



FY24

Financial Results

22 August 2024



**hipages Group is ANZ's #1 platform
to connect homeowners and tradies,
building better lives for everyone.**

Our Vision
To be the most
trusted partner in the
trade industry.



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Agenda

- 1. FY24 results overview**
- 2. Financial & operational update**
- 3. Strategy update**
- 4. FY25 outlook**

FY24 Results Overview



ROBY SHARON-ZIPSER
CEO & Co-Founder

Exceptional FY24 results delivering on targets



- Record marketplace activity fuelling top-line growth:

+15%
Recurring Revenue

+11%
ARPU

- Positive Free Cash Flow :

FCF: \$2.1m
Up +\$4.9m vs. pcp

- Strong balance sheet liquidity and no debt

\$21.3m cash balance
Incl. funds on deposit

- Strategic evolution from marketplace to platform:

**hipages tradiecore launched in
April 2024**
with positive early engagement

FY25 targets low-mid teens revenue growth and further margin expansion by 1-2 ppts

FY24 Performance



JACO JONKER
CFO & COO

FY24 Group Financial Highlights



Revenue	\$6.4m MRR excl. GST Up 13%	\$72.1m Recurring revenue Up 15%	\$75.8m Total revenue Up 13%
Profitability	\$16.4m EBITDA ¹ EBITDA Margin 22% (up 4ppt)	\$0.1m NPAT ¹ FY23: (\$2.3m)	\$2.1m Free Cash Flow FY23: (\$2.8m)
Key drivers	36.7k Subscription tradies Up 3%	\$2,079 ARPU Up 11%	2.7m Tradie-Homeowner Connections Up 3%

Closing cash and funds on deposit of \$21.3m and no debt

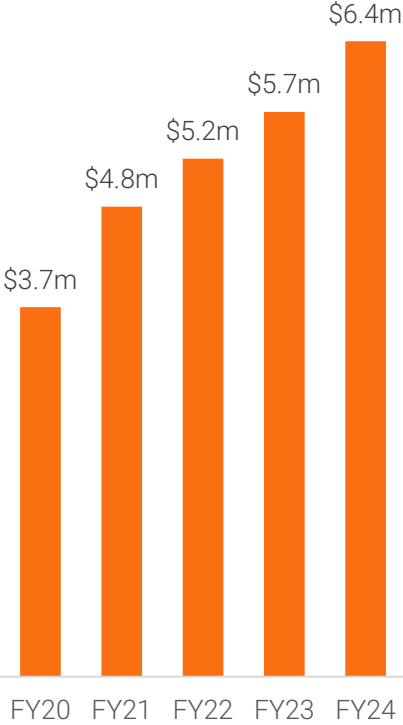
See glossary on p.37 for definitions
All variances on this page refer to the prior corresponding period (pcp)

1. EBITDA and NPAT before significant items. FY24 Statutory NPAT of \$3.6m includes a one-off profit on disposal of equity interest in an associate and a reversal of deferred consideration relating to the acquisition of a subsidiary (Builderscrack). For FY23, NPAT refers to a statutory net loss after tax.

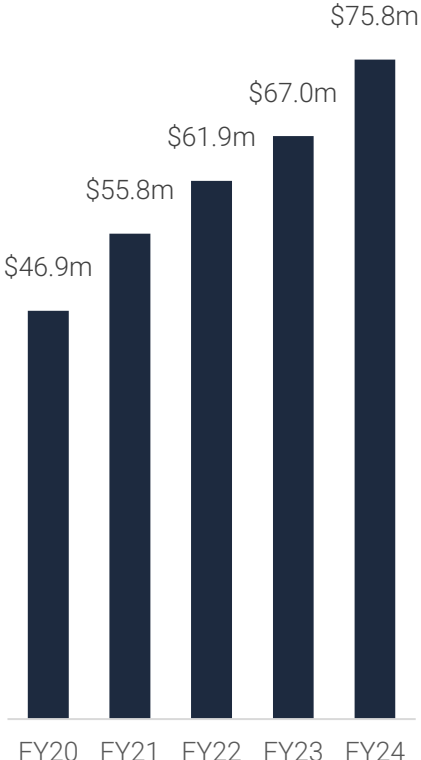
Delivering sustainable growth



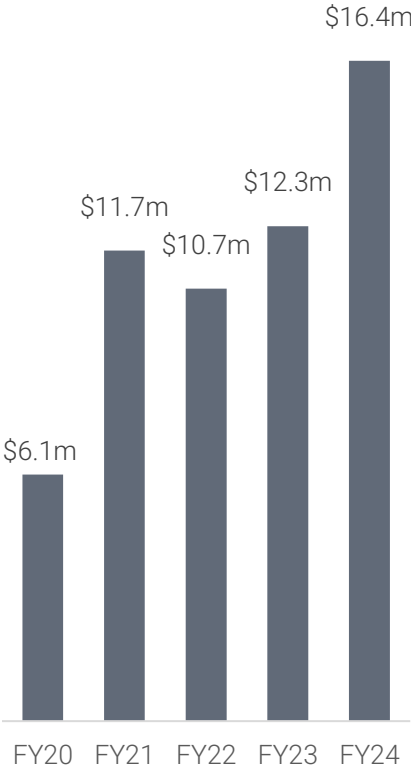
MRR excl. GST



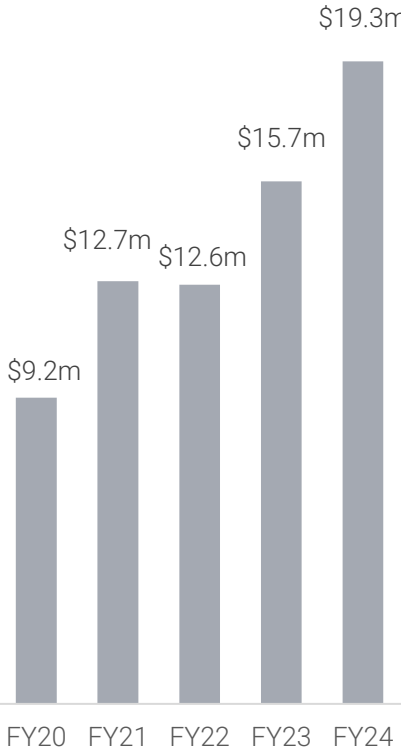
Total Revenue



EBITDA



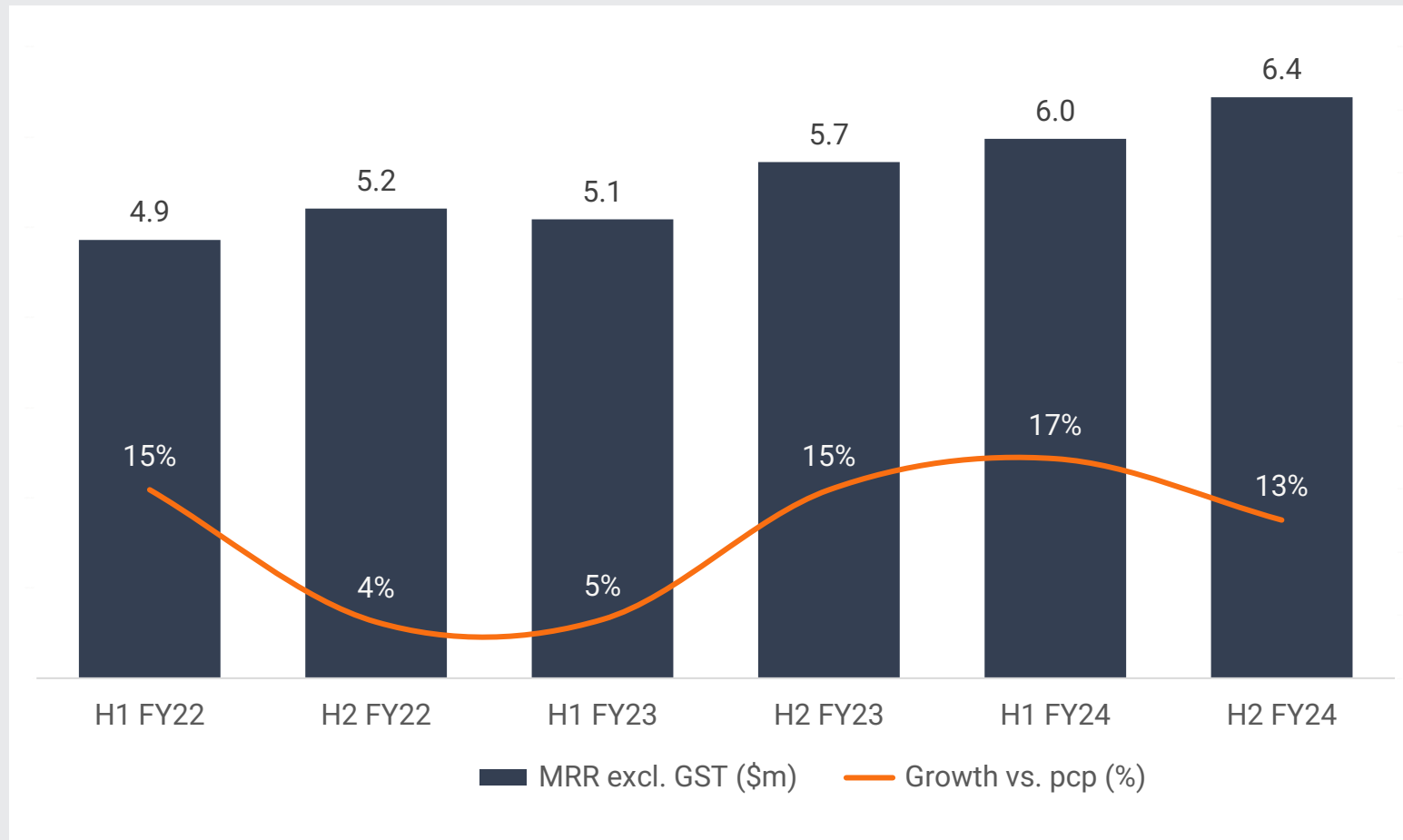
Operating Cash Flow



Further double-digit MRR growth reflecting proactive marketplace management



hipages Group MRR (excl. GST)

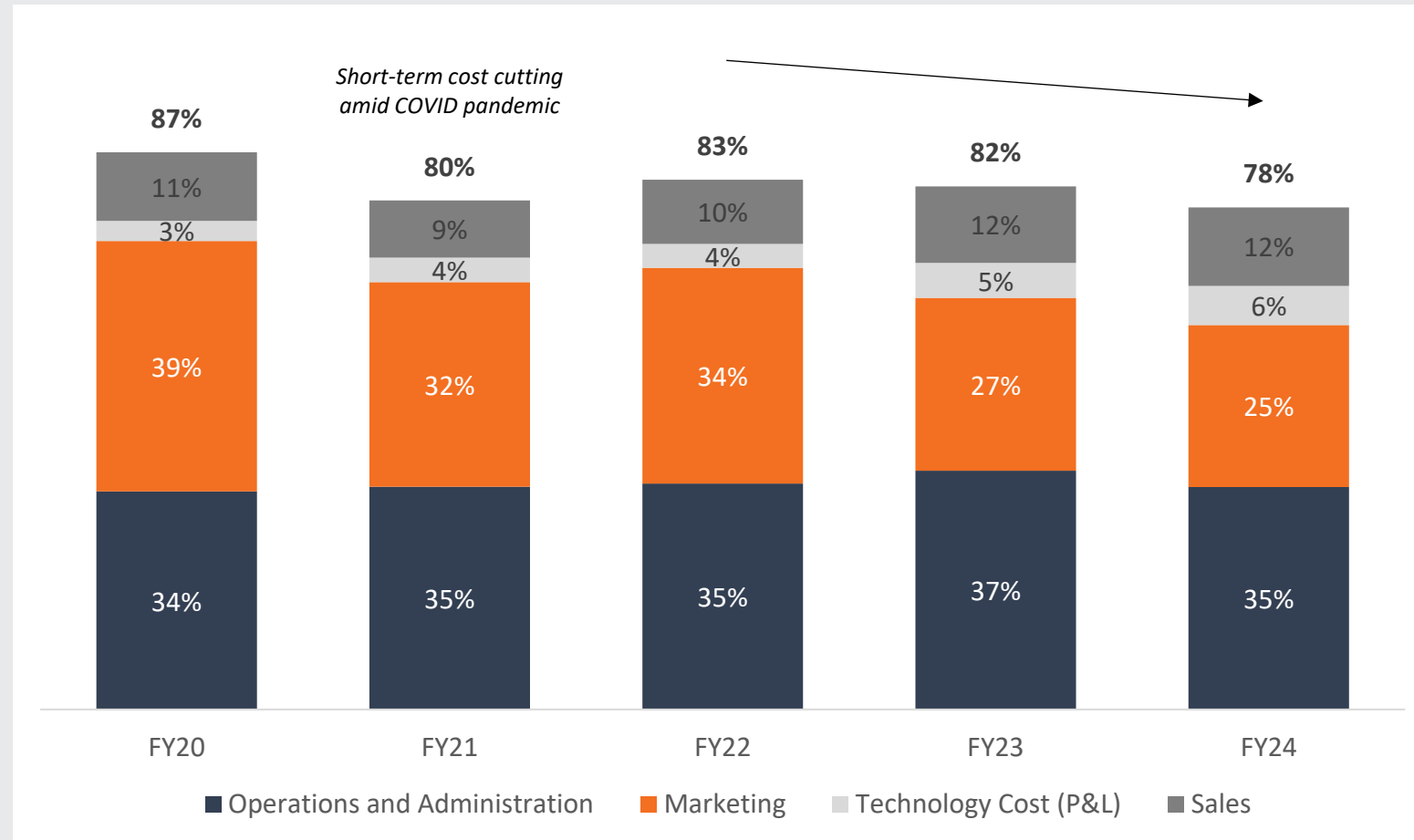


MRR growth driven by:

- Strong Sales execution, with new tradies contracted at higher price points than existing average customer base
- Existing customers ascending to higher price points driven by:
 - **Dynamic pricing** of job leads based on supply/demand dynamics in each trade category and geography – which in turn results in more tradies ascending to higher price tiers.
 - Continuous improvement of our **account management operations** to identify and convert ascension opportunities

Group operating leverage

Group operating expenses¹ as % of total revenue



Sales

- Sales employment costs +16% vs. pcp due to the filling of long-term vacancies to fuel:
 - new business growth
 - existing customer yield increase from ascensions to higher price tiers

Marketing

- Marketing investment increased by 6% vs. pcp with increased brand/PR investment and stable SEM/SEO to support jobs posted on the platforms in the context of subdued demand from homeowners

Operations and Administration

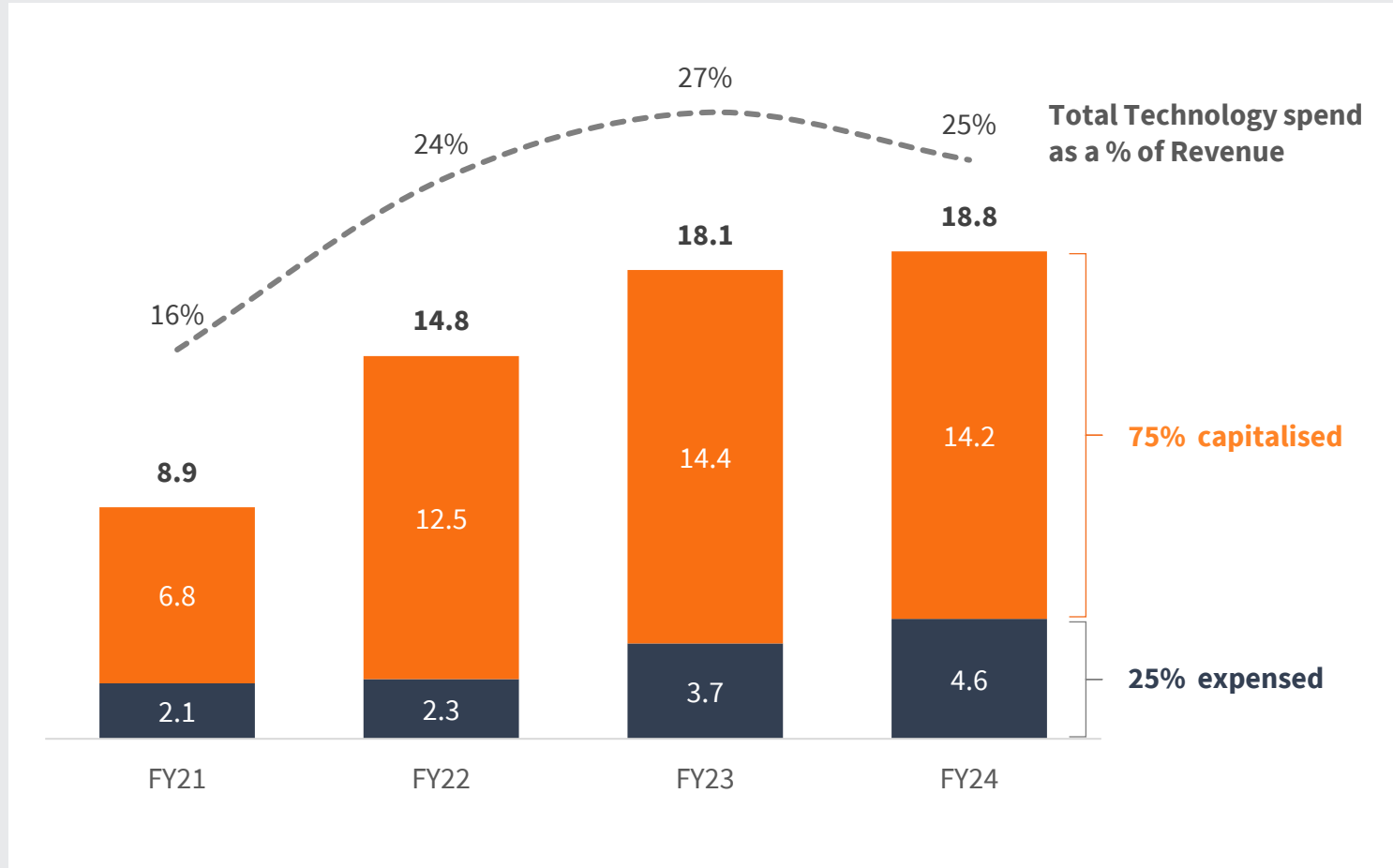
- Prudent cost management partly offset by increased subscription and licence costs

Refer to Appendix for detailed P&L

1. Operating expenses after capitalisation of Technology Development spend. Before capitalisation, total Technology Development spend was 25% of Revenue in FY24 (26% in pcp)

Technology spend stabilised as % of revenue

Group spend in Technology development¹ (in \$m)



Technology spend to date

- Capitalisation approach based on detailed activity-based tracking by project (maintenance vs. development) and amortised over 3 years
- Past Tech development increase was critical to the successful shift to the subscription model (FY20-FY22) and improvement of the job/tradie matching engine and lead pricing optimisation (FY23)
- FY24 Tech development further optimised our marketplace while developing the single tradie platform

Outlook

- Future year investment to continue to support delivery of our roadmap and will reduce steadily as a % of revenue

1. Technology and software development spend based on profit and loss reporting (accrual based), not reflecting actual timing of cash flows

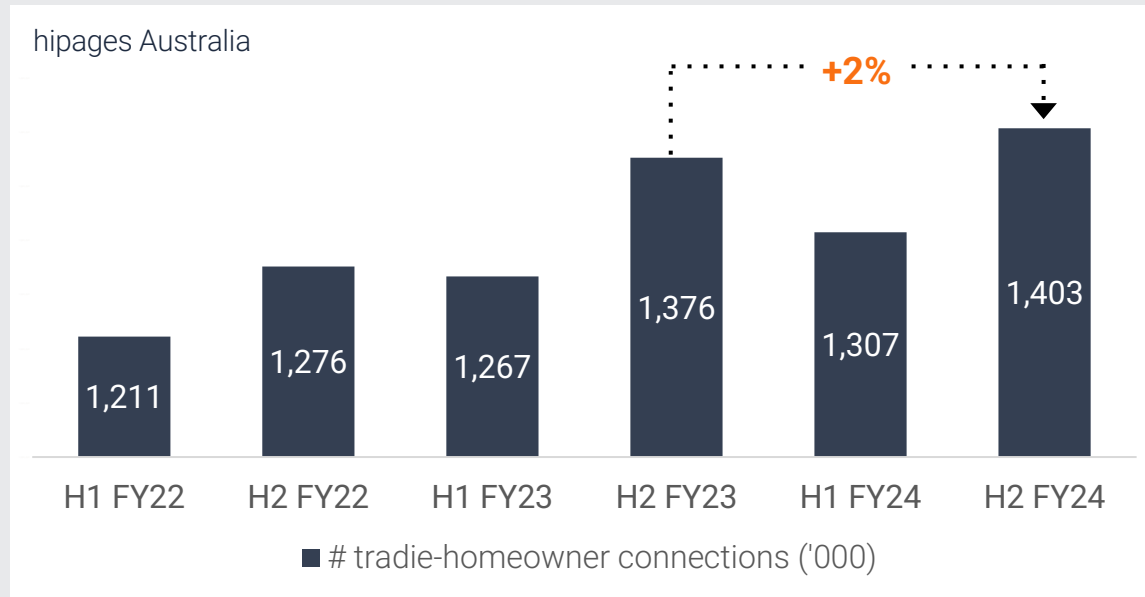
Australian Operations



High level of marketplace activity delivering value for homeowners and tradies

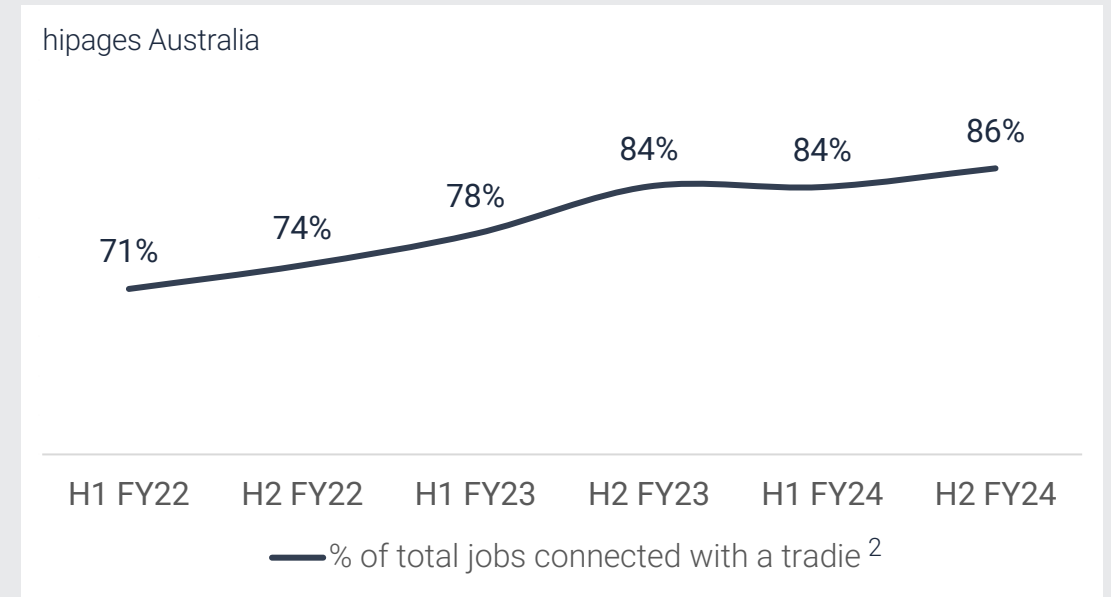


Connection¹ volume growth (off a record pcq) reflecting tradies' strong engagement with the platform



- More connections result in tradies consuming their subscription credit faster, triggering upgrades to higher price tier subscription packages

Homeowners getting exceptional outcome with record high % of jobs connected with tradies

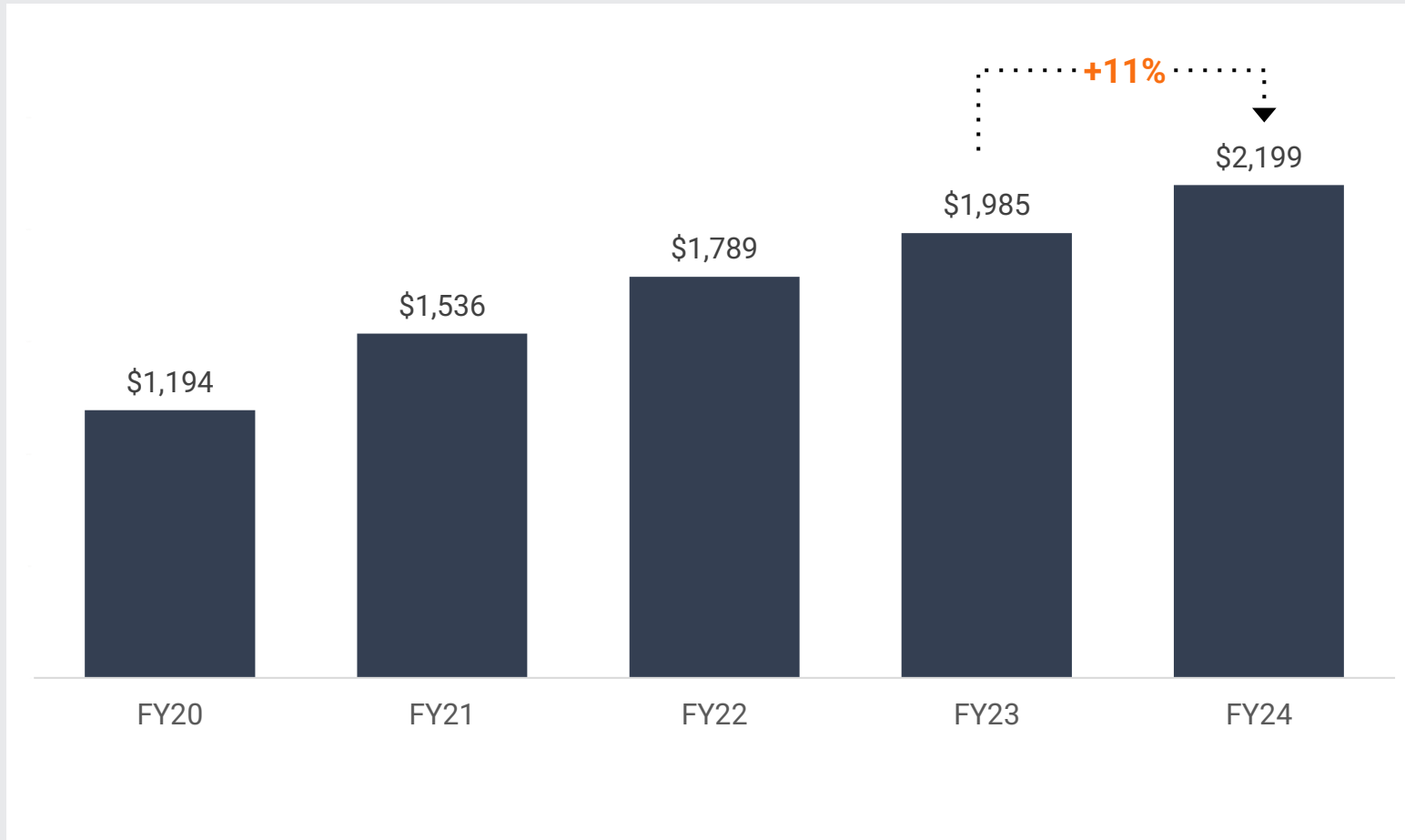


- High connection rate supported by continued improvements to our job/tradie matching engine, and targeted SEO/SEM investment to optimise the volume of jobs posted by trade category
- Economic environment (softened homeowner demand) highlighting the value of our marketplace services for tradies

1. Connections occur when a tradie claims a job, triggering usage of their lead credits included in their subscription
2. Connection rate defined as # jobs with at least 1 tradie-homeowner connection as a % of total # jobs posted on hipages (Australia)

ARPU growth reflecting enhanced value proposition for tradies

hipages Australia ARPU (\$)



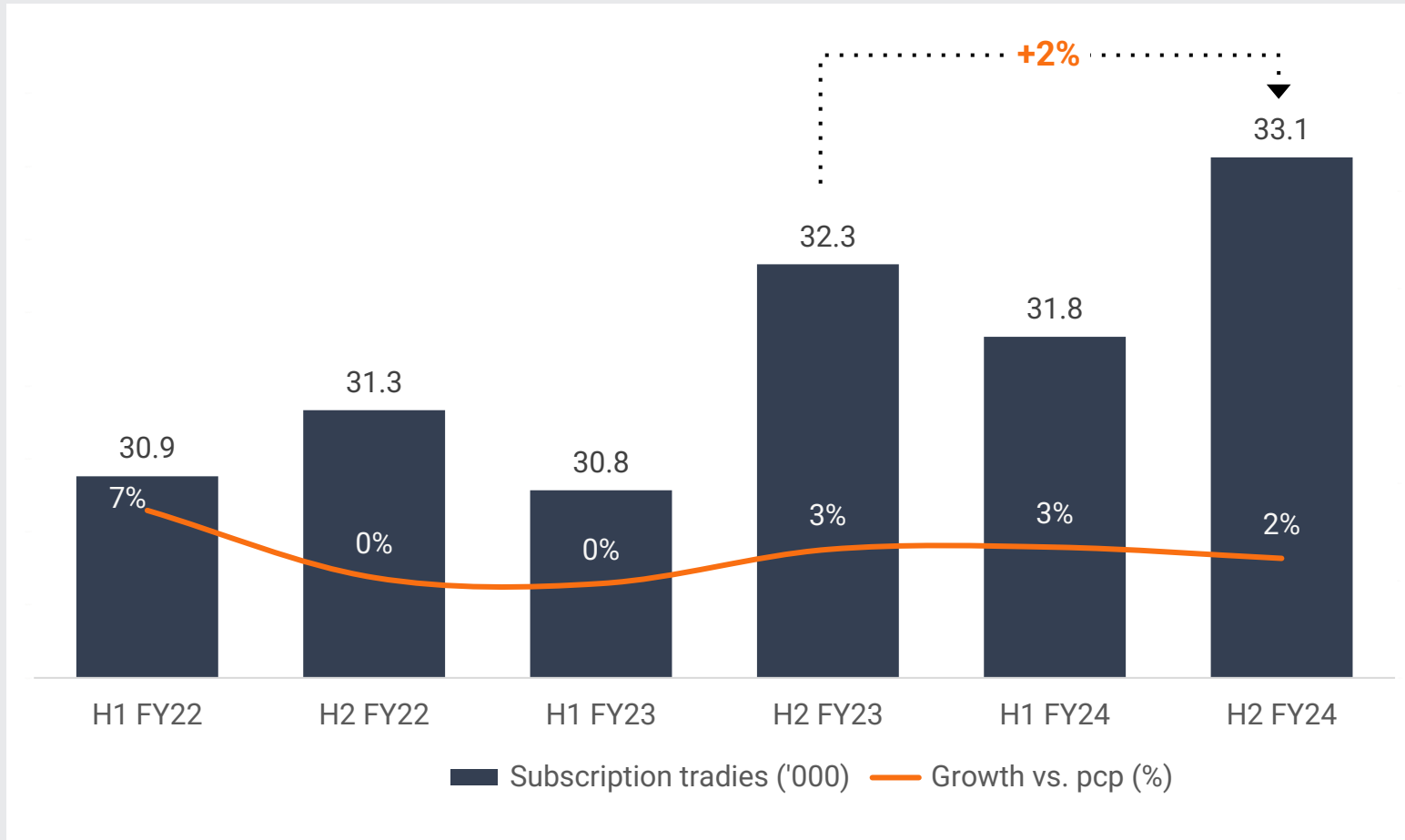
Key initiatives fueling ARPU growth:

- Dynamic job lead pricing driving increased credit usage by tradies, resulting in more of them ascending to higher price tiers, and/or purchasing more lead packs¹
- AI powered improvement of the matching engine, also resulting into increased credit usage by tradies
- Migration of long-term customers from legacy lower yield products to current version
- Since April, new customers joining on single tradie platform at higher price points

1. 'Lead Packs' are a transactional product offering tradies extra credit on a one-off basis, as an alternative to ascending to a higher price point (subscription product with 12 months commitment)

Tradie subscription growth while passing price increases

hipages Australia subscription tradie number ('000)

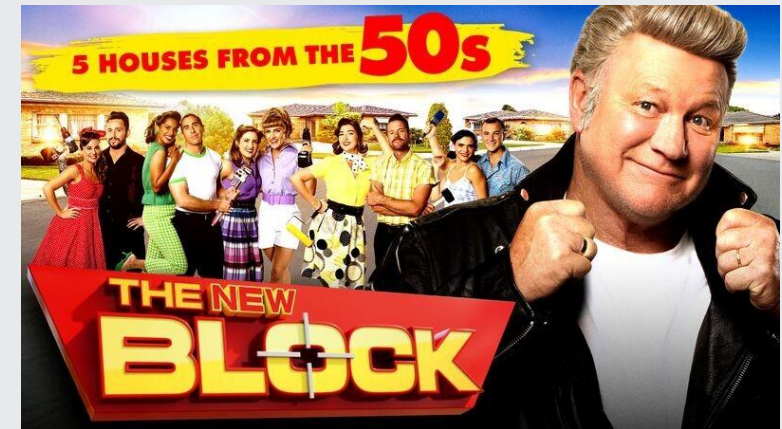


- HY on HY volatility reflects normal seasonal pattern, with December a yearly low due to the summer holidays
- Tradie number continued to grow consistently over the last 3 comparative halves while increasing subscription prices in H2FY23 and again in Q4FY24 with the move to the single tradie platform

Strong Marketing efficiency, expanding our reach and brand awareness while reducing our Marketing spend as % of Revenue

Media & PR presence amplified to boost job volumes in subdued economic environment

- **New TV sponsorship Dream Homes** (Channel 7) complementing our 6-year strong partnership with **The Block** (Channel 9)
- **~30% increase in reach:** 8.8m people reached, of which 2.0m incremental¹
- **71% brand awareness** among tradies, **64% among homeowners** (both up 3ppt vs. pcp)²
- **“Always on”:** hipages platform top-of-mind with The Block in H1 and Dream Homes in H2
- **Multi-channel Tradie campaigns** across radio, On-demand streaming platforms, Youtube, and TV
- Complementary **SEM/SEO investment** maintained in line with FY23 to help manage marketplace balance



1. 6.9m The Block viewers and 4.5m Dream Homes viewers, of which 2.0m did not watch The Block. Source: Avenue C / eTAM data 2024
2. Thrive Insights research – Jul 2024; 30-65yo metro and regional

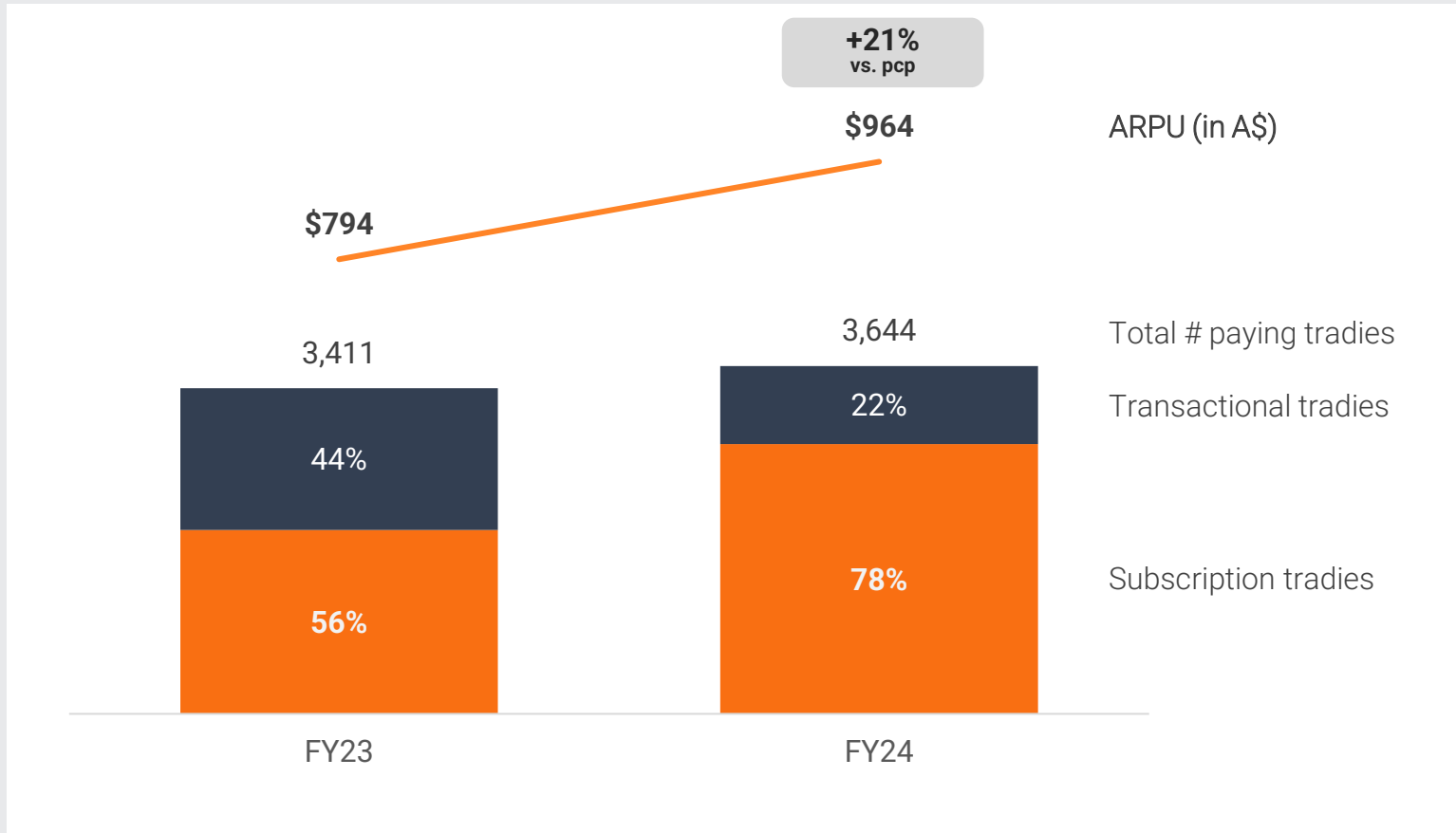
New Zealand Operations



NZ ARPU growth driven by transition to full subscription model by end of FY25



hipages New Zealand (Builderscrack) tradie mix



FY24 Revenue up 28% vs. pcp fueled by yield:

FY23-24 tradie mix reflects our progressive shift to a full subscription model in NZ

- Current hybrid subscription model based on a minimum 3-month subscription fee combined with a success fee on completed jobs.

Further ARPU growth expected in FY25, with 100% of tradies on a full subscription model

- Launched in June 2024 leveraging hipages learnings and best practices.
- Full subscription model to drive enhanced value for tradies while reducing leakage experienced in the commission model.

Note: hipages NZ (Builderscrack) total tradie number includes subscription tradies and tradies who generated at least one work invoice over the last 12 months

Strategic evolution

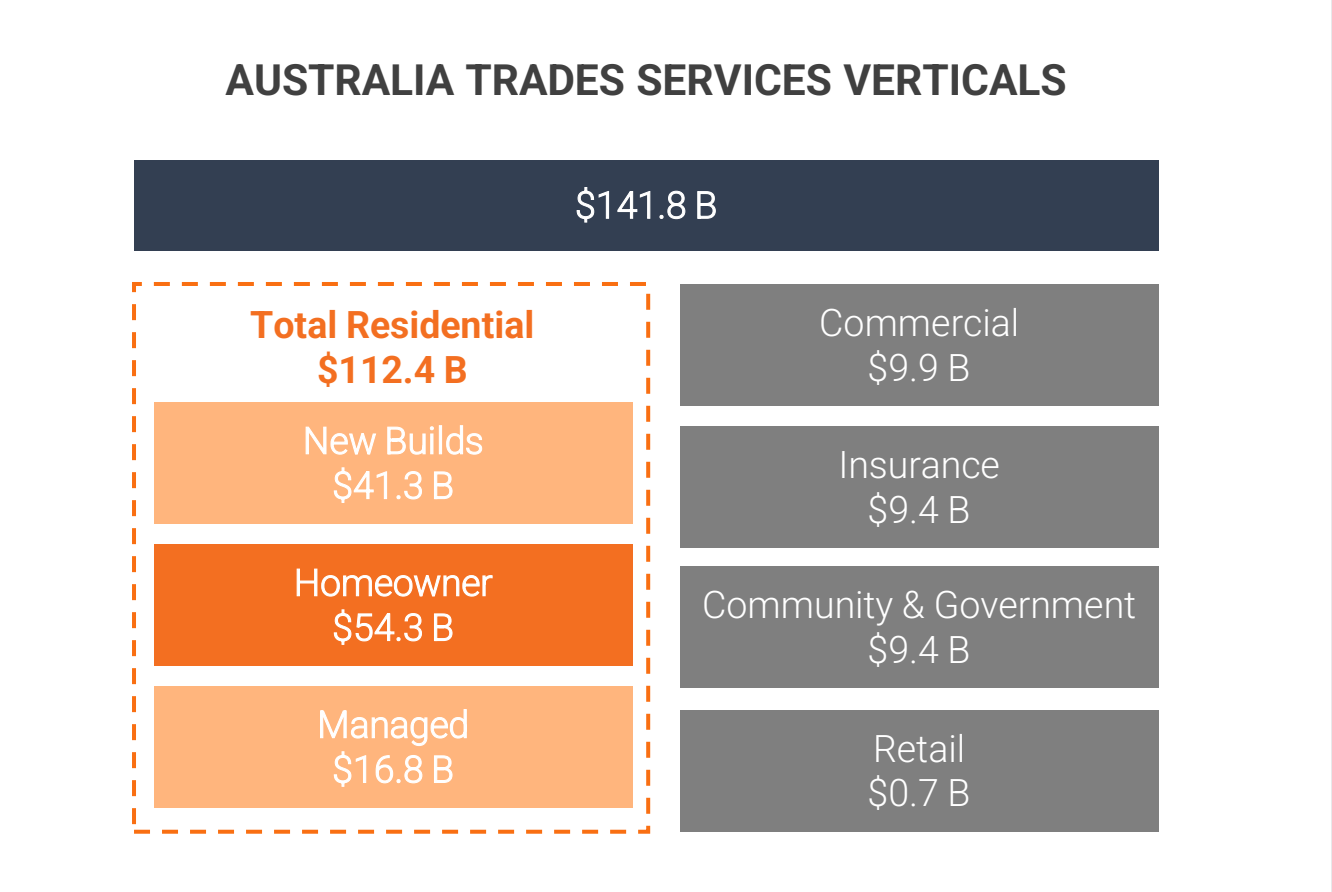


ROBY SHARON-ZIPSER
CEO & Co-Founder

hipages focused on the largest Homeowner segment in the tradie economy



Australian trades market size (\$B)

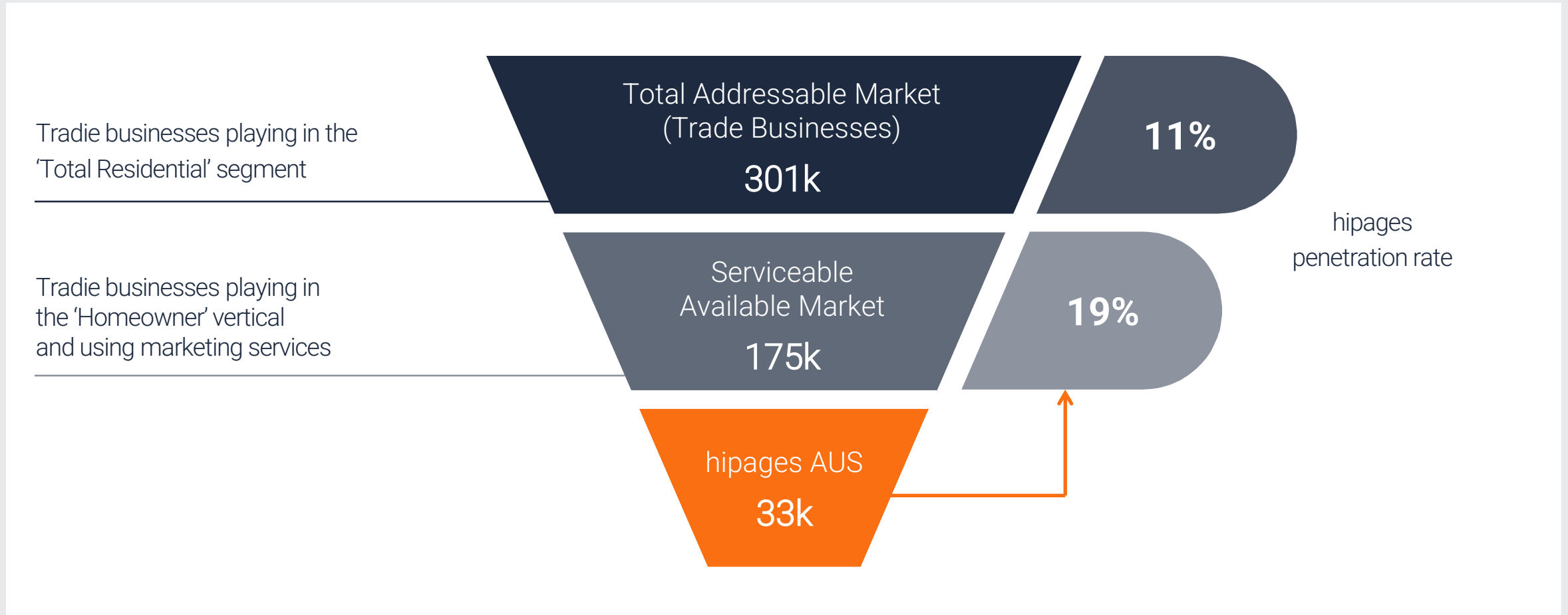


- The Residential segment is large (79% of the AUS Trades market) and projected to grow +7% p.a. over the next 3 years, in line with the L4Y CAGR
- hipages is focused on the 'Homeowner' vertical, with limited to no exposure to the cyclicality of the 'New Builds' vertical
- Spend \$1.2B p.a. on marketing services

* Paid channels refers to social media, search engine, paid lead generation, advertisement – in contrast with unpaid channels like word-of-mouth, referrals, repeat business
 Source: Publicis Sapient, ABS, mgmt. estimates

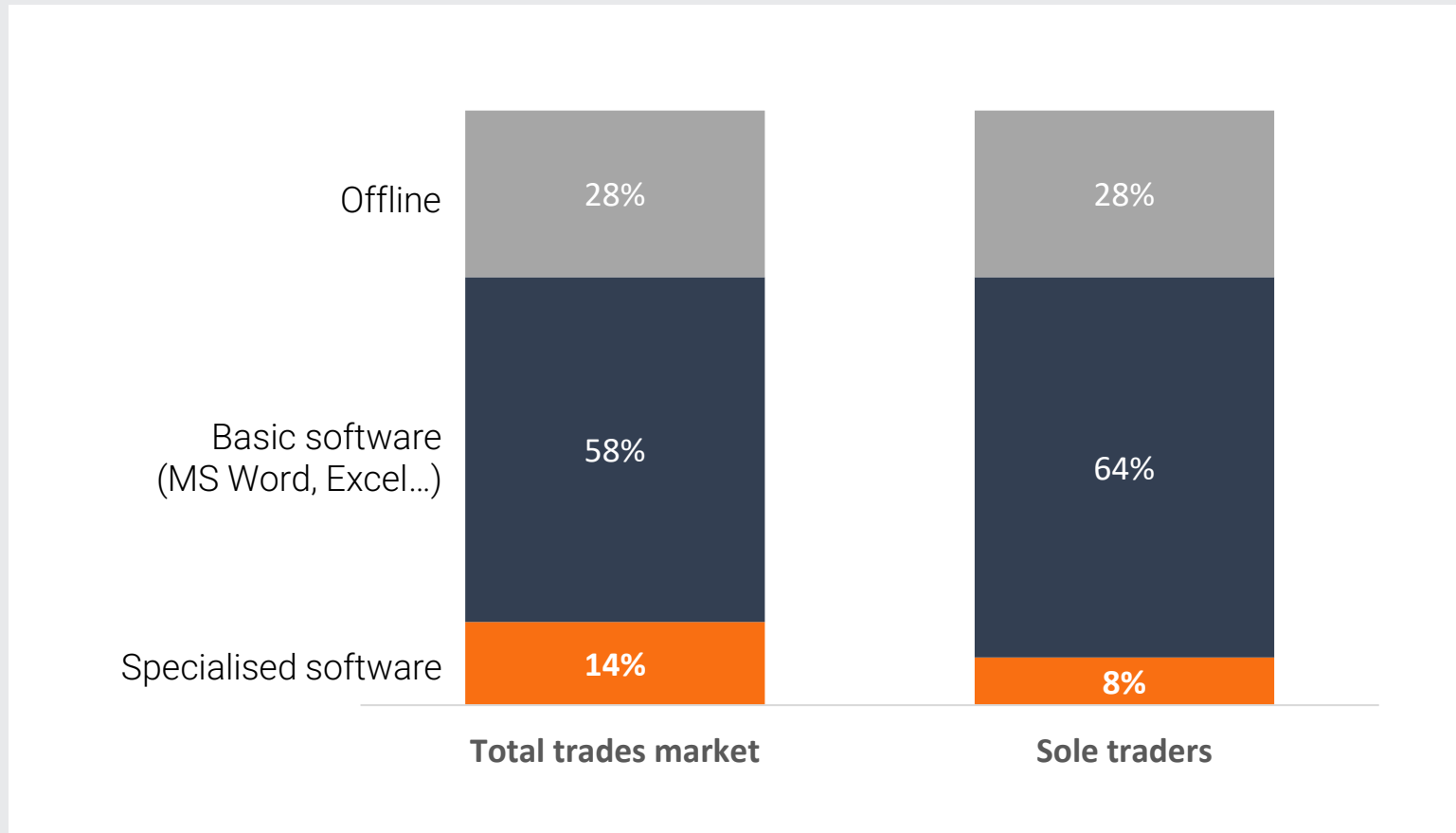
Significant growth potential, only capturing ~1/5th of the SAM to date

hipages estimated Australian market size



Job Management solutions also have material growth potential

Australian residential trades businesses – job management operations



Only 14% of tradies use a specialised job management software

- Penetration rate even lower for sole traders, with only 8% using a specialised solution
- 28% manage their operations 'offline' (i.e. pen & paper)

HPG sees an opportunity for specialised software to gain share of wallet thanks to:

- Demography: new generations of tradies more inclined to using technology
- Product & UX: enhanced ease of use and sophistication of specialised software

Evolution of our 3+ year roadmap post hipages tradiecore go-live

FY24-FY27+ roadmap evolution



Tradie Platform

- Maintain marketplace balance
- Optimise value exchange
- Develop expanded product features to provide all-in-one tools for tradies



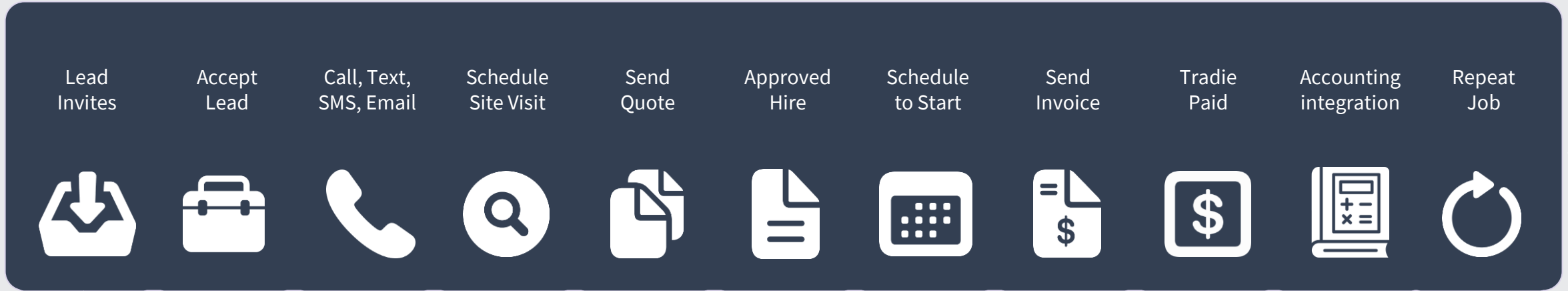
Homeowner Platform

- Source most relevant and needed job leads
- Strengthen & Build Partnerships
- Evolve our Homeowner platform

Successful launch of end-to-end platform to win the whole tradie ecosystem



hipages tradiecore



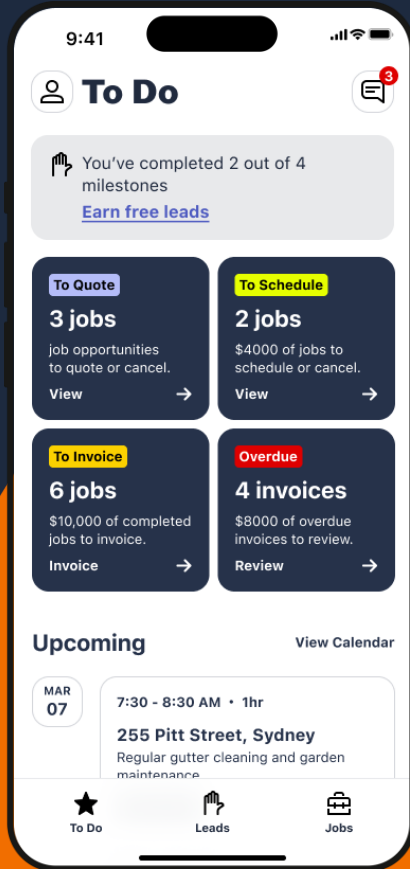
Future services



Product Evolution

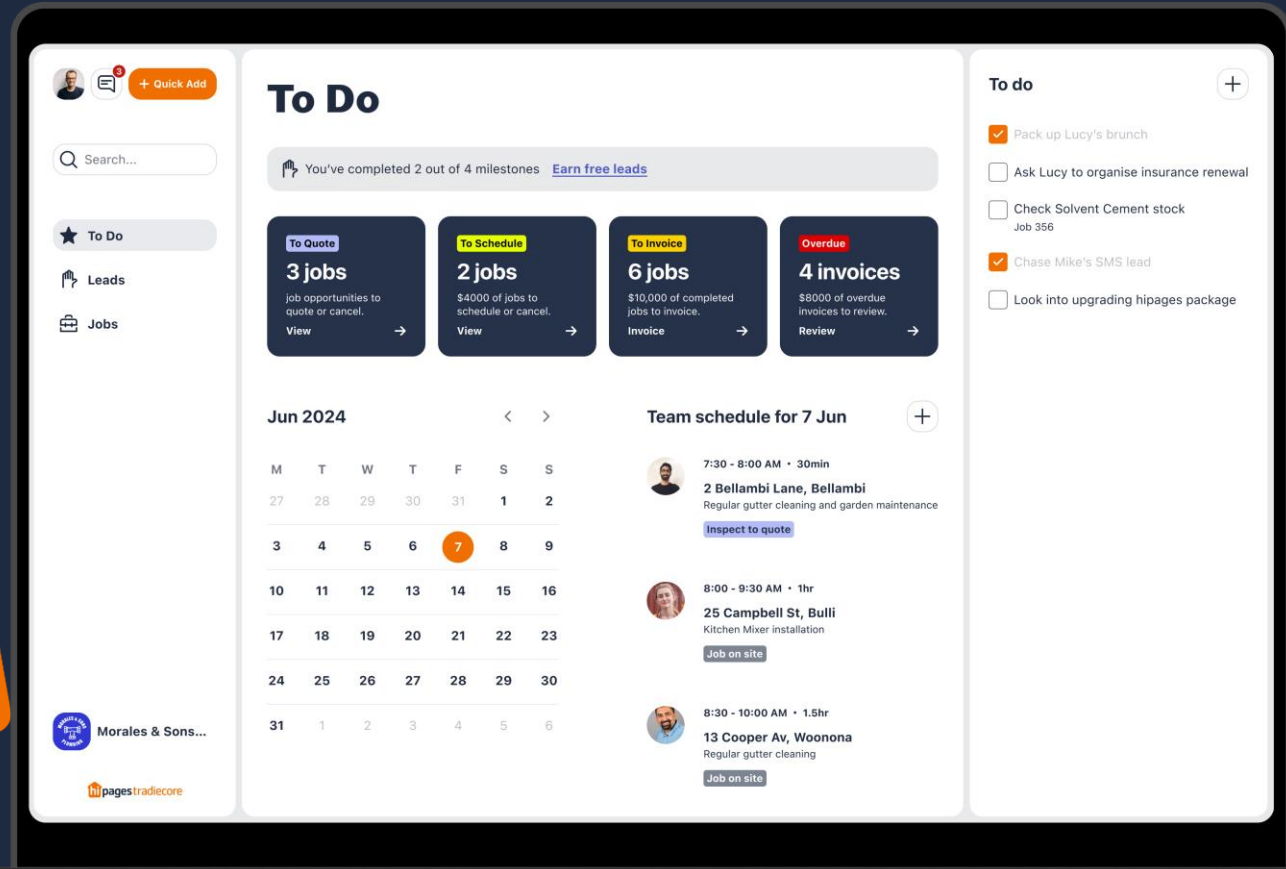
hipages tradiecore

Single app for tradies to find jobs and manage their business end-to-end



Desktop version to be launched in FY25 H1

Omni-channel experience (syncing with phone app) for users and larger businesses managing their operations from larger screens



hipages tradiecore launched in Q4, with additional functionalities in FY25




H2
FY24


H1
FY25


H2
FY25


 2 Apps


 **Single Tradie Platform**


 **Launched** single tradie platform (hipages tradiecore) ✓


 **Introduce new package** for hipages tradiecore and directory listings only ✓


 **Bundled pricing update** for new tradies ✓


 **Desktop** user enablement

 **Multi-user** capability

 **Migration** of existing customers onto hipages tradiecore

 **Team Management** capability

 **Introduce tiered bundled package**

 **Migration** of customers onto tiered packages





Product vision

[Watch video](#)

FY25 Targets



ROBY SHARON-ZIPSER
CEO & Co-Founder

Operating leverage underpins margin expansion

FY25 targets

- Revenue growth :

Continued strong growth¹

- EBITDA margin²

Further expansion

- Free Cash Flow

~\$4m - \$6m



1. Assuming no material deterioration in macroeconomic conditions impacting the Group's key markets under the existing strategy
2. EBITDA before significant items

Questions & Answers



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Appendices

Financial Summary

FY24 Financial Summary

\$'000	FY24	FY23	\$ Var	% Var
Recurring	72,089	62,931	9,158	15%
Transactional	3,223	2,962	261	9%
Operating revenue¹	75,312	65,893	9,419	14%
Other	501	1,114	(613)	(55%)
Total revenue	75,813	67,007	8,806	13%
Sales	(9,310)	(8,007)	(1,303)	(16%)
Marketing	(19,164)	(18,059)	(1,105)	(6%)
Technology and development	(4,626)	(3,677)	(949)	(26%)
Operations and administration	(26,315)	(24,968)	(1,347)	(5%)
Total operating expenses	(59,415)	(54,711)	(4,704)	(9%)
Net other expenses	(11)	(11)	-	-
EBITDA before significant items	16,387	12,285	4,102	33%
Significant items	369	(2,861)	3,230	113%
EBITDA after significant items	16,756	9,424	7,332	78%
Depreciation and amortisation	(16,879)	(14,354)	(2,525)	(18%)
Loss before interest and income tax	(123)	(4,930)	4,807	98%
Net finance income/(expense)	306	(204)	510	250%
Share of loss of equity accounted investee, net of tax	(44)	(408)	364	89%
Gain on disposal of equity-accounted investment, net of tax	3,079	-	3,079	>100%
Profit/(loss) before income tax	3,218	(5,542)	8,760	158%
Income tax benefit	345	398	(53)	(13%)
Profit/(loss) after income tax	3,563	(5,144)	8,707	169%

- Recurring revenue 95% of total revenue
- 89% gross margin
- Continued investment for growth, with:
 - Increased investment in the sales team to support revenue growth
 - Increased investment in product development & technology team (mostly capitalised)
 - Increased marketing investment to optimise marketplace balance and support continued growth in brand awareness
- EBITDA margin² expansion of 4ppt to 22% (FY23: 18%)

1. Operating revenue refers to total revenue from ordinary activities.
 2. EBITDA before significant items.

FY24 Cash Flow

\$'000s	FY24 Statutory	FY23 Statutory	\$ Var
Receipts from customers (inclusive of GST)	81,393	71,870	9,523
Payments to suppliers and employees (inclusive of GST)	(62,551)	(56,058)	(6,493)
Interest received	399	146	253
Income taxes refunded/(paid)	73	(245)	318
Interest paid	(4)	(16)	12
Net cash flows from operating activities	19,310	15,697	3,613
Payments for purchase of business net of cash acquired	-	(414)	414
Proceeds from disposal of investments	8,400	525	7,875
Payments for property, plant and equipment	(180)	(540)	360
Payments for intangible assets	(14,547)	(15,408)	861
Proceeds from divestments	-	250	(250)
Release of bank guarantee	1,037	-	1,037
Other	-	84	(84)
Net cash flows used in investing activities	(5,290)	(15,503)	10,213
Proceeds from issue of shares	1,004	1,279	(275)
Payments for shares acquired by the hipages Employee Share Trust	(1,004)	(1,279)	275
Payment of principle portion of lease liabilities	(2,439)	(3,139)	700
Proceeds from reimbursement of office reburishment costs	-	600	(600)
Cash settlement of share-based payments	-	(42)	42
Net cash flows used in financing activities	(2,439)	(2,581)	142
Net increase/(decrease) in cash and cash equivalents	11,581	(2,387)	13,968
Cash and cash equivalents at the beginning of the period	8,540	10,907	(2,367)
Effects of exchange rate changes on cash and cash equivalents	(5)	20	(25)
Cash and cash equivalents at the end of the period	20,116	8,540	11,576
Funds on deposit	1,150	2,187	(1,037)
Total cash and funds on deposit	21,266	10,727	10,539

- Positive operating cash flow of \$19.3m as the business benefits from margin expansion and strong business momentum
- Net Cash outflow from investing activities of \$5.2m comprising:
 - Proceeds of \$8.4m received from the disposal of hipages' stake in PropTech Labs
 - Continued investment in technology (\$14.5m)
 - Funds received from the release of a \$1.0m bank guarantee associated sublease arrangement that expired in Nov'23
- Positive net cash flow of \$11.6m in FY24 bolstering total cash & funds on deposit to \$21.3m

FY24 Statutory Balance Sheet



\$'000s	30-Jun-24	30-Jun-23	\$ Var
Cash and cash equivalents	20,116	8,540	11,576
Funds on deposit	1,150	2,187	(1,037)
Trade and other receivables	1,480	1,655	(175)
Other assets	1,248	1,728	(480)
Current tax asset	-	151	(151)
Total current assets	23,994	14,261	9,733
Other investments	371	800	(429)
Equity-accounted investment	-	5,365	(5,365)
Property, plant and equipment	883	1,332	(449)
Right-of-use asset	8,162	9,943	(1,781)
Intangible assets	30,401	30,514	(113)
Total non-current assets	39,817	47,954	(8,137)
Total assets	63,811	62,215	1,596
Trade and other payables	7,580	8,199	(619)
Contract liabilities	3,545	3,220	325
Provisions	2,166	2,444	(278)
Lease liabilities	1,571	2,149	(578)
Current tax liability	45	-	45
Total current liabilities	14,907	16,012	(1,105)
Provisions	791	740	51
Lease liabilities	8,126	9,563	(1,437)
Deferred tax liability	1,229	1,700	(471)
Total non-current liabilities	10,146	12,003	(1,857)
Total liabilities	25,053	28,015	(2,962)
Net assets	38,758	34,200	4,558
Issued capital	320,430	319,378	1,052
Reserves	(219,589)	(219,532)	(57)
Accumulated losses	(62,083)	(65,646)	3,563
Total equity	38,758	34,200	4,558

- Enhanced balance sheet liquidity with \$21.3m cash and funds on deposit
- Total equity position of \$38.8m, increasing by \$4.6m since June 2023. Key movements included:
 - Increased net cash and funds on deposit balance of \$10.5m
 - Disposal of hipages' stake in PropTech Labs for \$8.4m, representing a 30% return on the initial investment
 - Decrease in ROU lease asset of (\$1.8m)
 - Reduction in total liabilities of \$3.0m primarily driven by reduced lease liabilities and Trade & Other Payables.

Profit reconciliation

	FY24 \$'000	FY23 \$'000
Reported EBITDA	16,756	9,424
Goodwill impairment of New Zealand subsidiary	-	3,100
Write back of deferred consideration related to acquisition of New Zealand subsidiary (Builderscrack)	(369)	(369)
Non-recurring remuneration	-	130
EBITDA before significant items	16,387	12,285

	FY24 \$'000	FY23 \$'000
Reported profit/(loss) after tax	3,563	(5,144)
Goodwill impairment of New Zealand subsidiary (Builderscrack)	-	3,100
Non-recurring gain on disposal of equity-accounted investment, net of tax	(3,079)	-
Write back of deferred consideration related to historical acquisition of New Zealand subsidiary (Builderscrack)	(369)	(369)
Non-recurring remuneration	-	130
Profit/(loss) after tax before significant items	115	(2,283)

Glossary and definitions

Annual Revenue Per User (ARPU)

The annual operating revenue divided by the average of the opening and closing number of total hipages Australia and hipages NZ (Builderscrack) tradies for the period. For FY24, hipages Group ARPU of \$2,079 is the blended result of hipages' ARPU of \$2,199 and Builderscrack's ARPU of \$964.

Gross profit margin

Includes total revenue less cost of sales (homeowner and tradie SEM spend and merchant fees).

Free cash flow

Operating cash flow less lease repayment, less payments for intangible assets and PPE. Cash flows related to M&A and bank guarantee release are not considered part of free cash flow calculations.

MRR

Monthly Recurring Revenue refers to the committed monthly subscription revenue from tradies (excluding GST) at the end of the period (i.e. June 2024 for FY24). It is calculated as the number of tradie accounts multiplied by their monthly subscription price excluding GST.

Paid connections

Paid connections occur when a tradie claims a lead on a job posted on the hipages platform, resulting in lead credit usage. Every job posted is connected with up to 3 tradies.

Subscription tradies

Refers to hipages tradies committed to a monthly subscription product, and Builderscrack tradies who generated at least one work invoice over the last 12 months.

Tradie-homeowner connection

Jobs posted by homeowners on the hipages marketplace appear as leads to relevant tradies (according to our job-matching algorithm). Up to 3 tradies can successfully claim a lead: this results in a tradie-homeowner connection. Connections are the trigger for lead credit consumption.

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

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