

ASX Release 20 February 2025

hipages Group H1 FY25 Results

Strategic evolution continues with successful customer migration to new platform

hipages Group Holdings Ltd (ASX: HPG) (hipages or the Group), Australia and New Zealand's number #1 platform to connect homeowners and tradies, today announces its financial results for the six months ended 31 December 2024 (H1 FY25)¹.

Highlights²

- Continued growth in recurring revenue driven by higher ARPU, showing strong pricing power enabled by enhanced platform functionality
- Robust EBITDA margin of 21% while investing in planned refresh of creative assets to support above the line tradie and homeowner brand marketing initiatives in FY25 and beyond
- Generated positive free cash flow of \$1.2m
- Successful migration of all customers onto single tradie platform (STP) a significant strategic milestone, with positive early signs for engagement and retention
- Implemented full subscription model for hipages New Zealand, providing enhanced revenue visibility and setting a platform to drive enhanced value for tradies

Financial metrics	H1 FY25	H1 FY24	Var
Total revenue (\$m)	40.6	37.4	+9%
Operating revenue (\$m)	40.6	36.9	+10%
Recurring revenue (\$m)	39.2	35.2	+11%
Recurring revenue % total	97%	94%	+3ppt
Operating expenses (\$m)	(31.9)	(29.0)	+10%
EBITDA [before significant items] (\$m)	8.7	8.4	+4%
EBITDA margin (%)	21%	22%	(1ppt)
Statutory net profit after tax (\$m)	0.1	3.7	(98%)
Free cash flow (\$m)	1.2	(0.1)	>100%
Key operating metrics			
MRR excl. GST (\$m)	6.8	6.0	+14%
ARPU (\$)	2,267	2,075	+9%
Subscription tradies (000's) ³	34.9	35.4	(1%)
Job volume (000's)	706	669	+6%
Tradie-homeowner connections (m) ⁴	1.42	1.37	+4%

¹ H1 FY25 ASX Release should be read along with the Appendix 4D, H1 FY25 Results presentation and the FY24 Annual Report.

² All comparisons refer to the previous corresponding period (pcp) unless otherwise stated.

³ Refers to hipages Australia and hipages New Zealand (Builderscrack) tradies committed to a monthly subscription product.

⁴ Connections reported as a Group number, H1 FY24 previously reported as 1.307 million was for Australia only.

Commenting on the result, hipages Group CEO & Founder, Roby Sharon-Zipser said:

"The first half of FY25 was a period of strong delivery for the hipages Group team, as we reached another major milestone in our strategic evolution by migrating all our Australian tradie customers onto our tradiecore SaaS platform. While it is still early days post-migration, the signs for retention and engagement are positive.

"Marketplace activity remains at near record levels, with connection volume increasing as both tradie supply and homeowner demand are in balance. Double-digit MRR growth was driven by increased ARPU, showing the pricing power enabled by the enhanced value provided by our platform.

"Additional brand marketing investment in the first half, including new creative assets, was largely offset by disciplined cost management and operational efficiencies, with our margins remaining robust. Our brand metrics are very strong, and importantly we are maintaining record brand awareness among tradies and homeowners.

"In New Zealand, we reached an important milestone with the migration of all tradies to a full subscription model. Having implemented this successfully in Australia, the subscription model provides a strong platform to deliver enhanced value for tradies and homeowners, with enhanced revenue and earnings visibility.

"In the second half, we are focused on delivering additional tradiecore functionality and an emphasis to accelerate adoption. We expect to see the benefits of the platform migration continue to drive revenue growth, margin expansion and free cash flow generation."

Financial performance & cash flow generation in H1

The Group delivered a positive financial result in H1, with marketplace activity remaining near record levels and the Group's efficient operating model delivering free cash flow generation.

- **Strong marketplace activity driving revenue growth:** record H1 tradie connections, ongoing platform enhancements and the Group's subscription model drove MRR +14% to \$6.8 million and operating revenue growth +10% to \$40.6 million. This included the impact of the non-renewal of a NSW Department of Education contract that removed \$660k of annual recurring revenue.
- **Subscription tradie count** of 34,920 (H1 FY24: 35,414) was down slightly, with 1% growth in Australia to 32,297 offset by New Zealand, which experienced some expected attrition during the transition to a full subscription model.
- **Continued ARPU growth** of +9% to \$2,267 driven by new subscription pricing packages and ascensions, with Australia up +8% to \$2,374 and New Zealand up +18% to \$1,149, reflecting both the benefit of the transition to a full subscription model and the significant upside opportunity ahead.
- **Robust EBITDA margin** of 21% (H1 FY24 22%) reflected new planned tradie related brand marketing to compliment the typically more homeowner focused campaigns over H1. The half also reflected investment in new creative assets that were developed to support above the line brand marketing initiatives over FY25 and beyond, with overall marketing investment expected to reduce in H2.
- **Free cash flow generation:** positive free cash flow of \$1.2 million resulted in total cash and funds on deposit increasing to \$22.5 million.

Key strategic milestone reached with successful migration onto single tradie platform

In H1, the Group continued to progress its strategic evolution from an online marketplace to a single tradie platform (STP), reaching a significant milestone in migrating more than 32,000 Australian tradie customers onto the new app.

The customer migration onto new pricing plans will continue until the last quarter of this calendar year. The Group remains focussed on increasing the adoption of job management features to drive improved retention with encouraging early signs of higher retention on first contract renewal from single tradie platform cohorts.

Key initiatives for H2:

- **Pricing migration:** after completing the app migration in H1, all tradies will be moved onto new subscription packages and given access to all job management features as their contracts renew. All new tradie subscribers are already joining on the new pricing packages.
- **Web-based desktop and multi-user capability:** currently in testing phase with a go-to-market action plan scheduled.
- **New feature rollouts:** phased launch of multi-user functionality and AI enhanced job matching algorithm to increase user engagement and drive adoption and retention.
- **Marketplace lead-pricing optimisation:** further dynamic pricing enhancements to support ARPU growth.

In New Zealand, the transition to a full subscription model in H1 sets the business up for continued ARPU growth and margin expansion.

FY25 Outlook

After delivering 10% operating revenue growth alongside two significant tech migrations in H1, the Group has updated its FY25 revenue target to \$83 - \$84 million for the full year.

The Group's confidence in achieving this target is underpinned by the key technology and subscription migrations being complete and initiatives in place to drive increased engagement and retention in H2.

Expectations remain for EBITDA margin expansion of 1-2 percentage points from FY24 to 23% -24%, with increased confidence in the outlook for free cash flow resulting in a range of \$5 – \$6 million, reflecting the power and flexibility of the Group's operating model.

Investor briefing and Q&A – today (20 February 2025) at 10:00am

hipages Group CEO & Co-Founder, Roby Sharon-Zipser and CFO, Jaco Jonker will host a webinar to present the H1 FY25 results for investors and analysts at **10:00am AEDT today (20 February 2025)**.

To attend the webcast, please pre-register via the following link:
<https://webcast.openbriefing.com/hpg-hyr-2025/>

ENDS

ASX Release was authorised by the Board of hipages Group (ASX: HPG)

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About hipages Group (ASX:HPG)

hipages Group is an online tradie marketplace and Software-as-a-Service (SaaS) platform connecting tradies with residential and commercial consumers through its platforms hipages Australia and hipages New Zealand (Builderscrack). To date, nearly 5 million Australians and New Zealanders have used hipages Group to change the way they find, hire, and manage trusted tradies, providing more work to almost 35,000 subscribed trade businesses. Tradiecore, hipages Group proprietary workflow management platform is key to the Company's strategic evolution from marketplace to platform. tradiecore helps tradies build better businesses by managing their whole workflow from lead generation through to payment and completion.