times revenue and 6.8 times earnings. The near-term contribution is modest, but the transaction was accretive on entry and adds qualitative research capability that widens the product set available to existing clients.

Earnings converted to cash. Operating cash flow rose to \$5.1 million at 92% underlying conversion, and the group closed the year with \$6.8 million of cash and net cash of \$4.3 million, up from \$3.0 million, after funding the acquisition and reducing borrowings. The FY27 cost base is cleaner, with the \$0.8 million of FY26 restructuring and acquisition costs not expected to repeat and capex expected to hold at around \$2.5 million, broadly in line with depreciation. The balance sheet funds the strategy without recourse to equity, and the margin path that follows is what our valuation rests on.

Figure 1: FY26 Financial metrics trends



Source: FY26 Full Year Investor Presentation

The three developments compound rather than merely coexist. International demand is carrying group growth, the domestic base reaccelerated through the second half, and platform delivery is what turns that revenue into earnings. Behind them sits \$16.7 million of annuity revenue on an LTM basis, so roughly a quarter of group revenue recurs before a single new client is won. The earnings step-up we forecast requires no acceleration in revenue, only the continuation of a mix shift already under way.

## Valuation

We have updated our model for the FY26 result and rolled our forecast period forward a year, to FY38. Every FY26 line now ties to the audited accounts. Our EBITDA forecasts are broadly unchanged from April, with modestly higher revenue on the FY26 base offset by a cost of sales ratio reset to the FY26 outcome of 46.1%.

The reduction in our price target is driven by our discount rate. We now apply a risk-free rate of 5%, up from 4.25%, and an equity market risk premium of 6% against a five-year monthly beta of 0.40. To that we add a size premium of 4% and an illiquidity premium of 3%, taking our cost of equity to 14.4%. We have also moved the cost of debt to 8%, in line with the weighted average rate disclosed in the accounts. At 10% target leverage this takes our WACC to 13.5%, from 11.5%. Consistent with our 12-month price target horizon, we value the equity as at 30 June 2027.

Two further changes weigh on the per share outcome. We have updated our option schedule and share count to reflect the latest disclosures. Separately, we no longer forecast a recovery in receivable days, which extended to 88 in FY26 from 81 in FY25; together with a normalisation of payable days, this moves working capital from a source of cash in our prior forecasts to a cumulative use of \$3.9 million over the forecast period.

Accordingly, we reduce our price target to **\$0.09 per share**, from \$0.11. The discount rate more than accounts for the reduction; our view of the earnings trajectory is unchanged, in a year in which the company delivered at the top of guidance and lifted margin to its highest level since FY23. We retain our Spec BUY recommendation, with upside driven by margin expansion.

## Risks

Pureprofile remains exposed to a defined set of strategic, operational and financial risks, broadly consistent with those outlined at initiation. FY26 reduced near-term execution risk, but the case now rests more heavily on margin delivery, and two balance sheet items warrant closer attention.

### Margin delivery

Our valuation depends more on margin expansion than on revenue growth, and most of that expansion comes from operating cost leverage rather than volume. The pace we assume is undemanding against FY26, which alone took employee costs down 1.9 points of revenue against the 0.8 points a year we carry through the forecast period, but the sensitivity is material and a slower trajectory would reduce our price target meaningfully.

### Platform adoption and cost to serve

The case depends on platform penetration translating into structurally lower cost to serve. Platform revenue grew strongly in FY26, but gross margin did not yet follow, with the year's improvement coming from operating costs rather than direct costs. Any delay in that conversion pushes the margin trajectory out.

### Receivables and working capital

Receivable days extended during FY26 and ageing deteriorated, while the credit loss rate applied to the oldest balances was reduced. We no longer assume a recovery in receivable days, and working capital is now a use of cash across our forecast period rather than a source.

**Refinancing**

The group's banking facility matures within FY27 and remains drawn. Management expects to refinance or extend, with repayment from cash reserves as the stated alternative. Net cash covers the obligation either way, but the timing is fixed and the outcome is not yet settled.

**Execution and international expansion**

Growth is increasingly driven by the UK and US, which are larger but more competitive markets. FY26 confirmed continued momentum across Rest of World markets, but sustaining it is critical to the forecast, and the domestic contribution was uneven between halves.

**Competitive and regulatory**

Pureprofile operates in a highly competitive global insights market and remains exposed to evolving data privacy, cybersecurity and AI-related regulation. While its first-party data model provides a degree of differentiation, regulatory change or increased competition could affect growth and margins. The AI capability underpinning the productivity case is equally available to competitors.

**Macroeconomic and currency exposure**

With around half of revenue now earned offshore, results are sensitive to global economic conditions and currency movements. FY26 saw currency swing from a tailwind to a headwind, and the group does not hedge its exposure.

Overall, the risk profile has shifted rather than increased. Execution risk fell with the third consecutive year of statutory profitability, while the balance sheet items above and the composition of our margin forecast now carry more weight than at initiation. We retain the Speculative qualifier on the basis of scale and trading liquidity rather than balance sheet or cash flow risk, both of which improved during FY26.



Financials

| VALUATION DETAILS                      |         |       |       |       | PER SHARE                          |         |         |         |         |
|----------------------------------------|---------|-------|-------|-------|------------------------------------|---------|---------|---------|---------|
| Share Price (\$)                       | \$0.032 |       |       |       | Shares on issue (m)                | 1,204.4 | 1,242.5 | 1,262.6 | 1,332.5 |
| Market Cap (\$m)                       | 38.54   |       |       |       | Weighted avg. diluted shares (m)   | 1,288.2 | 1,332.5 | 1,332.5 | 1,332.5 |
| Enterprise Value (\$m)                 | 35.27   |       |       |       | Normalised EPS (\$, fully diluted) | 0.002   | 0.002   | 0.004   | 0.005   |
| Fair Value/Share                       | \$0.09  |       |       |       | Dividends per Share (\$)           | 0.00    | 0.00    | 0.00    | 0.00    |
|                                        |         |       |       |       | Payout                             | 0%      | 0%      | 0%      | 0%      |
|                                        |         |       |       |       | Franking                           | 0%      | 0%      | 0%      | 0%      |
| FINANCIAL STATEMENTS (\$m)             |         |       |       |       | RATIOS                             |         |         |         |         |
| Income Statement                       |         |       |       |       | Liquidity                          |         |         |         |         |
| Revenue                                | 65.03   | 72.62 | 79.45 | 84.05 | Current Ratio                      | 1.03    | 1.22    | 1.44    | 1.72    |
| EBITDA                                 | 5.06    | 7.50  | 9.76  | 12.13 | Quick Ratio                        | 0.90    | 1.06    | 1.28    | 1.55    |
| EBIT                                   | 2.09    | 4.42  | 6.76  | 9.15  |                                    |         |         |         |         |
| Net Income                             | 2.26    | 3.16  | 4.90  | 6.71  |                                    |         |         |         |         |
| Memo: EBITDA (excl. significant items) | 6.50    | 8.62  | 10.88 | 13.14 |                                    |         |         |         |         |
| Balance Sheet                          |         |       |       |       | Solvency                           |         |         |         |         |
| Cash & Cash Equivalents                | 6.81    | 7.78  | 13.39 | 20.35 | Debt to Equity                     | 0.35    | 0.05    | 0.02    | 0.01    |
| Trade and other receivables            | 15.66   | 17.51 | 19.16 | 20.26 | Debt to Assets                     | 0.10    | 0.02    | 0.01    | 0.01    |
| Contract assets                        | 2.41    | 2.72  | 3.04  | 3.29  | LT Debt to Assets                  | 0.02    | 0.01    | 0.01    | 0.00    |
| Other Assets                           | 11.50   | 11.29 | 11.23 | 11.27 |                                    |         |         |         |         |
| Total Assets                           | 36.37   | 39.30 | 46.82 | 55.18 |                                    |         |         |         |         |
| Total Debt (incl. leases)              | 3.53    | 0.70  | 0.49  | 0.35  | Profitability                      |         |         |         |         |
| Other Liabilities                      | 22.64   | 24.20 | 26.00 | 26.85 | Net Margin                         | 3.5%    | 4.3%    | 6.2%    | 8.0%    |
| Total Liabilities                      | 26.17   | 24.90 | 26.49 | 27.20 | EBITDA Margin (excl. sig. items)   | 10.0%   | 11.9%   | 13.7%   | 15.6%   |
| Shareholders' Equity                   | 10.20   | 14.40 | 20.34 | 27.98 | ROA                                | 6.2%    | 8.0%    | 10.5%   | 12.2%   |
|                                        |         |       |       |       | ROE                                | 22.2%   | 21.9%   | 24.1%   | 24.0%   |
| Cash Flow Statement                    |         |       |       |       | Growth                             |         |         |         |         |
| Net Income                             | 2.26    | 3.16  | 4.90  | 6.71  | Revenue                            | 13.7%   | 11.7%   | 9.4%    | 5.8%    |
| Depreciation & amortisation            | 2.97    | 3.08  | 3.00  | 2.98  | EBITDA (excl. sig. items)          | 24.5%   | 32.5%   | 26.3%   | 20.8%   |
| Change in working capital              | -0.83   | -0.71 | -0.27 | -0.57 | NPAT                               | 47.0%   | 39.5%   | 55.2%   | 37.1%   |
| Other non-cash items                   | 0.74    | 1.04  | 1.04  | 0.93  |                                    |         |         |         |         |
| Cash Flow from Operations              | 5.15    | 6.56  | 8.67  | 10.05 |                                    |         |         |         |         |
| Cash Flow from Investing               | -3.37   | -2.72 | -2.82 | -2.92 | Valuation                          |         |         |         |         |
| Equity Raised (net)                    | -       | -     | -     | -     | P/E                                | 18.22   | 13.51   | 8.70    | 6.35    |
| Net Borrowings/Other                   | -0.69   | -2.87 | -0.25 | -0.18 | P/B                                | 3.78    | 2.68    | 1.90    | 1.38    |
| Cash Flow from Financing               | -0.69   | -2.87 | -0.25 | -0.18 | EV/EBITDA (excl. sig. items)       | 5.42    | 4.09    | 3.24    | 2.68    |
| Free cash flow                         | 1.78    | 3.84  | 5.85  | 7.13  | EV/Sales                           | 0.54    | 0.49    | 0.44    | 0.42    |

## 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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