

ASX / Media Release 28 April 2022

# Q3 FY22 Quarterly Activities Report & Appendix 4C

## Emerging from COVID as balance begins to return to marketplace

**hipages Group Holdings Limited** (ASX:HPG) (“hipages Group” or “the Company”), Australia and New Zealand’s largest online tradie marketplace and Software-as-a-Service (SaaS) provider connecting tradies with residential and commercial consumers, today provides its quarterly cash flow and activities summary for the period ended 31 March 2022.

### Q3 FY22 Highlights

- As expected, slightly softer growth in Q3, with marketplace balance starting to return in April
- Total revenue up 11% on pcp to \$15.9m, up 6% on a LFL basis in line with expectations
- Recurring revenue up 9% on pcp to \$14.7m, up 8% LFL
- Strong ARPU<sup>1</sup> growth continues, up 12% to \$1,798 with hipages Australia up 18% to \$1,893
- Subscription tradies up 15% on pcp to 34.2k<sup>2</sup>, with hipages Australia up 4% to 30.9k
- Robust balance sheet with cash and funds on deposit of \$12.9m and positive OCF
- Flexible product features introduced in Q4 to benefit retention showing positive early signs

**Table 1: Key Financial and Operating Metrics**

	Q3 FY22 <sup>3</sup>	Q3 FY21 <sup>3</sup>	pcp % <sup>4</sup>	LFL % <sup>5</sup>
Total Revenue (\$m)	15.9	14.3	11%	6%
Recurring Revenue (\$m)	14.7	13.5	9%	8%
Recurring revenue % total	93%	95%	-2pts	+1pts
MRR (\$m)	5.4	4.9	9%	8%
Job volume (000s)	459	405	14%	7%
Subscription tradies <sup>6</sup> (000s)	34.2	29.8	15%	4%
ARPU <sup>1</sup> (\$)	1,798	1,608	12%	18%

**hipages CEO and Co-founder Roby Sharon-Zipser said:** “While the trade industry’s COVID recovery has taken longer than we initially expected, balance is beginning to return to the marketplace, which is

<sup>1</sup> 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 \$1,798 is the blended result of hipages’ ARPU of \$1,893 and Builderscrack’s ARPU of \$915 for Q3.

<sup>2</sup> Includes 3.3k New Zealand paying tradies acquired through the acquisition of Builderscrack.

<sup>3</sup> Unaudited financial information.

<sup>4</sup> Includes Builderscrack acquired 8 December 2021.

<sup>5</sup> Presented on a like-for-like basis with hipages Group preceding the acquisition of Builderscrack.

<sup>6</sup> Includes tradies committed to a monthly subscription product from hipages and Builderscrack’s paying tradies who generated at least one work invoice over the last 12 months.

great news for hipages Group. During Q3, we saw a ~40% increase in new tradie registrations from the prior quarter, and we have seen market conditions continue to improve in the fourth quarter so far.”

“The resilience of our business model has been proven, having delivered growth through one of the most difficult periods in the industry’s history, while investing in our product and technology to strengthen our position as the #1 online tradie marketplace in Australia and New Zealand. We are looking forward to getting some clear air to focus on accelerating our growth and capturing the many opportunities ahead.”

## Operational & Strategic Update

The Company continues to invest in strengthening its brand on both sides of the marketplace, with tradies targeted through radio, digital and sports streaming services. In Q3, consumer brand activity focused around a new integration with Channel Nine’s ‘Space Invaders’ program, which launched in February.

The strength of the hipages brand continues to drive record consumer demand, with job volumes up by 14% vs. pcpc to 459k for the quarter. The Company is prioritising marketplace balance, and due to strong job volume being delivered by organic channels, paid search spend was reduced, which helped to further strengthen the EBITDA margin. Jobs from paid channels represented 21% of total jobs in Q3, below the Company’s 25% target, while 68% of jobs came from repeat customers.

For Tradiecore, the Company’s field service software solution, new functionality including scheduling, self-service options, and enhancements to existing functionality have been well received by the user base. The Tradiecore app for Android was launched on schedule in early March, a new feature enabling tradies to personalise documents with their business logo is due to be released in the coming weeks, and the payments solution being developed with Stripe is due to go live in H1 FY23. The offer of free trial subscriptions to Tradiecore continues to attract strong interest.

Bricks and Agent, the property management technology company of which hipages Group owns 25%, signed a three-year agreement with global property services firm JLL. The contract will see Bricks and Agent’s technology power the *JLL Services on Demand* platform across JLL’s significant portfolio of managed office, residential, and retail assets Australia-wide. Bricks and Agent collaborated with JLL to expand and personalise the existing platform to offer tenants a range of services at fixed prices. The agreement is a milestone for Bricks and Agent, with JLL being one of the world’s, and Australia’s, leading property managers.

While the macroeconomic outlook remains uncertain, with rising inflation and higher interest rates on the horizon, in the past the hipages Group business model has proven resilient to demand-side impacts, which would be expected to bring further balance to the marketplace.

## Financial Update

With the trade industry still emerging from its recovery from COVID-19, which was extended by the Omicron outbreak and the resultant backlog of jobs, hipages Group delivered growth in its key metrics in the third quarter.

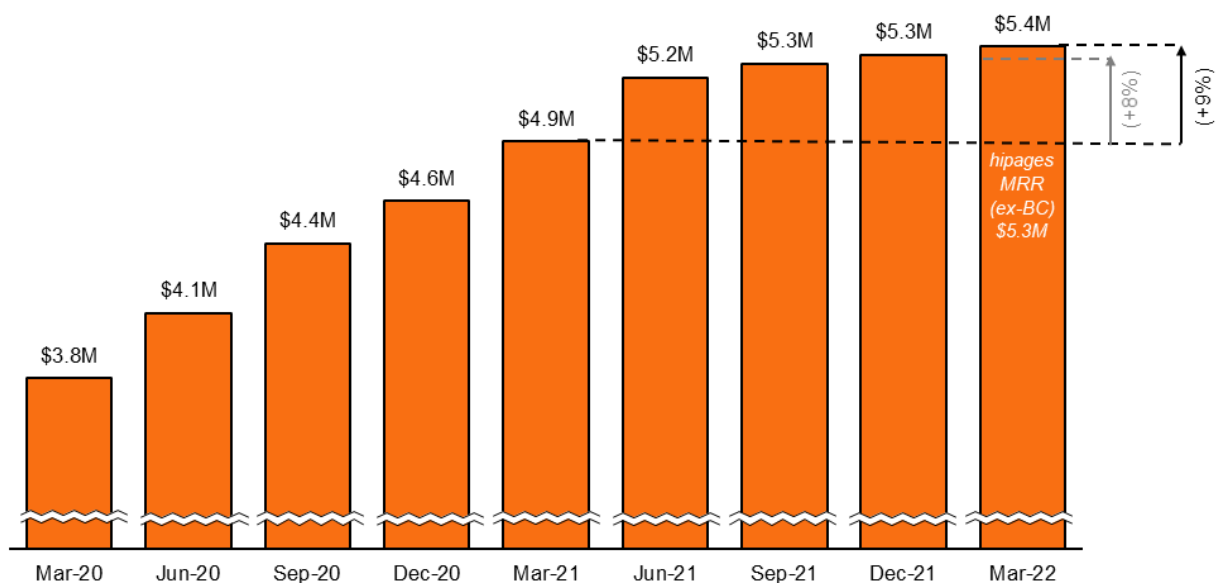
In Q3, the supply side of the marketplace began to improve, with new tradie registrations up by ~40% on Q2 and cancellation requests due to tradies being too busy returning to more normal levels compared with the prior quarter where they were elevated by ~30%.

Tradie churn, which is typically higher in Q3 than Q2 due to the quiet Christmas period, was elevated during the period as expected, however in Q4 has started to return to similar levels to the pcp as balance begins to return to the marketplace. Product features implemented in Q4 to provide more flexibility have also shown positive early signs.

Total revenue growth was in line with expectations, up 11% vs. pcp, or 6% on a LFL basis. Recurring revenue grew by 9% vs. pcp to \$14.7m.

Chart 2 shows MRR grew by 9% on pcp to \$5.4m<sup>7</sup> as tradies continued to join at higher average price points, with elevated churn in Q3 largely offset by strong tradie recruitment.

**Chart 2: MRR**



As chart 3 shows, subscription tradies grew by 15% on the pcp to 34.2k, or 4% on a LFL basis excluding the 3.3k NZ tradies acquired as part of the acquisition of Builderscrack. The quarter-on-quarter decline reported in Q2 has stabilised, with growth expected for the remainder of the year.

<sup>7</sup> Includes \$50k MRR contribution from Builderscrack.

**Chart 3: Subscription tradies**

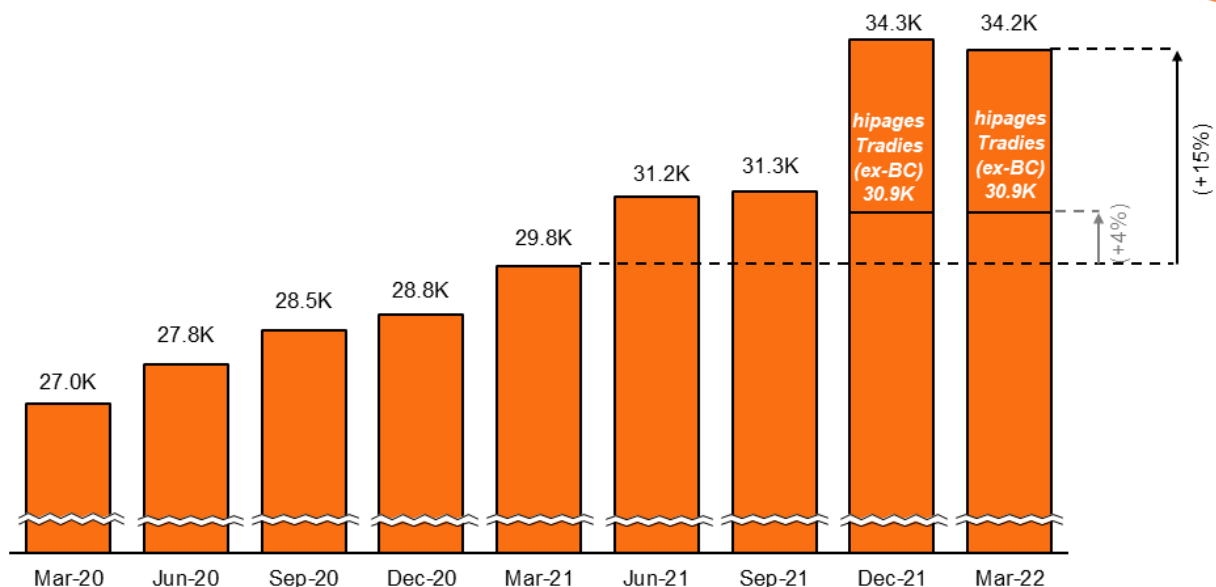
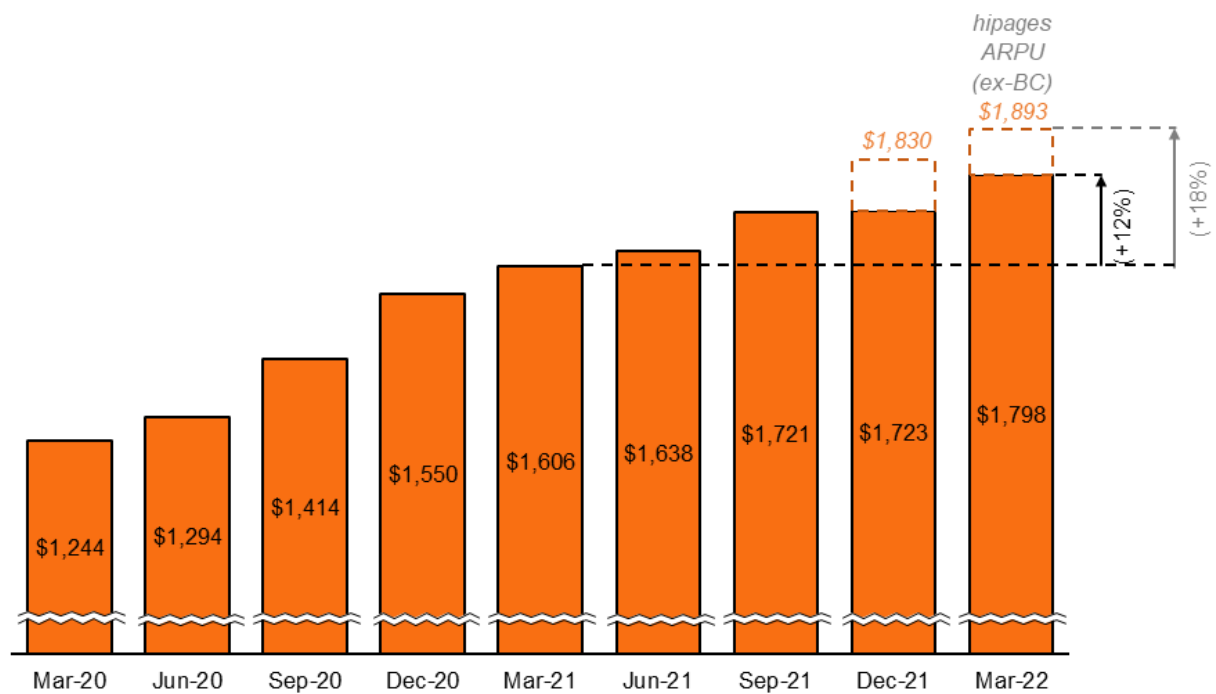


Chart 4 shows strong total tradie ARPU<sup>8</sup> growth continued in Q3, increasing by 12% overall to \$1,798, and by 18% to \$1,893 for hipages in Australia. Yields continue to increase for both new and existing tradies and are significantly up on the pcip.

**Chart 4: Total tradie ARPU**



<sup>8</sup> 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.

While the trade industry's COVID recovery has taken longer than initially expected, market conditions and marketplace balance are expected to continue to improve in the fourth quarter, with customer support measures to return to pre-COVID levels. However, with macroeconomic uncertainty and supply chain pressure continuing to weigh on the trade industry, hipages Group expects Q4 revenue growth to be similar to Q3, with subscription tradie growth to return quarter-on-quarter in Q4.

hipages Group remains focused on executing its strategy to lay the foundations for long-term profitable growth.

### Net cash flows and use of funds

Operating cash receipts for the quarter were \$16.8m compared to \$15.9m in Q2 FY22 and \$15.2m in Q3 FY21, an increase of 11%<sup>9</sup> on the pcp. Operating cash payments for the quarter were \$13.9m, compared to \$13.0m in Q2 FY22 and \$11.4m in Q3 FY21.

Operating cash payments of \$13.9m in Q3 FY22 included \$4.6m for advertising and marketing, \$5.1m for staff costs, \$4.1m for administrative and corporate costs and \$0.1m for income taxes. Net cash from operating activities was \$2.9m (Q2: \$2.9m)

hipages Group has a robust balance sheet with cash and funds on deposit of \$12.9m and no debt. The net cash position of \$10.6m includes \$0.7m cash acquired in the acquisition of Builderscrack.

As noted in Appendix 4C, there were no payments made to related parties during the quarter.

### Ends

Authorised for release to the ASX by the Board of hipages Group Holdings Limited.

### Investor conference call

hipages Group Co-Founder and CEO Roby Sharon-Zipser and CFO and COO Melissa Fahey will host a conference call and Q&A session for investors and analysts today at **10am AEST (28 April 2022)**.

Participants must pre-register for the call via the link below:  
<https://s1.c-conf.com/diamondpass/10021710-3mak2l1.html>

Once registered, participants will receive a calendar invite, along with dial-in numbers and a unique code which is to be quoted when dialling into the call.

<sup>9</sup>Operating cash receipts growth of 11% on pcp includes additional receipts attributable to Builderscrack and growth in revenue.

## Further Information

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## About hipages Group

hipages Group creates effortless solutions that help tradies streamline and grow their business and delight their customers. It is the owner of Australia's largest online tradie marketplace and Software-as-a-Service (SaaS) provider, hipages, connecting tradies with residential and commercial consumers. The platform helps tradies grow their business by providing job leads from homeowners and organisations looking for qualified professionals, while enabling them to optimise their business. To date, over three million Australians have changed the way they find, hire and manage trusted tradies with hipages, ultimately providing more work to approximately 31,000 trade businesses subscribed to the platform. Also part of the hipages Group ecosystem is Tradiecore, workflow management software that eases the burden of everyday admin for tradie businesses, and Builderscrack, New Zealand's leading tradie marketplace. hipages Group also owns a 25 per cent stake in the market-leading property maintenance platform, Bricks & Agent.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

hipages Group Holdings Ltd

**ABN**

67 644 430 839

**Quarter ended (“current quarter”)**

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	16,813	48,327
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(4,629)	(15,930)
	(d) leased assets	-	-
	(e) staff costs	(5,074)	(13,407)
	(f) administration and corporate costs	(4,122)	(11,852)
1.3	Dividends received	-	-
1.4	Interest received	6	39
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(88)	(88)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from/(used in) operating activities</b>	<b>2,906</b>	<b>7,089</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities, net of cash acquired	(1,041)	(8,884)
	(b) businesses	-	-
	(c) property, plant and equipment	(112)	(337)
	(d) investments	(21)	(6,768)
	(e) intellectual property	-	-
	(f) other non-current assets	(3,441)	(8,548)
2.2	Proceeds from disposal of:		
	(g) entities	-	150
	(h) businesses	-	-
	(i) property, plant and equipment	1	1
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash used in investing activities</b>	<b>(4,614)</b>	<b>(24,386)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-



3.9	Other – repayment of principal portion of leases	(820)	(2,404)
<b>3.10</b>	<b>Net cash (used in)/from financing activities</b>	<b>(820)</b>	<b>(2,404)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	13,121	30,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,906	7,089
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,614)	(24,386)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(820)	(2,404)
4.5	Effect of movement in exchange rates on cash held	(7)	(16)
<b>4.6</b>	<b>Cash and cash equivalents at end of period<sup>10</sup></b>	<b>10,586</b>	<b>10,586</b>
<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	10,586	13,121
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,586</b>	<b>13,121</b>

<sup>10</sup>At 31 March 2022, hipages had cash and funds on deposit of \$12.9m comprising cash and cash equivalents of \$10.6m and funds on deposit of \$2.3m.

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	2,906
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,586
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,586
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	N/A
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	N/A
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	N/A
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **28 April 2022**

Authorised by: **The Board of Directors of hipages Group Holdings Limited**