



H1 FY22 Result

24 February 2022



Australia's largest online tradie marketplace and SaaS¹ provider, creating effortless solutions that help tradies streamline and grow their business and delight their customers.

Agenda

1. H1 FY22 overview
2. Strategy
3. Financial & operational update
4. FY22 outlook



H1 FY22 overview



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

H1 FY22 business highlights



Strengthened ANZ market leadership position



First major inorganic investments



New Tradiecore functionality



Supported tradie customers through lockdowns and restrictions



Business model delivers resilience and growth



Tradie demand strengthening

H1 FY22 hipages Group overview

Revenue

- **MRR¹** up 15% drives **recurring revenue** growth of 14%, or 17% excl. customer support initiatives
- **hipages ARPU** growth of 19%, with **hipages Group ARPU** up 13%²
- **Total revenue** growth of 12%, or 15% excluding customer support initiatives

Margins

- Strong **Gross margin³** of 87%
- **EBITDA margin** of 14% in line with expectations following increased investment
- Continued strong **LTV/CAC** ratio of 7.6x

Profitability

- **Pro forma EBITDA⁴** of \$4.2m
- **Pro Forma OCF** of \$4.2m
- **NPAT⁵** of (\$0.8m)

1. Monthly recurring revenue (MRR) @ June 2021 inclusive of GST.
 2. Average Annual Revenue Per Unit (i.e. Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total hipages tradies and paying Builderscrack tradies for the period. hipages Group ARPU of \$1,672 is the blended result of hipages' ARPU of \$1,771 and Builderscrack's ARPU of \$704 for one-month post-completion.

3. Gross margin is total revenue less cost of sales (consumer and tradie SEM spend and merchant fees).
 4. Pro Forma EBITDA before Significant Items.
 5. Pro Forma Net Profit after Tax. Refer to Slide 34 for reconciliation to Statutory Profit.

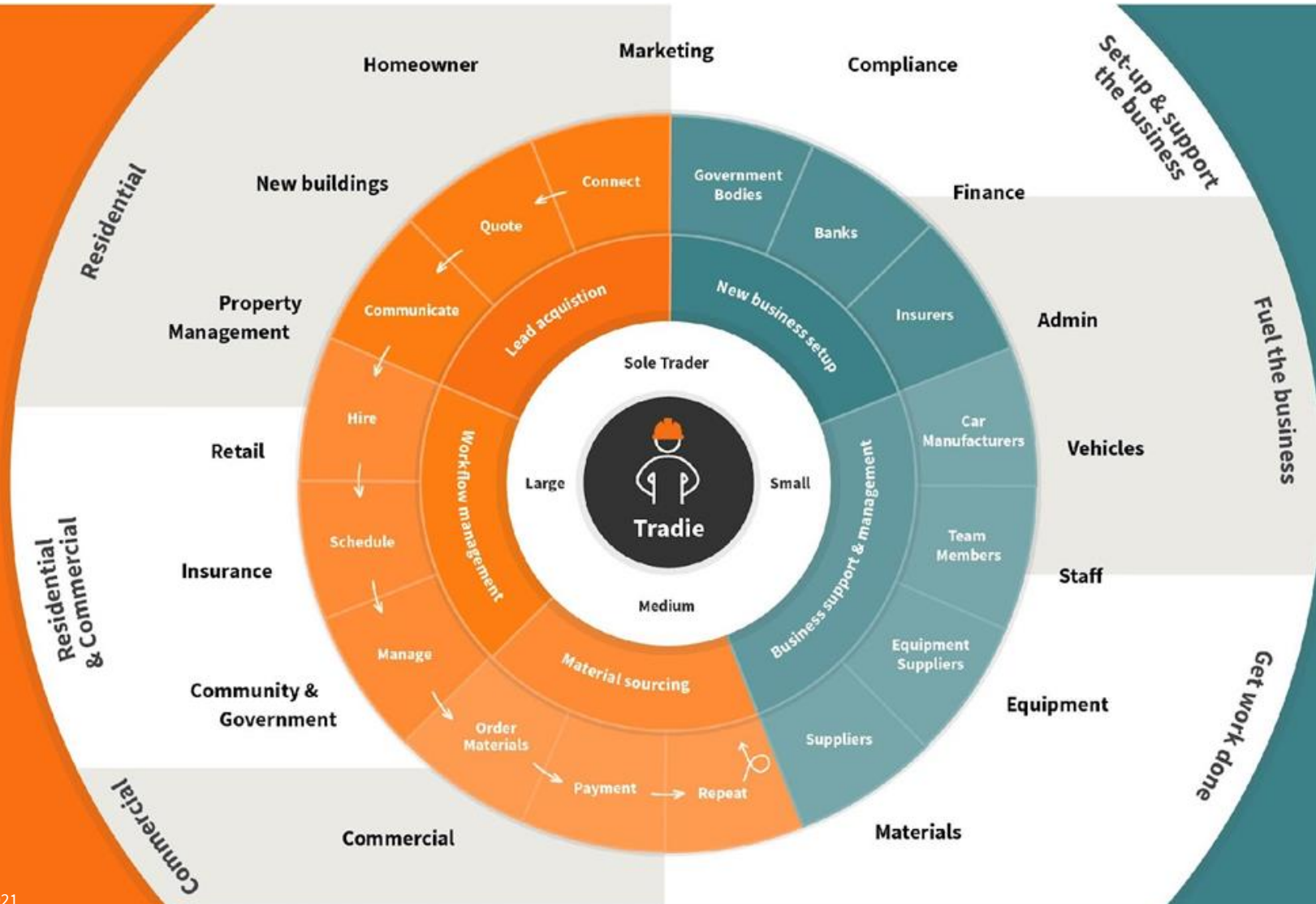
Strategy



ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

Overall strategic opportunity

Total Addressable Market
AUS = \$110.3b
NZ = \$25.6b¹



Total Addressable Market
AUS = \$97.1b

Overall strategic opportunity

**Total
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AUS = \$110.3b
NZ = \$25.6b¹



**Total
Addressable
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AUS = \$97.1b

Value of the total ANZ addressable market

Residential			Residential & Commercial			Commercial
Homeowner	Residential New Builds	Residential Property Management	Retail	Insurance	Community & Government	Commercial Property Management
Maintenance Repairs Renovation	Homes Apartments	Rental properties Strata	Stores E-commerce	Claims	Charity Local, state and federal government	Office Retail Warehouse
\$51.7b	\$41.1b	\$14.2b	\$0.9b	\$8.2b	\$9.4b	
\$107b			AUS \$18.6b			\$10.3b

TAM \$135.9 billion

Australia trade business spend

Marketing	Compliance	Finance	Admin	Vehicles	Staff	Equipment	Materials
Traditional Online	Licensing and regulation Trade memberships Education CPE	Banking and finance Insurance	Technology Rent	Purchase Maintain	Administrative Apprentices Trades and sub-contractors	Hire Purchase Maintenance	New Home construction Renovation Maintenance & repair
\$1.0b	\$3.3b	\$4.4b	\$3.4b	\$7.8b	\$46.5b	\$10.8b	\$19.9b

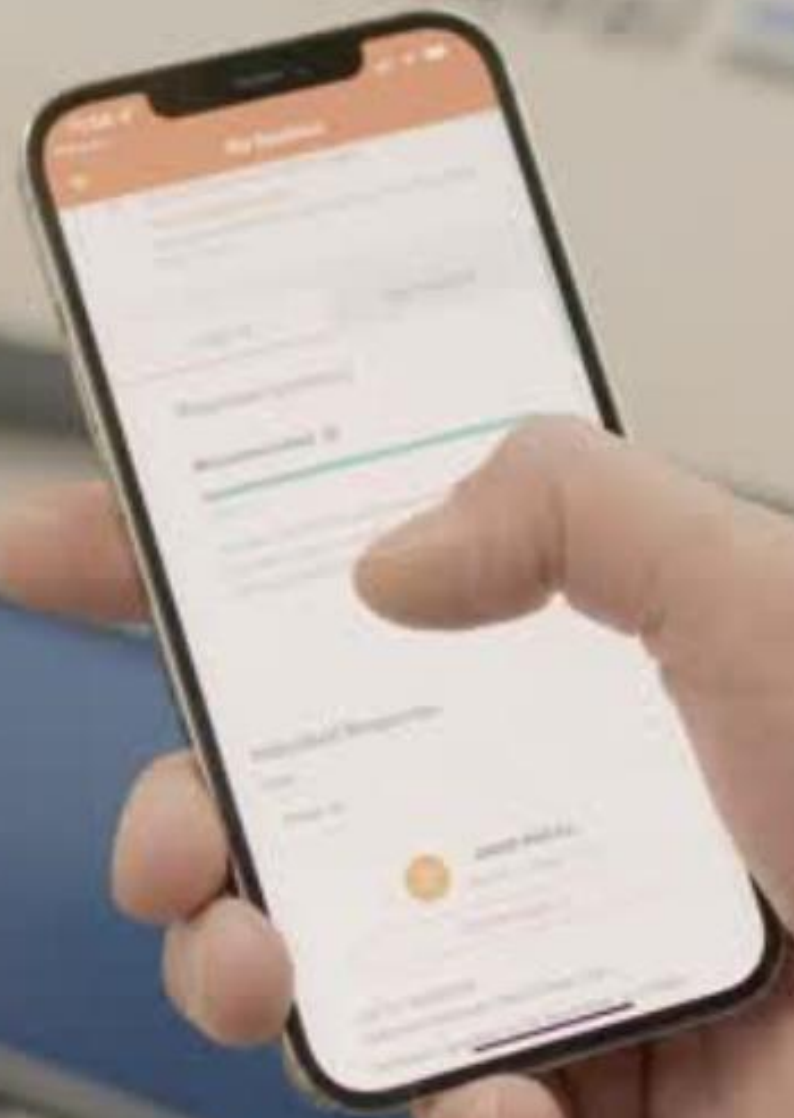
Trade Business Spend \$97.1 billion

Strategy execution

	FY20-21	FY22-23	FY24+
Grow core category	Marketing effectiveness		
	Subscription product		
	Operational excellence	Tradiecore will optimise experience for tradies and consumers	
		Medium to large tradies	
		Flexible products to optimise retention	
			hipages 3.0 – next stage of product evolution
Expand category channels / partnerships	Retail		
		Community	
			New channel partners
New category adjacencies		Payments	
		Financial Services	
			New adjacencies
			Marketing and media / data
Inorganic growth		Pursue inorganic opportunities that accelerate growth in a disciplined way	



Data innovation supporting key business growth drivers



Bricks+Agent



Exclusive partnership with leading property management groups



Completed integration with Reapit to commence UK operations



Added new platform features including invoice automation



Meriton joined platform – Australia’s largest apartment builder



100% acquisition of Builderscrack for A\$11.8m in cash and equity

Value accretive transaction, with positive operating cash flow and working capital

Provides access to NZ\$26b TAM and **creates trans-Tasman market leader**

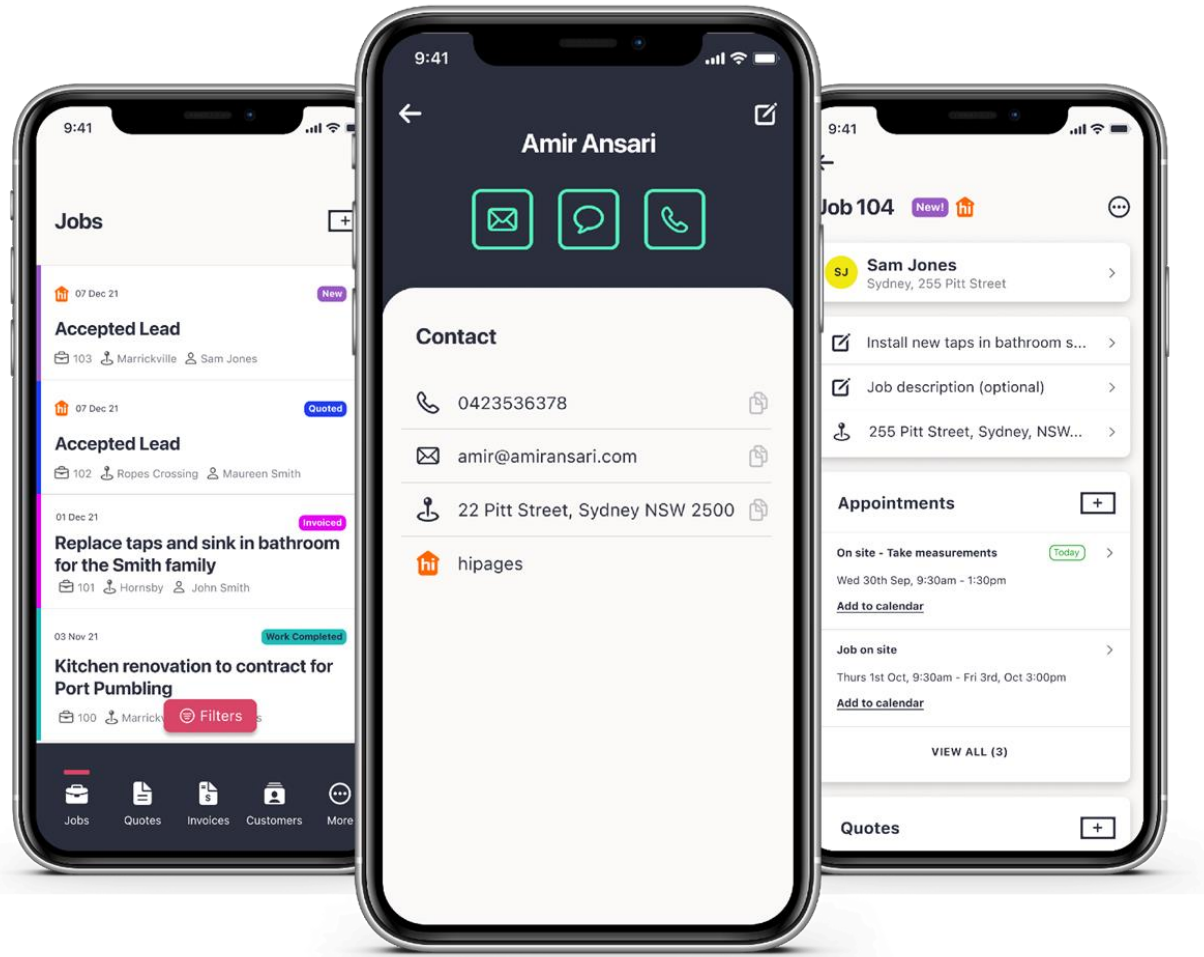
Ability to leverage hipages Group's **strategic and operational experience**

Opportunity to unlock **additional revenue synergies**

Strong brand and leadership to remain with business

Operational integration underway with two-way learnings already delivering benefits





Rollout progress

- Over 50 new registrations every day
- Six-month free trial for all hipages customers

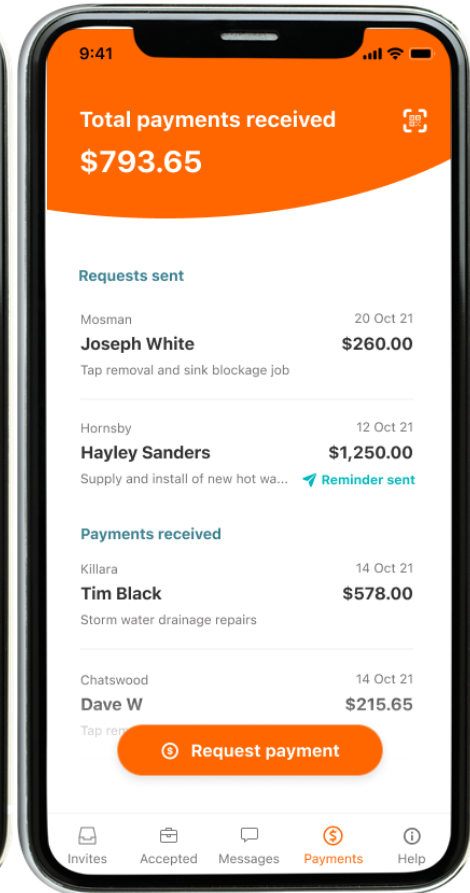
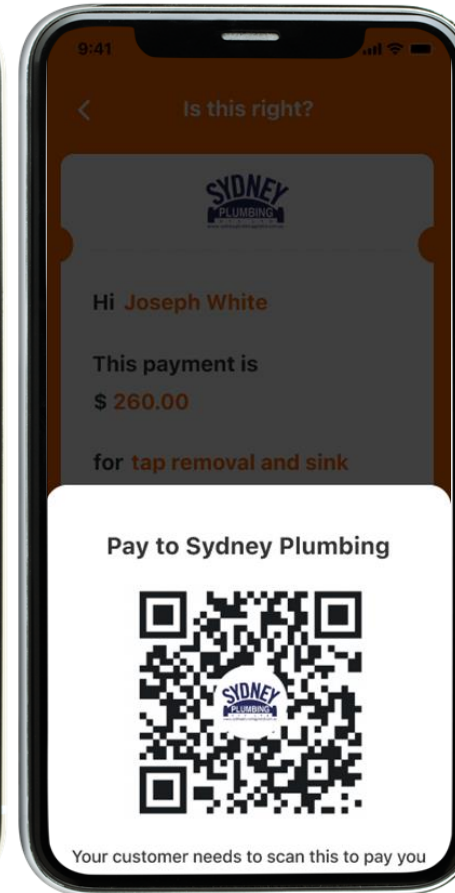
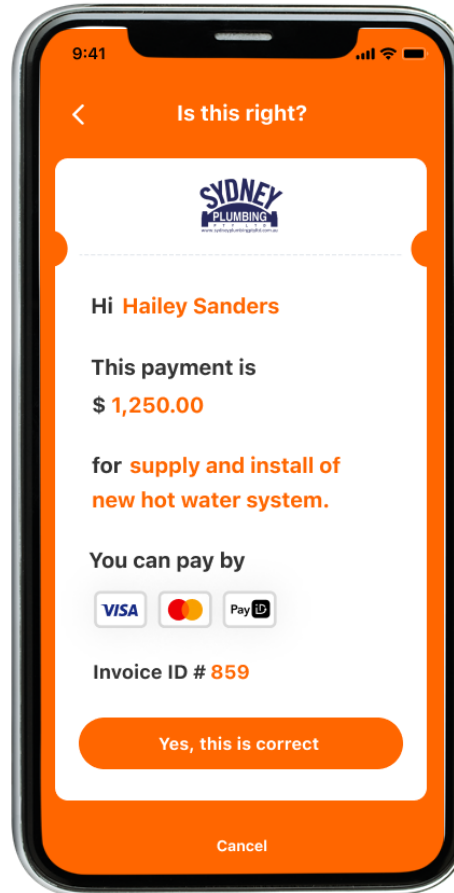
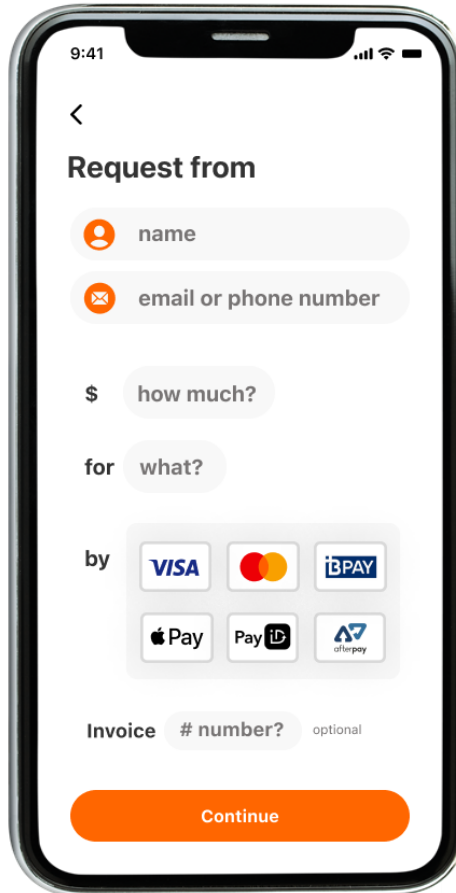
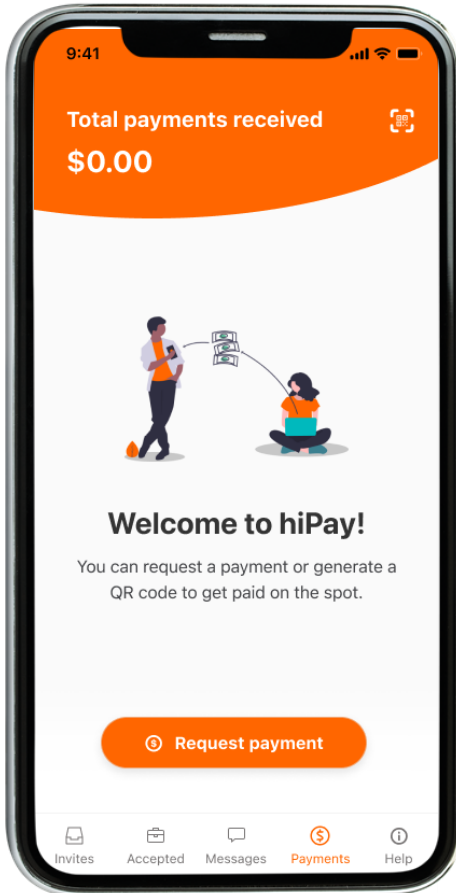
Features already delivered

- hipages lead integration
- CRM (click to call, text and email)
- Scheduling

Up next

- Android launch in early March
- Personalised documents and job attachments

Payments solution designed with



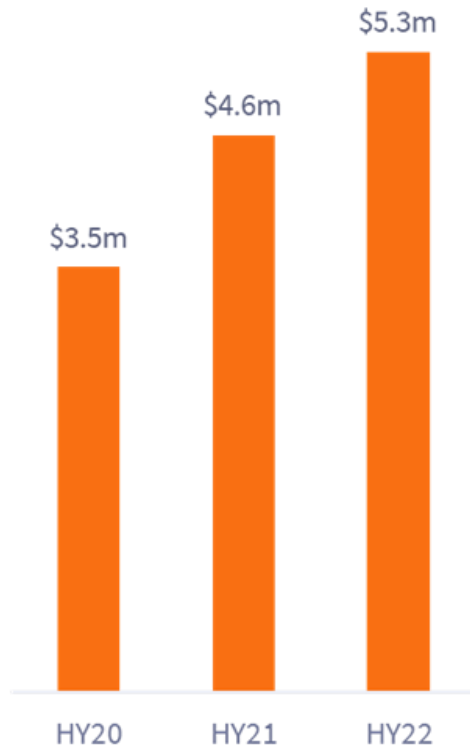
H1 FY22 financial & operational update



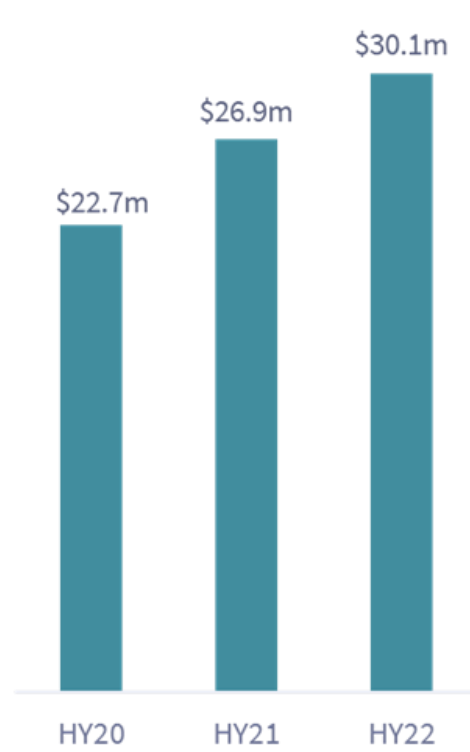
MELISSA FAHEY
Chief Finance & Operations Officer

Delivering sustainable growth

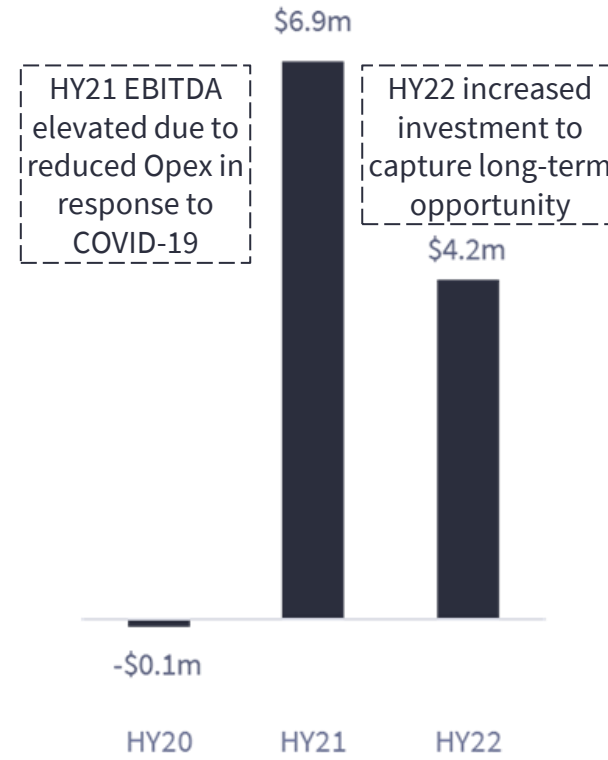
MRR



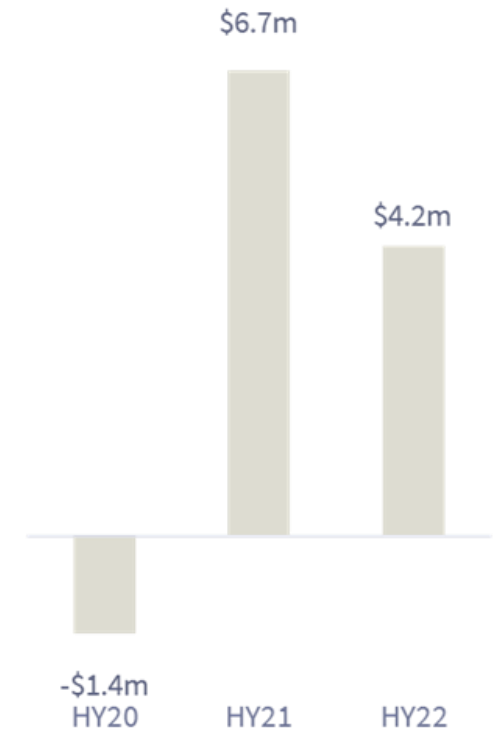
Reported revenue



EBITDA



Operating cash flow



H1 FY22 financial highlights

Revenue

\$5.3m

MRR¹ Up 15%



\$28.8m

Recurring revenue² Up 14%
(Up 17% ex-customer support)



\$30.1m

Total revenue Up 12%
(Up 15% ex-customer support)



Profitability

87%

Gross margin³
(HY21: 87%)



\$4.2m

EBITDA⁴
EBITDA margin 14%



\$(0.8)m

NPAT⁵



Key drivers

34.3k

Subscription tradies Up 19%



\$1,771

hipages ARPU⁶ Up 19%
(Up 13% to \$1,672 for hipages Group)



0.80m

Job volume Up 4%



Strong balance sheet with closing cash and funds on deposit of \$15.4m and no debt

Business model drives strong ARPU growth

What we have done

- In Nov 19 commenced transition from a **transactional product** to a **subscription-only** product for new tradies
- Subscription product has 6 or 12 month contract terms, paid monthly
- Automatic 12-month renewal
- New version of subscription package with new, improved features
- Removed lower price tier (< \$69)

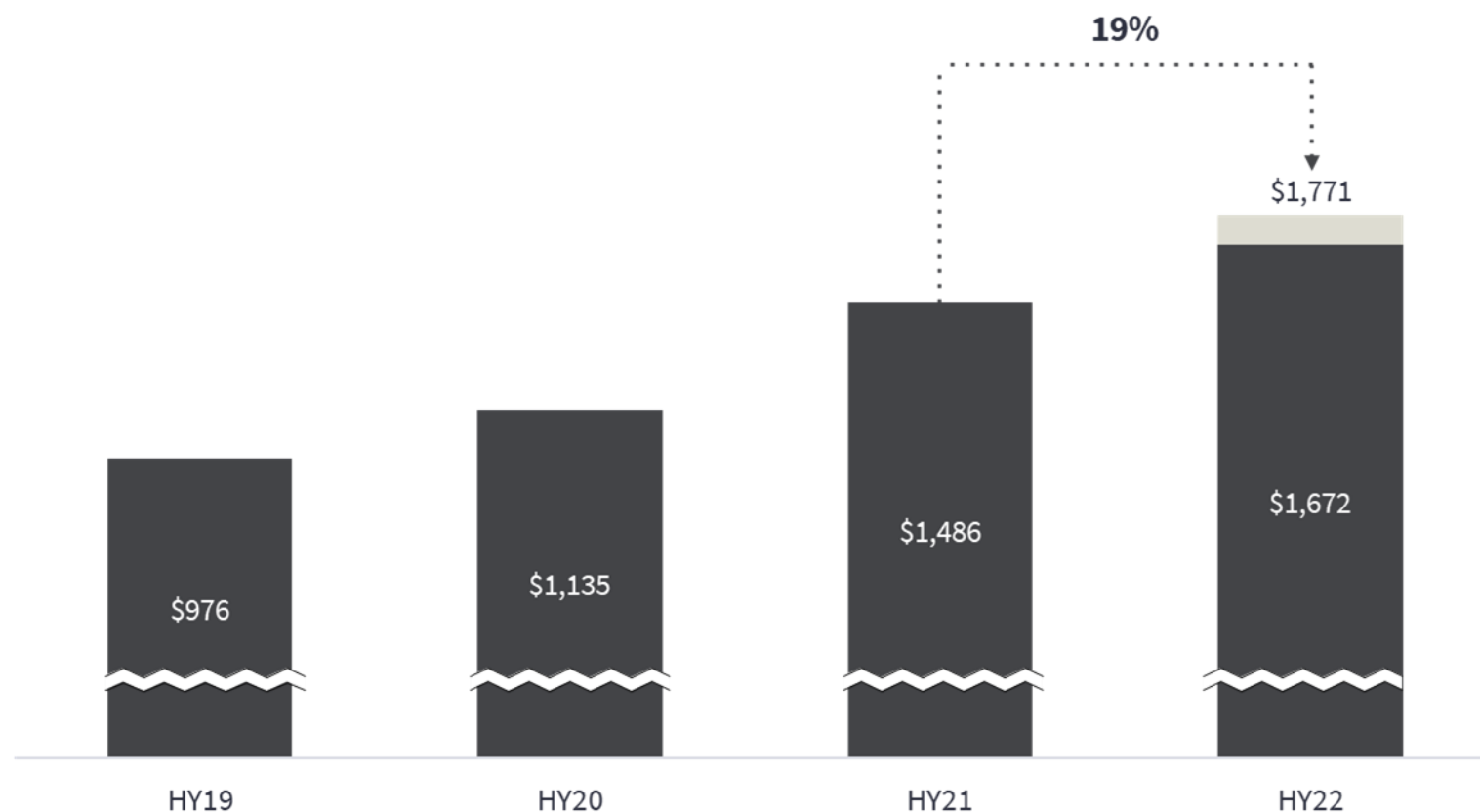
What we are doing

- 90% of tradies now on subscription product
- New subscribers continuing to join platform at record price points
- Targeting higher value customers
- Further enhancing and evolving product features to introduce more product flexibility and value for customers and optimise retention



Business model drives growth in Total Tradie ARPU¹

Total Tradie ARPU

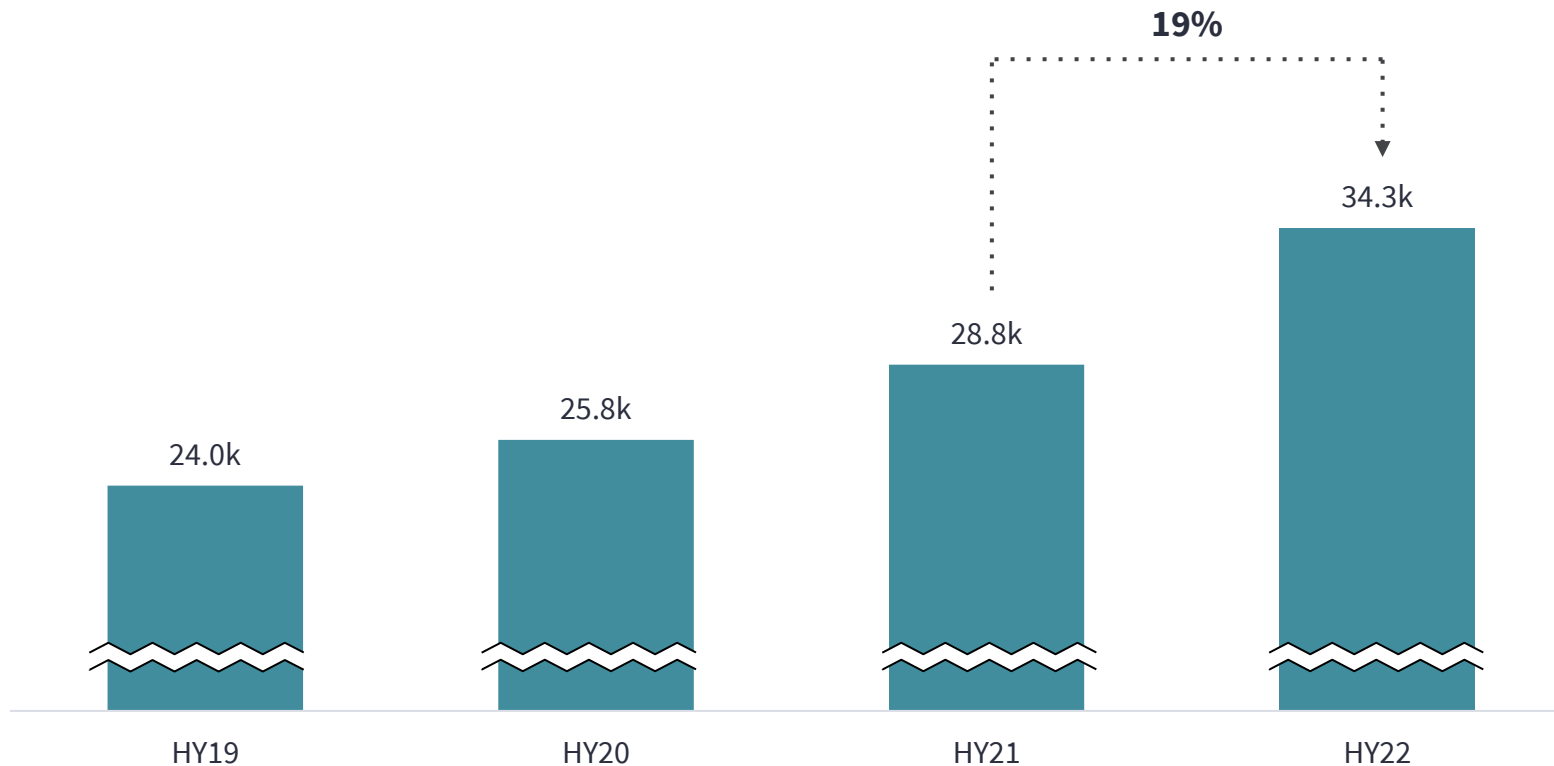


- ARPU grew by 19% to \$1,771 for hipages in Australia, or 13% overall to \$1,672
- Driven by:
 - Move to subscription-only product
 - New tradies joining at higher price points
 - Existing subscribers ascending to higher price tiers
 - Successful program targeting medium-large tradies
- HY21 ARPU growth of 31% elevated due to transition to subscription product
- hipages ARPU growth of 19% sustainable over medium-term, with 90% of tradies on subscription product

Subscription tradie base continues to expand

Ongoing subscriber growth

Total subscription tradies

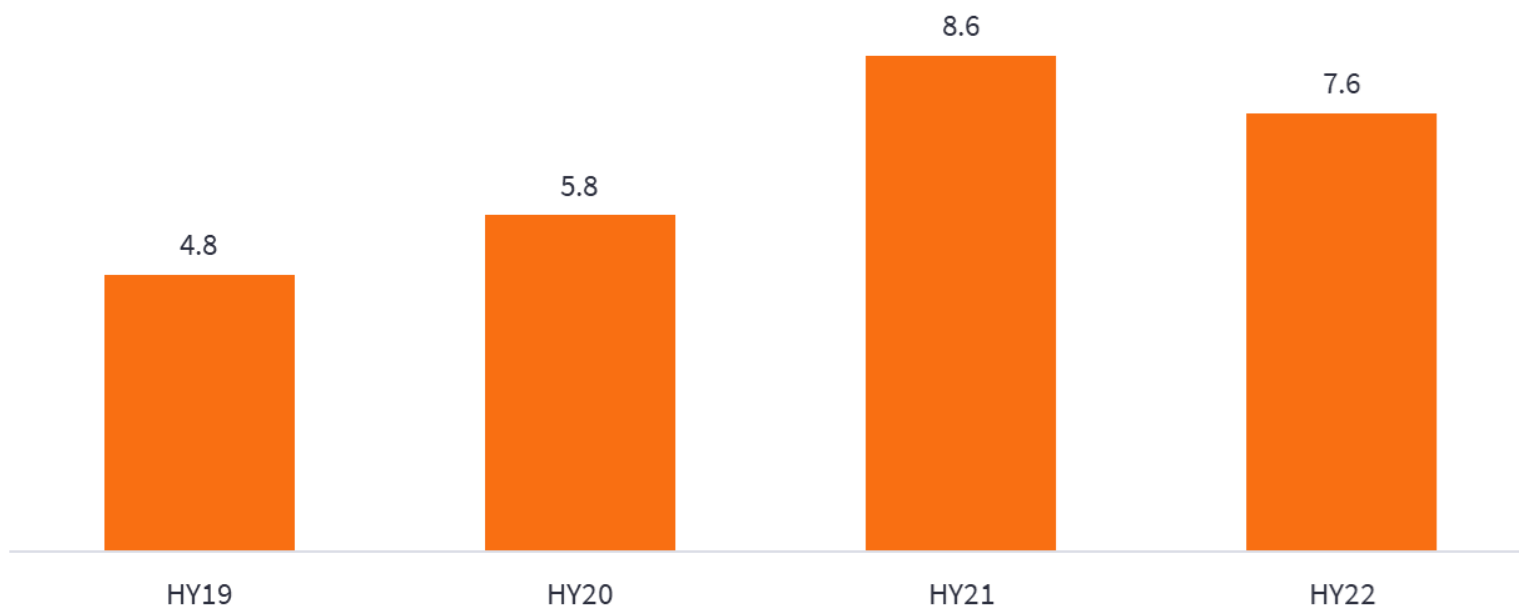


- Total subscription tradies up 19% to 34.3k, or 7% excluding 3.3k tradies acquired from Builderscrack
- Retention impacted by industry lockdowns and restrictions followed by unprecedented demand to fulfill backlog of jobs
- Cancellations up 30% since pre-COVID, with 40% of cancellation requests due to tradies being too busy - starting to normalise in H2
- Developed sophisticated proprietary churn prediction tools to identify at risk tradies and take action
- Implementing new product features to provide more flexibility and optimise retention while maintaining committed recurring revenue

Lifetime Transaction Value / Customer Acquisition Costs¹

COVID impacts customer lifetime, while other unit economics continue to improve

Annualised LTV/CAC

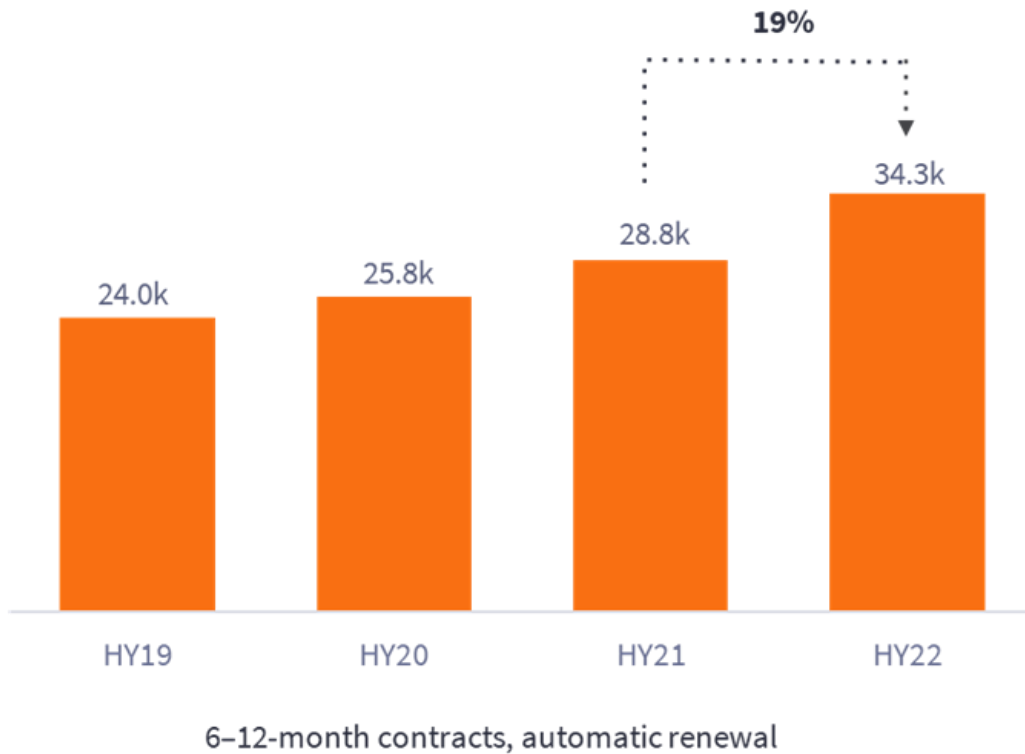


- LTV/CAC ratio reduced in HY22 due to a shorter average customer lifetime following higher COVID-related churn
- Meanwhile, all other LTV/CAC ratio drivers continued to improve:
 - ARPU +22% CAGR vs. HY20 (25% LFL²)
 - CAC per tradie -1% CAGR vs. HY20

Flywheel effect driven by growth on both sides of marketplace

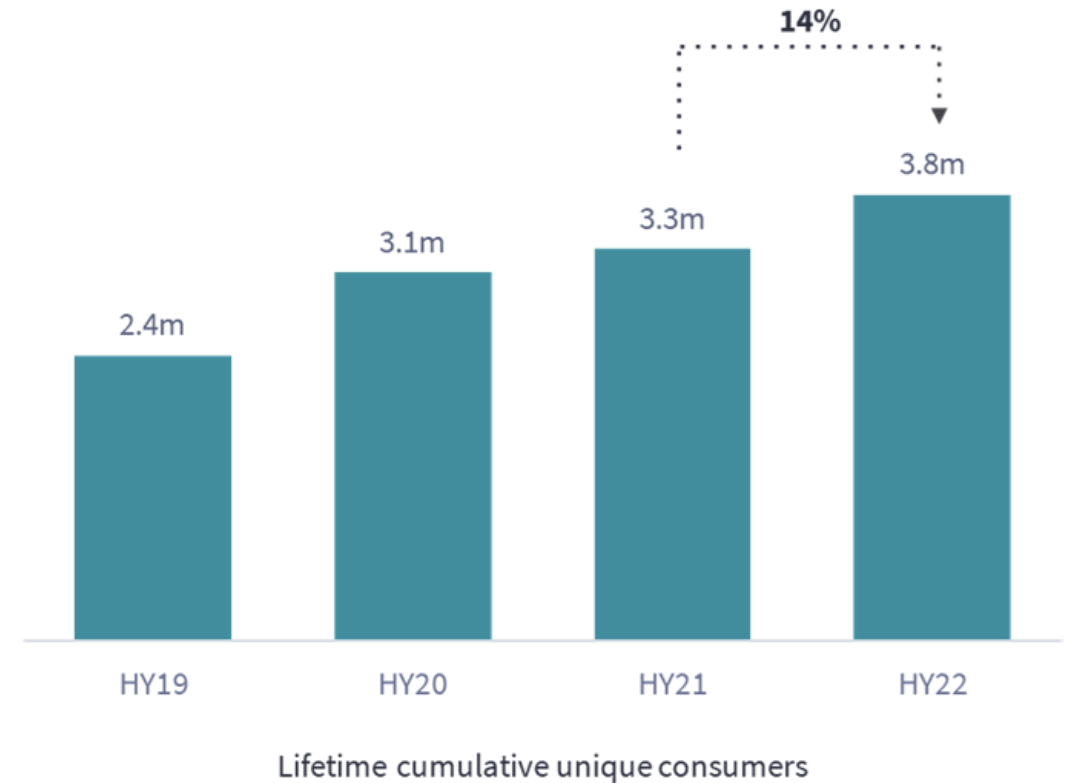
Subscription trades

Subscription trades now 90% of customer base with transition to complete by end FY22



Users

3.8m unique users posted a job to hipages platform in H1 FY22

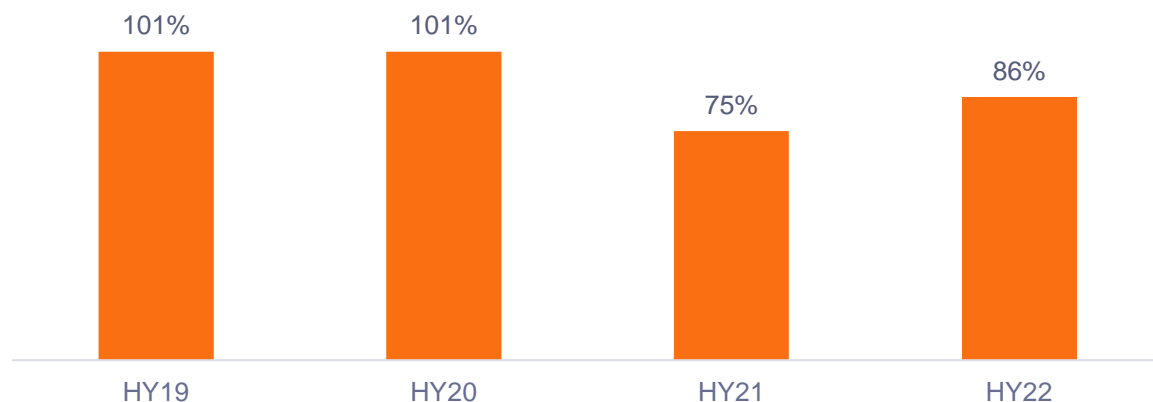


Pro Forma Operating Expenses

Increased investment in brand to drive growth

Expenses as a % revenue ¹	HY19	HY20	HY21	HY22
Operations and administration	39%	38%	34%	35%
Technology Development	3%	4%	3%	4%
Marketing	46%	47%	29%	37%
Sales	13%	12%	9%	10%
Total	101%	101%	75%	86%

Ongoing reduction in total expenses as % revenue



- **Expenses as % of revenue** were 86% of revenue in HY22 after increased investment in growth

Marketing

- Increased brand investment across both sides of the marketplace in H1 continued to drive strong consumer and customer brand awareness of 58% and 59% respectively
- Consumer advertising was complemented by targeted radio, television and digital advertising activity to reach tradies which will continue in the second half

Technology development

- Continued investment in product development and technology architecture
- While partnering with technology leaders in specific areas: e.g. Stripe for payment, Zuora for billing

Effective investment drives increased brand awareness

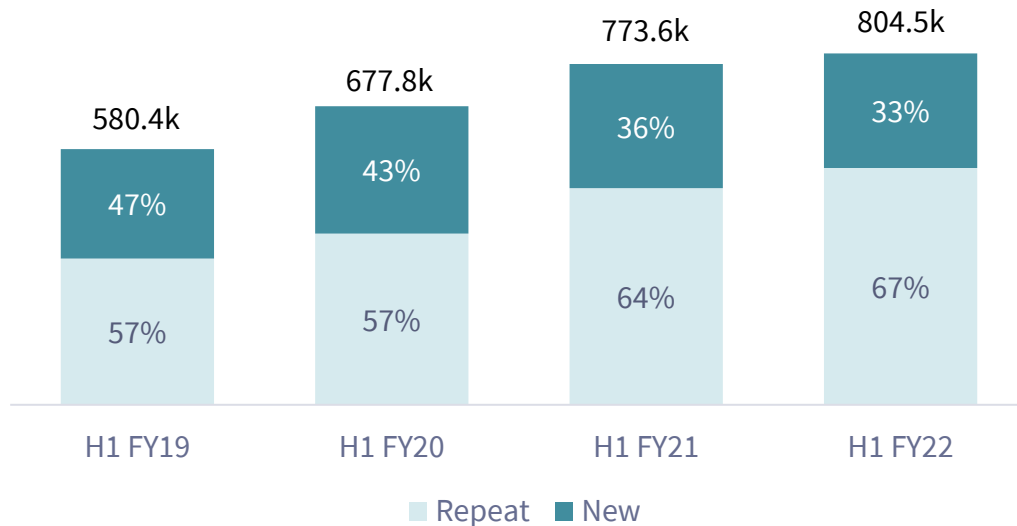
- Successful platinum sponsorship of *The Block*, regularly the highest rating nightly entertainment program
- Consumer brand awareness at highest ever level of 58%¹
- Market leading top-of-mind consumer awareness of 27%² now 16pts ahead of the nearest competitor
- Targeted radio, television and digital advertising for tradies maintains strong awareness at 59%, up 11pts
- Market-leading unprompted awareness for tradies at 23%³
- Jobs from paid channels now only 22% of total jobs



Building consumer trust and brand awareness

4% increase in job volume, with continued strong growth in jobs from repeat consumers

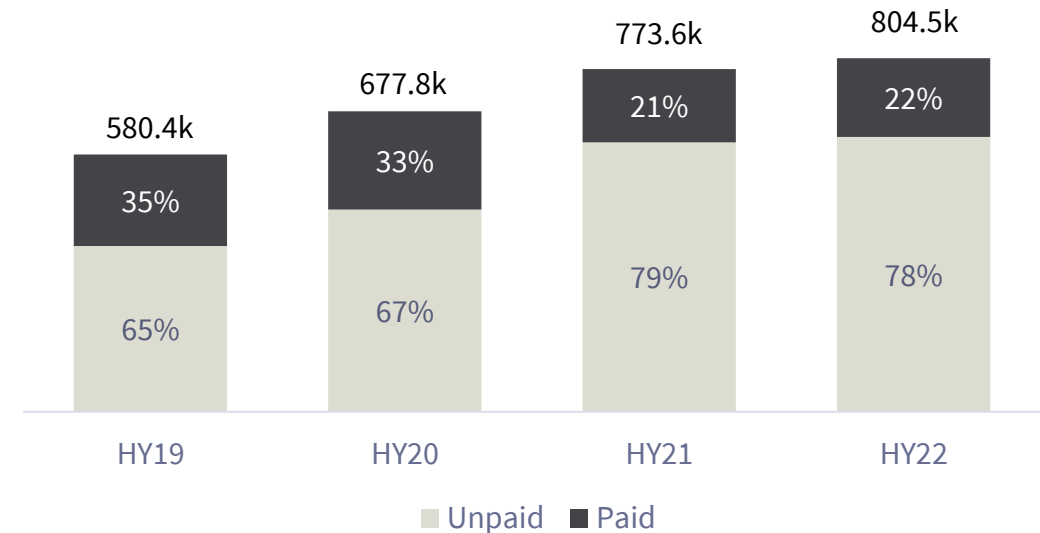
67% of jobs from repeat consumers



10% increase in jobs from repeat consumers¹

78% of jobs from unpaid channels

3.8m unique users posted a job to hipages platform as at H1 FY22



3% increase in jobs from unpaid channels¹

FY22 outlook

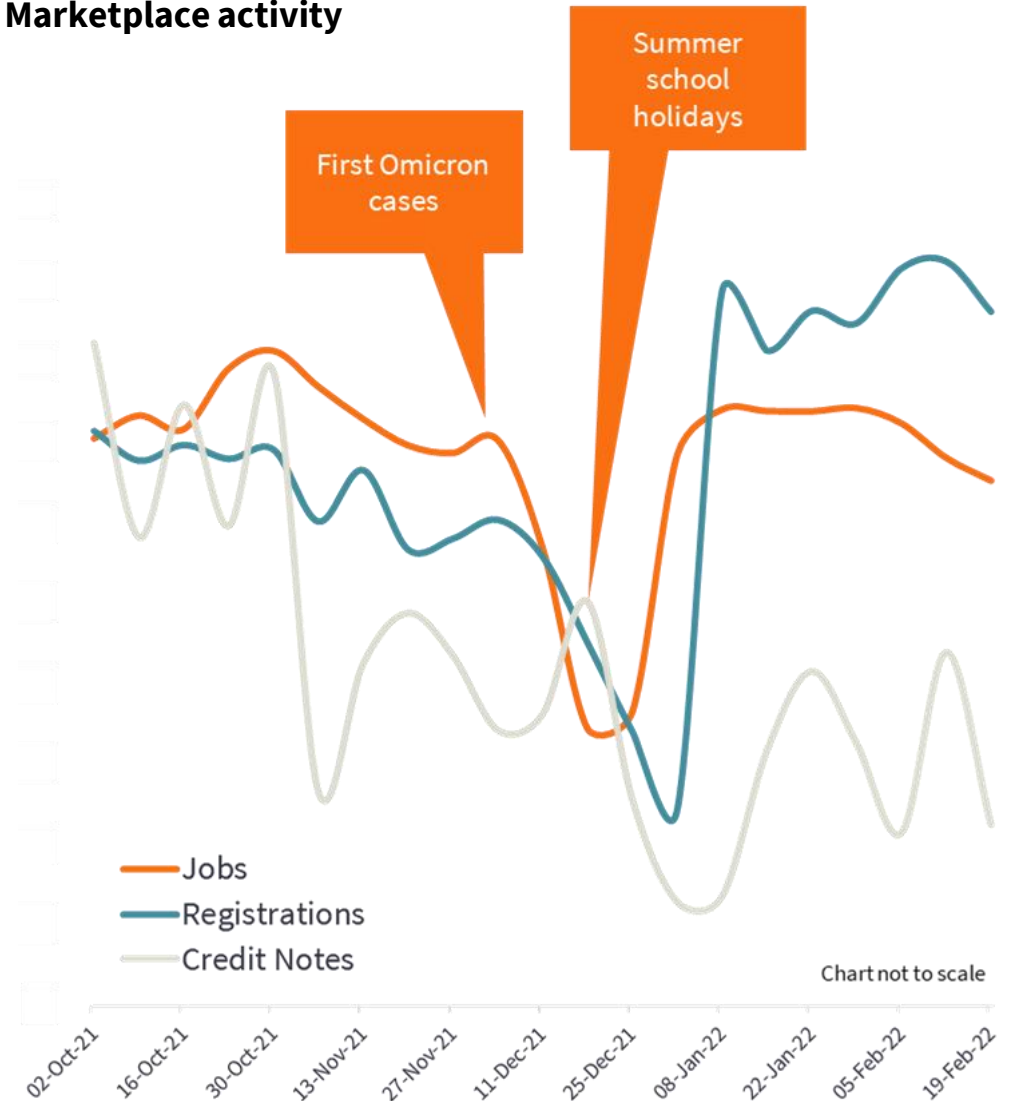


ROBY SHARON-ZIPSER
Chief Executive Officer & Co-Founder

FY22 outlook

- Market recovery delayed by Omicron outbreak with further moderate impact to FY22 revenue expected due to extended customer retention initiatives
- Growth in key metrics to slow in Q3 before accelerating in Q4, subject to market conditions
- Strong rebound in demand so far in H2, with new tradie registrations up ~48% vs. Q2 and inbound yields increasing
- Balance returning to marketplace and subscription tradies to continue to grow in H2
- Margins to return to FY21 levels by end H2 before increased operating leverage drives significant margin expansion in FY23
- Evolving product to increase flexibility and optimise retention
- Well positioned to withstand macroeconomic turbulence with proven business model, strong brand, large customer base and profitable growth profile

Marketplace activity



Q&A



Appendix



H1 FY22 result summary

Continued growth in key metrics

	HY22	HY21	pcp (%) ⁶	LFL % ⁷
Financial Metrics				
Total revenue (\$m)	30.1	26.9	12%	11%
Recurring revenue (\$m)	28.8	25.3	14%	14%
Recurring revenue % Total	95%	94%	1%	2%
Operating expenses ¹ (\$m)	(25.9)	(20.3)	28%	28%
EBITDA before significant items ² (\$m)	4.2	6.9	(39%)	(40%)
EBITDA ² margin	14%	26%	(12%)	(12%)
NPAT ³ (\$m)	(0.8)	1.5	(153%)	(149%)
Key Operational Metrics				
MRR ⁴ (\$m)	5.3	4.6	15%	14%
Job volume (m)	0.80	0.77	4%	3%
Subscription tradies ('000s)	34.3	28.8	19%	7%
Total Tradie ARPU ⁵ (\$)	1,672	1,483	13%	19%

- MRR increased by 15% to \$5.3m resulting in recurring revenue growth of 14%, or 17% excluding COVID related customer support initiatives
- Total revenue growth of 12%, or 15% excluding customer support initiatives, with 95% of total revenue now recurring
- Record job volumes in Q2 drove overall job volumes up by 4%
- Subscription tradies up 19% on pcp
- Total Tradie ARPU up 13% on pcp, or 19% for hipages in Australia
- Gross margin⁸ of 87%
- EBITDA margin of 14% in line with expectations due to increased investment

1. Pro Forma operating expenses

2. Pro Forma EBITDA before significant items.

3. Pro-Forma EBITDA and NPAT in H1 FY22 adjusted for one-off IPO related costs and non-recurring interest on debt retired on IPO.

4. Monthly recurring revenue (MRR) @ June 2021 inclusive of GST.

5. Avg Annual Revenue Per Tradie (Total Tradie ARPU): operating revenue divided by the average of the opening and closing nb of total tradies for the period.

6. Includes impact of one month of Builderscrack performance post-completion on 8 December 2021.

7. Presented on a like-for-like basis with hipages Group preceding the acquisition of Builderscrack.

8. Gross margin includes total revenue less cost of sales being consumer and tradie SEM spend and merchant fees

H1 FY22 Pro Forma Financial Summary

\$'000	HY22	HY21	\$ Var	% Var
Recurring	28,768	25,288	3,480	14%
Transactional	737	924	(187)	(20%)
Operating Revenue	29,505	26,212	3,293	13%
Other	632	730	(98)	(13%)
Total Revenue¹	30,137	26,942	3,195	12%
Sales	(2,871)	(2,393)	(478)	20%
Marketing	(11,178)	(7,928)	(3,250)	41%
Technology and Development	(1,090)	(896)	(194)	22%
Operations and Administration	(10,767)	(9,045)	(1,722)	19%
Total Operating Expenses	(25,906)	(20,262)	(5,644)	28%
Other (Expenses)/Income	(55)	198	(253)	(>100%)
EBITDA before significant items	4,176	6,879	(2,703)	(39%)
Significant Items	(367)	(565)	198	(35%)
EBITDA after significant items	3,809	6,314	(2,505)	(40%)
Depreciation & Amortization	(4,496)	(4,337)	(159)	4%
EBIT	(687)	1,977	(2,664)	(>100%)
Net Finance Costs	(50)	(467)	417	(89%)
Share of profit/(loss) of equity-accounted investees ³	(118)	-	(118)	-
Loss before income tax	(855)	1,511	(2,365)	(>100%)
Income tax benefit	25	-	25	-
NPAT	(830)	1,511	(2,340)	(>100%)

- Strong revenue growth continued into H1 FY22; recurring revenue growth of 14%, total revenue up 12% on pcip
- Continued investment for growth, with:
 - Increased Brand marketing and advertising targeting both sides of the marketplace, driving strong brand awareness among consumers and customers
 - Increased product development and technology architecture investment
- Gross margin² of 87% (in line with H1 FY21)
- EBITDA margin of 14% as expected vs 26% in H1 FY21
- EBITDA margins expected to continue to improve returning to FY 21 levels by the end of H2

H1 FY22 Cash Flow

\$'000s	HY22		HY21		\$ Var
	Proforma/Statutory ¹	Proforma ²	Statutory ³		
Receipts from customers (inclusive of GST)	31,514	29,528	29,528	1,986	
Payments to suppliers and employees (inclusive of GST)	(27,364)	(22,970)	(22,970)	(4,394)	
Transaction costs in relation to secondary raise	-	-	(4,616)	4,616	
Interest received	33	188	188	(155)	
Interest paid	-	(31)	(1,088)	1,088	
Net cash flows from operating activities	4,183	6,715	1,042	3,141	
Payments for purchase of business (Builderscrack)	(7,843)	-	-	(7,843)	
Payments for purchase of business (Bricks + Agent)	(6,747)	-	-	(6,747)	
Payments for property, plant and equipment	(225)	(310)	(310)	85	
Payments for intangible assets	(5,107)	(3,619)	(3,619)	(1,488)	
Proceeds from divestments	150	70	70	80	
Net cash flows used in investing activities	(19,772)	(3,859)	(3,859)	(15,913)	
Proceeds from issue of shares	-	-	40,300	(40,300)	
Proceeds from borrowings	-	-	3,000	(3,000)	
Repayment of borrowings	-	-	(15,978)	15,978	
Payment of principle portion of lease liabilities	(1,584)	(1,412)	(1,412)	(172)	
Payment of transaction costs on issue of new shares	-	-	(2,704)	2,704	
Net cash flows from financing activities	(1,584)	(1,412)	23,206	(24,790)	
Net increase / (decrease) in cash and cash equivalents	(17,173)	1,444	20,389	(37,562)	
Cash and cash equivalents at the beginning of the period	30,303		8,822	21,481	
Effects of exchange rate changes on cash and cash equivalents	(9)		-	(9)	
Cash and cash equivalents at end of the period	13,121		29,211	(16,090)	

- Strong H1FY22 Pro Forma operating cash flow (OCF) of \$4.2m with Pro Forma EBITDA to OCF conversion of 101%
- Net cash outflow of \$17.2m mainly due to:
 - Payments for a 100% interest in Builderscrack of \$7.8m
 - Payments for a 25% interest in Bricks + Agent of \$6.8m
 - Positive Statutory operating cash flow of \$4.2m

1.HY22 Proforma and Statutory cash flows are the same.

2.HY21 Pro Forma operating cashflow normalised for IPO transaction costs (\$4.6m) and non-recurring interest (\$1.1m). Financing cashflow is normalised for proceeds from issues of shares , convertible note raise, repayment of borrowings and IPO transaction costs.

3.HY21 IPO offer costs, \$4.6m in operating cashflow in relation to secondary raise and \$2.7m in financing cashflows in relation to primary raise

H1 FY22 Statutory Balance Sheet

\$'000s	31-Dec-21	30-Jun-21	\$ Var
Cash and cash equivalents	13,121	30,303	(17,182)
Funds on deposit	2,271	2,271	-
Trade and other receivables	1,681	1,461	220
Other assets	2,522	1,976	546
Total current assets	19,595	36,011	(16,416)
Other assets	248	639	(391)
Other investments	800	800	-
Equity-accounted investees	6,650	-	6,650
Property, plant and equipment	1,664	1,868	(204)
Right-of-use asset	12,835	6,370	6,465
Intangible assets	28,819	11,596	17,223
Total non-current assets	51,016	21,273	29,743
Total assets	70,611	57,284	13,327
Trade and other payables	9,270	7,235	2,035
Contract liabilities	3,109	3,715	(606)
Provisions	1,786	1,461	325
Lease liabilities	2,719	3,086	(367)
Current tax liability	61	-	61
Total current liabilities	16,945	15,497	1,448
Other payables	1,448	-	1,448
Provisions	544	552	(8)
Lease liabilities	11,899	5,495	6,404
Deferred Tax Liability	2,951	-	2,951
Total non-current liabilities	16,842	6,047	10,795
Total liabilities	33,787	21,544	12,243
Net assets	36,824	35,740	1,084
Issued capital	316,660	315,775	885
Reserves	(219,414)	(220,443)	1,029
Accumulated losses	(60,422)	(59,592)	(830)
Total equity	36,824	35,740	1,084

- Strong H1 FY22 total equity position of \$36.8m, an increase of \$1.1m driven by:
 - Increase in total assets of \$13.3m primarily due to increase in investments in Bricks + Agent \$6.7m, increase in intangibles (*goodwill, brands, customer relationships and capitalised development*) \$17.2m, increase in ROU lease asset \$6.5m offset by decrease in cash balance of \$17.2m
 - Increase in total liabilities of \$12.2m is due to increase in trade & other payables \$2.0m, increase in lease liability \$6.0m and increase in Deferred Tax Liability of \$3.0m
 - Strong cash balance of \$13.1m.

Profit Reconciliation

	\$'000
Reported EBITDA (from continuing operations)	3,809
Non-recurring remuneration	367
Pro forma EBITDA before significant items	4,176

Disclaimer

Important notice

The material in this presentation has been prepared by hipages Group Holdings Limited (ASX: HPG) ABN67 644 430 839 (“hipages” or the Company”) and is general background information about hipages’ activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete in every aspect. In particular you are cautioned not to place undue reliance on any forward looking statements regarding our belief, intent or expectations with respect to hipages’ businesses, market conditions and/or results of operations, as although due care has been used in the preparation of such statements, actual results may vary in a material manner. Information in this presentation or subsequently provided to the recipient of this information, whether orally or in writing, including forecast financial information, should not be considered advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities in the Company. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

The financial information should be read in conjunction with the basis of preparation set out in Note 1 of the Company’s accounts.

Forward-looking statements

This presentation may contain forward-looking statements which are statements that may be identified by words such as “may”, “will”, “would”, “could”, “expects”, “intends”, “anticipates”, and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this document, are expected to take place. No person who has made any forward-looking statements in this document has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.

This presentation also contains references to certain intentions, expectations and plans of the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.

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